



June 20, 2017

Mr. Brad Botwin  
Director, Industrial Studies  
Office of Technology Evaluation  
Bureau of Industry and Security  
U.S. Department of Commerce

*via e-mail: [aluminum232@bis.doc.gov](mailto:aluminum232@bis.doc.gov)*

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

Dear Mr. Botwin:

On behalf of the Precision Machined Products Association (PMPA), a national trade association representing over 440 member companies involved in the production of highly engineered, precision machined components used in advanced defense, automotive, aerospace, electrical, construction, and medical technologies, thank you for the opportunity to submit these comments regarding the 232 investigation into the impact of aluminum imports on national security. The precision machining industry is best described by NAICS code 332721, and accounts for over 99,417 jobs with payrolls of \$5.1 billion and shipments of over \$18.5 billion. The mission of the PMPA is to provide the information, resources and networking opportunities to advance and sustain its members while advocating for manufacturing throughout the United States.

As you consider action resulting from the 232 investigation, we ask that you not apply unilateral tariffs or import quotas on imports of aluminum without consideration of their impact on downstream aluminum users. PMPA members rely on a certain level of imports to supply the defense, aerospace, and automotive industries especially. Because few of our members purchase mill direct, we do rely on metals service centers to secure competitively priced aluminum available on a timely basis. In most cases that aluminum is domestic, in others, as we will show, it is globally sourced particularly in areas of short supply.

Aluminum as a raw material in our industry is a relatively new development. Traditionally, our members focus on steel, but with the advancement of technologies and emphasis on lighter weight components, an increasing number of companies in our industry are using aluminum to supply their customers. This is an important development for the precision machining industry and we ask that the Department not recommend action that inhibits our growth as we look at ways to expand our aluminum machining activities and add American jobs.

As a general rule, almost all U.S. manufacturers prefer to source all their raw materials domestically but often circumstances dictate precision machining shops utilize specific imported aluminum items either for specialty reasons or short supply. Additionally, domestic aluminum supply is not keeping up with demand

as production shifts to certain types of raw materials to accommodate the largest purchasers. Although we do not purchase mill direct, we must still meet the demands of our U.S. customers and as a “just-in-time” industry, we cannot wait for domestic mills to build capacity. Our members cannot bid on jobs based on projected aluminum capacity; they need concrete delivery dates to quote “just-in-time” industries.

This is serious concern not only to our members but also to aluminum users across the U.S. When the few domestic producers manufacturing aluminum shift their focus to high demand or high profit types of aluminum, they create shortages for thousands of manufacturing companies and millions of aluminum components that businesses should manufacture in the U.S. When our members cannot secure the raw materials they need on a timely basis at reasonable prices, we see an influx of precision machined imports containing foreign aluminum – creating a lose-lose situation for American businesses and workers.

Our members report that there is currently a short supply of aluminum in the U.S., forcing them to seek additional sources. For most of our members, only a single domestic aluminum supplier exists, forcing upon small businesses a situation where they are beholden to a sole source supplier with virtually no recourse. Even the slightest disruption can create an excuse for our customers to seek the products we make from larger overseas suppliers of precision components.

Multiple PMPA members report that no adequate supply of 6262A aluminum exists in the U.S., forcing manufacturers to purchase from the four European producers of this specialty raw material. Certain customers only allow 6262A in a T9 temper format to allow for a stronger material. If our members cannot efficiently and economically procure 6262A, their customers will seek alternate suppliers, particularly those overseas with access to these raw materials. Similarly, members report they must import 6061-T6 and other specific grades, often from Europe, not Asia as is often the perception. This is an important point we ask the Department to consider, increasingly China and others can export into the U.S. mass produced lower cost materials, but European manufacturers provide a superior quality of specialty aluminum products. While U.S. domestic producers may have the “capacity to produce,” if they are not actually producing and delivering the aluminum, our members and thousands of manufacturing businesses like them have no choice but to use the imported products they need to continue operations and employing millions of Americans.

Another area of concern in addition to no supply is short supply. PMPA members need a strong and robust domestic aluminum producing industry, but need more than a single supplier to meet demand. No successful business can withstand a disruption to the sole supplier of their most important raw material input. Imposing import restrictions or tariffs on aluminum will create significant supply chain risk throughout the defense and commercial industrial supply bases at a time when no or few alternatives exist for domestic aluminum. Cutting off the supply or taxing the single most important input for growing companies and industries will cost jobs throughout the manufacturing economy and jeopardize our military preparedness.

Our members already face a significant disadvantage against their foreign competitors who have multiple aluminum sources, but when no or little U.S. competition occurs, few options exist. While price is always a consideration, and one company reports a 15-20% higher U.S. quote, quality and availability remain the top concern for our members.

U.S. precision machining companies expanding aluminum use compete globally against businesses based in China, Japan, Korea, Europe, and elsewhere. We see great opportunity to grow this domestic market and create thousands of well-paying U.S. manufacturing careers across the country. Our preference is clearly to source domestically but we cannot rely on a sole source, or no source at all, if the U.S. government hopes to expand manufacturing in America.

At a time when our members are adding more aluminum work and creating jobs, we ask the Department not impose import restrictions or increase the cost of our critical raw material. While all of our members prefer to source domestically, that simply is not possible at this time, whether common aluminum items or specialty materials requiring imports. Companies facing sole sourcing or import tariffs will continue to see uncertainty and the continued threat of losing business to overseas competitors.

Should the Department recommend restrictions on imports of aluminum, we ask that you create a system to request exclusions for certain raw materials in short supply or not to the quality specifications required by many of our defense, aerospace, and automotive customers.

Current U.S. trade laws provide the administration with broad flexibility to take some or no action following conclusion of the 232 investigation. We encourage the Commerce Department to not take unilateral action and impose tariffs or import quotas on foreign aluminum without taking sufficient time to consider the growing applications and opportunities for aluminum. Reducing the domestic supply, artificially increasing prices, and causing disruption in the downstream supply chain will not only jeopardize our military readiness but also lead many commercial customers to look overseas for more reliably priced and available precision machined components.

Should the Department recommend action, we ask that you allow for and consider exclusion requests for aluminum products not manufactured or readily available in the U.S. to meet current demand. We remain concerned that a strict focus on the few aluminum producing companies in the U.S. will simply shift the pain to thousands of downstream aluminum users and their millions of employees.

On behalf of the precision machining industry and small manufacturers across the country, thank you for your consideration of these views.

Sincerely,

A handwritten signature in black ink, appearing to read "Miles Free".

Miles Free

Director, Industry Research and Technology