

United States Senate

WASHINGTON, DC 20510

The Honorable Wilbur L. Ross
Secretary of Commerce
Department of Commerce
1401 Constitution Ave., N.W.
Washington, DC 20230

RE: Public Hearing on Section 232 National Security Investigation of Imports of Aluminum

Dear Secretary Ross,

I write to you today regarding the upcoming hearing on the impact on national security from the imports of aluminum. Unfortunately, due to scheduling conflicts I am unable to attend the hearing; however, it was my sincere desire to testify in person because of its importance to our national security and its potential impact on the aluminum industry in my state of West Virginia.

I am thankful for the opportunity to submit this written testimony, and I welcomed the President's directive on April 27th that focuses attention on this vital industry. I fully support your Department's investigations, as well as broader efforts by the Administration, to review the strategic importance of aluminum and steel, and to consider actions to address certain unfair trade practices impacting these global markets.

Aluminum plays a key role in the economy of West Virginia. It is directly responsible for 1,700 jobs and \$1.52 billion in economic output. When indirect and induced jobs are considered, 8,400 employees in West Virginia earn a total of \$515.66 million annually because of the contributions of the aluminum industry. The industry generates nearly \$2.87 billion in economic activity in West Virginia, accounting for 3.81 percent of the state's Gross State Product.

West Virginia's direct aluminum industry boasts at least eight companies across the state, including one of the U.S.'s largest producers, Constellium Rolled Products Ravenswood, in Jackson County, West Virginia, which I would like to particularly bring to your attention.

Constellium Rolled Products Ravenswood's plant in Jackson County provides semi-product for the aerospace, transportation, and defense markets. Ravenswood products include both coil and aluminum plates that are utilized in defense and commercial aircraft, space vehicles, and armored fighting vehicles and blast protection kits for Army and Marine Corps tactical wheeled vehicles. Constellium Ravenswood supplies high-grade aluminum to major U.S. defense contractors such as Lockheed Martin, Boeing, BAE, and Oshkosh. West Virginia rolled aluminum can be found on the F-35 Joint Strike Fighter, the Bradley Fighting Vehicle, the new JLTV Joint Light Tactical Vehicle, and the forthcoming AMPV, among many other defense platforms. With nearly 1200 workers, Constellium Ravenswood is a top 50 employer in the state and greatly contributes to the economy and community of Jackson County.

Constellium Ravenswood is an operating division of Constellium, a global downstream aluminum leader, listed on the NYSE, with 12,000 employees worldwide and \$5 billion in

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revenue, the U.S. representing around 40% of its business. Constellium invested over \$550 million in its U.S. plants, and in Ravenswood alone, invested over \$200 million over the last 10 years.

Today, the U.S. aluminum industry and Constellium in Ravenswood are at risk because of Chinese unfair trade practices. Over the past decade, China's primary aluminum production has increased from 10 percent of world production to over 55 percent. Its trade-distorting policies have depressed world prices, causing closures of U.S. aluminum smelters. In my state, we have witnessed the closure of Century Aluminum smelter in Ravenswood in 2015, putting 650 employees and their families out of work.

China's unfair trade practices affect the whole value chain and all products. Predatory pricing, favorable export policies for aluminum semi-fabricated products, non-reciprocity in market access, and less stringent regulations with respect to labor and environmental protections have allowed Chinese aluminum converters to operate in the U.S. market with an unfair advantage. In particular, China imposes a 15% export duty on primary and scrap aluminum as well as provide a 13% VAT rebate to export of semi-products. Down-stream manufacturers like Constellium are thus denied access to lower cost inputs, while at the same time having to compete on price with subsidized Chinese products.

The U.S. aluminum industry is a diversified manufacturing sector, with facilities engaged in production of aluminum products up and down the value chain. I would encourage the Department to strongly consider whether it is primarily Chinese overcapacity and unfair pricing that is the fundamental aluminum industry issue that needs to be addressed in this 232 process, for the whole value chain.

In considering the effects of aluminum trade on U.S. national and economic security, I would further encourage the Department to consider that the U.S. aluminum industry has strong and mutually beneficial connections with many of our trading partners. Any tariffs or quotas on aluminum imports from regions with close trade-relationship with U.S. and fully functioning market economies, such as Canada and the European Union, could hamper mutually positive trade relations and would be detrimental to our national security and economic interest.

I believe that a strong U.S. aluminum industry is necessary for our national security and economic prosperity. I am thankful for the Administration's efforts to make trade fair for all Americans and look forward to the 232 report and its recommendations to the President.

Sincerely,



Shelley Moore Capito
United States Senator