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Bureau of Industry and Security  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
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Washington, DC 20230

*Submitted via e-mail*

**RE: Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Aluminum**

The Forging Industry Association (FIA) appreciates the opportunity to provide comments regarding the effects on national security of imports of aluminum from the perspective of the U.S. forging industry, an aluminum-consuming industry that supplies critical parts to the defense industry. FIA understands the concerns regarding overcapacity in the global aluminum industry, particularly in China, and supports efforts to reduce that overcapacity through appropriate bilateral negotiations. However, because of the nature of the aluminum market and supply chain, and the federal government domestic procurement restrictions on forgings, we are concerned that attempting to address global aluminum market issues through this 232 investigation will only lead to unintended consequences and increased prices for the Defense Department, not a solution to a surge in aluminum imports.

As we discussed in detail in our May 31, 2017 submission for the 232 investigation on steel imports, forging is one of the oldest known metalworking processes where metal is pressed, pounded or squeezed under great pressure into high strength parts known as forgings. Forged parts are strong and reliable and therefore vital in safety-critical applications. Rarely seen by consumers, forgings are normally component parts inside assemblies. If it moves on land, in the air, or on the sea, it contains forgings. That means that forgings are found in almost every defense/military application available and all throughout the economy. In the case of aluminum forgings, the most prevalent market in which they are found is aerospace, both commercial and military. In fact, U.S. statutes affecting Department of Defense purchases for major programs specify that forgings be made domestically with domestic content.

The aluminum market is vastly different than the steel market as we point out below. Nonetheless, FIA's concerns regarding potential 232 trade actions are similar in both cases. FIA believes that the imposition of a 232 action will not accomplish the intended result but in all likelihood, will result in unintended consequences that are every bit or more harmful to the nation's security and the general economy as that which underlies the initial investigation.

*The Aluminum Market and Aluminum Forgings*

FIA would like to point out the following facts about the aluminum market that make broad trade actions such as those arising from a 232 investigation unlikely to change the current situation:

- The raw material ore for aluminum is bauxite. Bauxite mining and production is not indigenous to the U.S. but rather concentrated in Australia, China and a few other locations. The next step in the process, primary aluminum smelting is conducted in many other worldwide locals including the U.S. This means that raw input material “costs” for smelting aluminum is basically the same for all (net of transportation). There is no opportunity for a 232 action to alter this reality.
- A major cost element in producing primary aluminum via smelting is electricity. This can be a competitive disadvantage to U.S. production as an unintended consequence of U.S. energy policy that has made some forms of power more expensive than others. Such a competitive disadvantage cannot be mitigated by a 232 action but rather requires reconciliation between competing political agendas.
- Unlike the steel market, primary aluminum is actively traded worldwide as a commodity on the London Metals Exchange as well as other commodity markets, including ‘futures’ and ‘derivative’ contracts. Purchasers at all points of the supply chain can affect the price of their ultimate aluminum product by participating in that market. A 232 action that imposes an import restriction or duty in the U.S. could have unintended consequences arise via that commodity market. In the case of aerospace forgings, the Department of Defense and its prime contractors could pay more for their aluminum components.
- Similar to FIA’s concerns specific to steel in our 232 steel comments, a 232 action that imposes an import restriction or duty on the importation of primary aluminum can result in a redirection of foreign imports to other forms of value-added product which are not readily identified as ‘aluminum’. For example, a Customs and Border Patrol decision (CBP ruling N258524) classified aluminum wheel half forgings for use in aircraft landing gear applications as “Parts of goods of heading 8801 or 8802: Undercarriages and parts thereof: For use in civil aircraft: Other.”  
(See <https://rulings.cbp.gov/index.asp?ru=n258524&qu=aircraft+forgings+aluminum&vw=detail>)

The common thread to our comments is that the imposition of a 232 action will not accomplish the intended result of helping mitigate unfairly traded aluminum imports, but instead will result in unintended consequences that could be just as harmful to the nation’s security and the general economy as the aluminum imports themselves.

### *Conclusion*

In conclusion, FIA would like to emphasize that potential action under section 232 with respect to aluminum could, unless carefully crafted, result in increased costs for aluminum users such as forgers, and increase prices to the Department of Defense. Broad trade remedies such as the 232 that could affect all aluminum at any stage of its processing may produce temporary relief for a small number of aluminum smelters, but they are blunt instruments that will likely cause unintended negative consequences on aluminum consumers that make critical components in support of our national security and the rest of the economy.

FIA appreciates the opportunity to submit comments about this critical issue. We look forward to working with the Department in the future. In the meantime, please contact Jennifer Reid, FIA’s Washington Representative, at 202-393-8524 or [jreid@thelaurinbakergroup.com](mailto:jreid@thelaurinbakergroup.com) if we can be of further assistance.

Sincerely,



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2017-2018 Chairman of the Board  
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