

September 29, 2021

The Honorable Gina Raimondo
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

The Honorable Antony Blinken
Secretary of State
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

Dear Secretaries Raimondo and Blinken:

We write regarding the Section 232 tariffs on aluminum and the inaugural U.S.-EU Trade and Technology Council (TTC) Ministerial. CPA is the leading national, bipartisan organization representing exclusively domestic producers and workers across many sectors of the U.S. economy.

As the Biden administration continues its efforts to support domestic aluminum production and American workers, we write in strong support of the administration's efforts to continue to defend against unfettered imports and maintain the efficacy of the Section 232 program, while also addressing the EU's concerns on broader trade policy to tackle the excess capacity crisis that necessitated the Section 232 program. One means of accomplishing both goals is to replace the current Section 232 tariffs on aluminum from the EU with a Tariff Rate Quotas (TRQ) for EU aluminum.

We cannot return to the unhealthy belief that ad hoc anti-dumping or countervailing duties are sufficient for these vital sectors.

Managing import penetration in aluminum, in particular, remains vital. The four findings made by the Department of Commerce in its report recommending the Section 232 tariffs remain true today: 1) that aluminum is essential to our national security; 2) that we do not maintain necessary strategic stockpiles; 3) that the quantity of imports adversely impacts the financial sustainability of domestic production; and 4) global excess aluminum capacity is a threat to domestic production.

Since the initiation of the Section 232 tariffs on EU aluminum imports, the industry has begun to stabilize, and even new investments, jobs, and capacity expansion projects are underway.¹ Domestic production of primary aluminum is recovering, including a 37.6% increase in the first two years that the tariffs were in effect.

¹ <https://www.epi.org/publication/aluminum-producing-and-consuming-industries-have-thrived-under-u-s-section-232-import-measures/>

The evidence clearly demonstrates that the U.S. government's use of Section 232 to manage import penetration has benefited our national and economic security through stabilized domestic aluminum production. And yet, those who stand to profit from unfettered imports are relentlessly attacking this successful policy. Regrettably, multinational corporations – even those with significant investment in the United States – will too often put their short-term quarterly profit margins over the interests of Americans.

For decades, massive global subsidization by aluminum producing countries drove an excess capacity crisis that collapsed prices and devastated America's aluminum smelters. America was in danger of no longer being able to produce primary aluminum. Unlike other countries, we do not have a “national champion” that we subsidize at any cost. The Department of Commerce's report rightly recognized that reliance on imports and the subsequent inability to produce a critical raw material threatens U.S. national security. This finding was borne out faster than anyone involved in the report could have imagined due to the COVID-19 pandemic.

The Biden administration should thus ignore efforts to undermine the Department of Commerce's plans to support domestic aluminum manufacturing and the Americans that work in this critical industry.

For over a hundred years, the United States has – and continues to – expended incalculable resources promoting European security. This is possible only with a strong and robust economy. Absorbing excess European production capacity undermines our own national security, and the first victims of a weaker America will be our allies abroad.

Some companies with European production have requested exemptions from the Section 232 tariffs on aluminum sheet products that are nearly twice as large as total European aluminum sheet imports annually. Such a massive increase in tariff free imports from Europe not only destroys downstream demand for America's smelters, but it also blunts further investment in American jobs and manufacturing throughout the supply chain.

Europe must solve its excess production issues without reliance on the U.S. market. In agriculture especially, European governments have proved adept at domestic supply management and controlled trade. Europe is absolutely capable of maintaining a healthy aluminum industry within its borders. A firm, permanent commitment to managed trade will help them on this path, while also rebuilding America's aluminum manufacturing.

The process will take some time. But maintaining a strong, enforceable tariff rate quota system to control imports will continue to drive reinvestment and the rebuilding necessary to undo the damage of decades of unfair global subsidization.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'ZM', with a stylized flourish.

Zach Mottl, Chairman
Coalition for a Prosperous America

A handwritten signature in blue ink, reading 'Michael C. Stumo' in a cursive script.

Michael Stumo, CEO
Coalition for a Prosperous America