



5/24/2017

Brad Botwin
Director, Industrial Services
Bureau of Industry and Security
U. S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Mr. Botwin:

I am the President of Elixir Extrusions, LLC, located in Douglas, Georgia. We have been in business for 31 years and employ 270 people. We are a downstream business using imported primary aluminum logs to produce various profiles that our customers specify. We are an OEM supplier to three of the world's largest lighting manufacturers, two of them located here in Georgia. We also supply the building and construction industry, machinery and equipment, transportation, consumer durables, medical, electrical, as well as many other markets that use aluminum in their products. We are on track this year to purchase 30 million pounds of 6000 series soft alloy from other countries, such as Dubai, Argentina, and Saudi Arabia. Although we do purchase 10-15% domestic primary aluminum from the Mt. Holly Smelter near Charleston, SC, the balance comes from our overseas partners.

On April 27, President Trump issued a Presidential Memorandum directing the Department of Commerce to conduct an investigation into the effects of Aluminum imports on U. S. National Security. We applaud President Trump's efforts to look after and protect US industries; however, in comparison to the prior investigation on steel imports and production, aluminum is completely different. Section 232 investigation addresses 4 main issues (of which I will comment briefly):

Does domestic aluminum adequately meet the needs of US national defense requirement? Yes—the military and aerospace uses alloys that are high in strength and considered “hard alloys”. Looking at the total consumption of aluminum, these uses are less than 10%. There are Domestic suppliers who specialize in these alloys and they are capable of meeting the demands, based on past usages.

What is the impact of foreign competition on the US aluminum industry in light of the relationship between economic and national security? We have developed partnerships with smelters abroad who use the latest technology available to provide energy efficient products to us. This enables the market to be worldwide and a level playing field. One example is that the charge and costs to convert

ingot to billet is competitive with all of our suppliers. Domestic metal supply has been of the decline since the 1940's and due to higher energy costs and old technology, it continues to trend downward. The foreign competition is fair, which enables us to provide fair and competitive pricing to our US customers. Here in the south, the nearest domestic supplier is Mt. Holly (SC), which we use. The next closest is Sebree, KY, so you begin to see that the domestic supply for primary aluminum in the Southeast is limited. Another US supplier close to us was New Madrid, MO, which closed in 2015. We have in the past used secondary (recycled) aluminum, (St. Augustine, FL), but we have had issues with the quality. We do not have quality problems with our overseas suppliers. Continuing to do business with the overseas suppliers will help us to maintain competitive business here in the US. Any imposed tariff on our aluminum supply will hinder our competitiveness and hurt businesses. The end user will pay the costs, which would be you and me.

Unemployment and other effects because of defunct US smelters? It is my belief that the downstream jobs made available by US extruders are more numerable than jobs that exist or can be created by building/upgrading new smelters.

What is the likely effectiveness of efforts of the US to negotiate a reduction in excess global aluminum capacity? The only way to reduce global aluminum capacity is to propose duties on imports. This will trigger an increase in the commodity because of short supply. Not having the raw material to operate and/or paying higher prices for it will negatively impact my business, as well as all other US extruders.

We are not dealing with China, the anti-dumping measures recently imposed continue to protect or US businesses. We are pleased with how President Trump has handled China and will continue to do so. Because of this, we have been able to grow our business by 60%. We have continued plans to grow in the next 10 years, investing over 20 million dollars; however, a stifle in our supply chain, will thwart all efforts for continued growth. All of the US Extruders that I have talked to are seeing growth. Why fix something that is not broken? Hindering how we do business with our overseas suppliers will put us all at risk, and may benefit China's efforts to take back market share in the US.

I thank you for your time in reading this lengthy letter. If I or any of my colleagues can provide further information to you, please feel free to contact me.

Best regards,



Philip Smith
President
Elixir Extrusions, LLC
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