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September 22, 2020

The Honorable Paul J. Ray
Administrator
Office of Information and Regulatory Affairs
Office of Management and Budget
1650 Pennsylvania Ave. NW
Washington, DC 20503

Dear Administrator Ray:

The Aluminum Association welcomes the opportunity to provide comments to the Office of Information and Regulatory Affairs (OIRA) as the Office of Management and Budget (OMB) and interagency staff consider a final rule to establish the Aluminum Import Monitoring and Analysis System (RIN 0625-AB18).

The Aluminum Association is the largest aluminum trade association in the United States, representing aluminum production and jobs that span the entire industry value chain, from primary production to value-added products to recycling, as well as suppliers to the industry. The Association's member companies produce 70 percent of all aluminum and aluminum products shipped in North America. While aluminum industry jobs and investments had been on track for continued growth prior to the recent global pandemic, the challenges that China poses in the global market are reducing incentives for future investment in the United States and putting significant stress on U.S. aluminum producers.

As I shared with OMB staff, the Association commends the Commerce Department for developing a new Aluminum Import Monitoring (AIM) system. We greatly appreciate the work of the Department so far, and we look forward to seeing the program finalized and launched. The U.S. aluminum industry would benefit greatly from an import monitoring program that can produce actionable data on imported aluminum products and that will help government officials and industry stakeholders quickly identify trends in trade flows that raise policy concerns or swiftly address misclassification, transshipment, and evasion of appropriate duties. Unfairly traded imports of value-added or semi-fabricated aluminum products are a significant concern for the U.S. aluminum industry, as demonstrated by recent unfair trade cases on products like common alloy aluminum sheet and aluminum foil, and we believe that a new import monitoring program should prioritize those products.

The Association submitted recommendations to the Commerce Department with suggested changes for the proposed rule, reflecting consensus input from our member companies. Most importantly, the Association recommended that the Commerce Department modify or eliminate the requirement for the license application for each shipment to identify the country in which the

product's input aluminum material was "smelted and poured." Although the concept was not defined in the proposed rule, and is not a term with a common understanding in the aluminum industry, we believe that requirement would be highly burdensome to operationalize for the full scope of the program in the near-term. We hope the rule that is ultimately promulgated to establish the new AIM will avoid heavy burdens or costs to the domestic aluminum industry and unnecessary disruptions in the supply chain, and we have urged the Department to focus on collecting from importers information that is readily available in order to ensure a timely launch of the new program.

The formal comments submitted by the Association provide background on the manufacturing process for aluminum and aluminum products. The aluminum industry in the United States is concentrated on secondary production and value-added manufacturing of aluminum products (including sheet, plate, foil, extrusions and wire). Because domestic smelters produce only about one-quarter of the primary aluminum necessary to meet demand in the United States, aluminum manufacturers source their input aluminum material – primary aluminum, secondary aluminum and scrap – from domestic and foreign sources. If a company is purchasing secondary aluminum, or scrap, it would be operationally and physically impossible to identify a single country where all of the aluminum that went into that billet or ingot or load of scrap was first transformed from alumina into aluminum (i.e., a "smelted" product). Similarly, there are countless scenarios where it would be operationally and physically impossible for an importer of an aluminum product like sheet, plate, foil, extrusion or wire to identify or certify where the aluminum input material that went into the product was originally "smelted."

An inherent attribute of aluminum is its infinite recyclability. It can be re-melted endlessly without losing performance characteristics. In fact, an estimated 75 percent of aluminum ever smelted is still in use today – giving aluminum and aluminum products an exceedingly long lifecycle and a high inherent value as a scrap commodity. The Association would be glad to collaborate with the Commerce Department, or its interagency partners, on developing a mechanism to track aluminum as it moves through the value chain – but that kind of tracing is not in place today. Instead, companies generally look to the Rules of Origin of significant trade agreements like the U.S.-Mexico-Canada Agreement (USMCA) and rulings from U.S. Customs and Border Protection (CBP) for determining origin. Generally, those rules place the emphasis on "substantial transformation" or location at which a product shifts tariff codes.

The Association also recommended that the Department modify its proposed rule to:

- Include all products in Chapter 76 within the scope of the AIM (not just the scope of products subject to Section 232 tariffs);
- Require filers to indicate whether the shipment is utilizing a granted section 232 product exclusion on the license application, and require that the AIM website aggregate and report that information; and
- Report in aggregate at least some products at the 10-digit HTS level.

We urge OMB, and the Commerce Department, to ensure the final regulations for the new AIM will serve the intended purpose of the system without unnecessary and burdensome reporting requirements that have no demonstrated benefit for the domestic industry or the U.S. government. We stand ready to provide you and your staff any information that might be helpful, and we look

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forward to working with OIRA and the Commerce Department as the program moves toward implementation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Dobbins", written in a cursive style.

Thomas Dobbins
President & CEO
The Aluminum Association