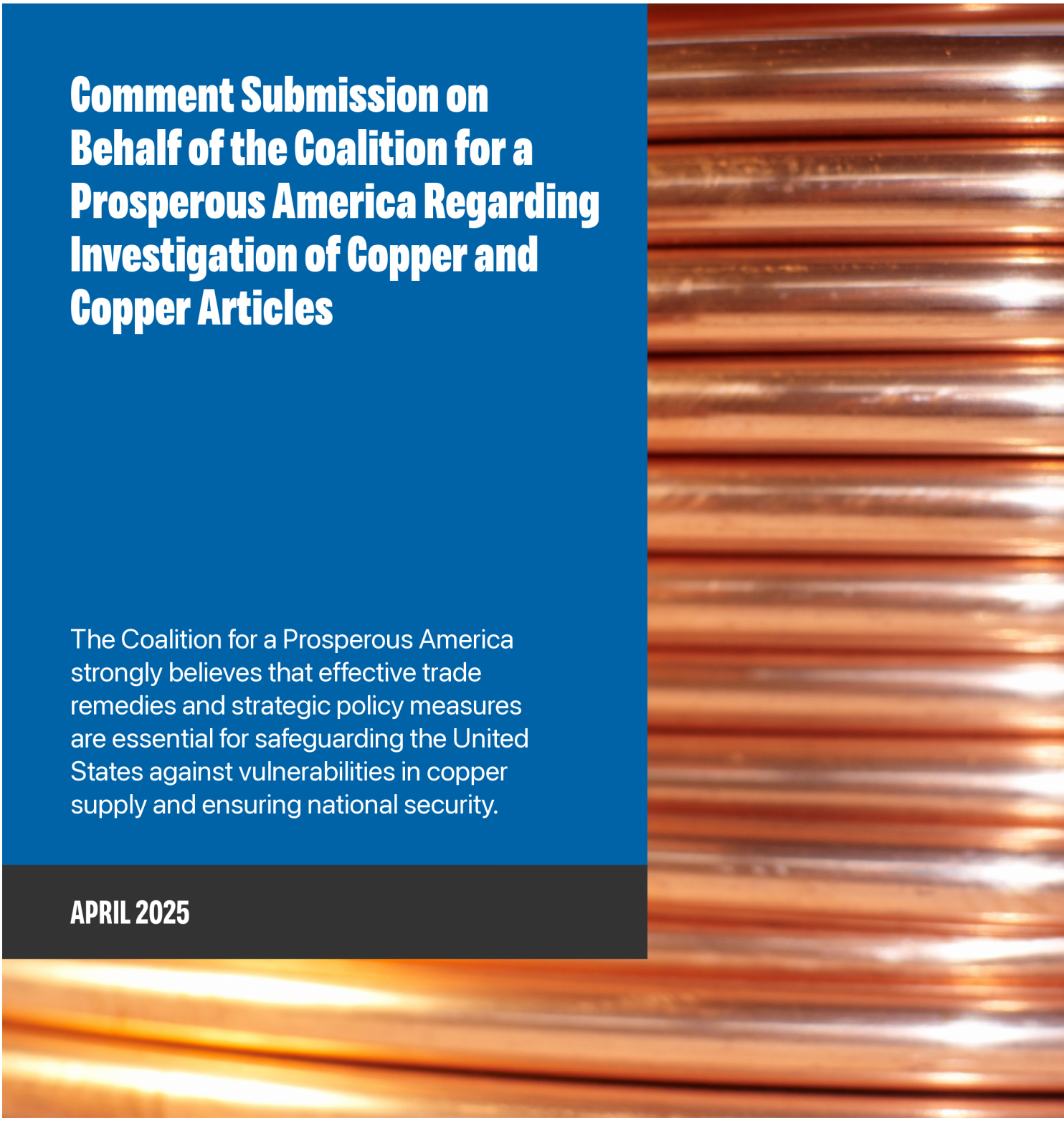
COALITION for a PROSPEROUS AMERICA

Comment Submission on Behalf of the Coalition for a Prosperous America Regarding Investigation of Copper and Copper Articles



The Coalition for a Prosperous America strongly believes that effective trade remedies and strategic policy measures are essential for safeguarding the United States against vulnerabilities in copper supply and ensuring national security.

APRIL 2025

Comment Submission on Behalf of the Coalition for a Prosperous America Regarding Investigation of Copper and Copper Articles

Submitted to:

Office of Strategic Industries and Economic Security
Bureau of Industry and Security
U.S. Department of Commerce

Date: *April 1, 2025*

I. Introduction

The Coalition for a Prosperous America (CPA) appreciates the opportunity to submit these comments in response to the U.S. Department of Commerce's investigation under Part 705 of the National Security Industrial Base Regulations (15 CFR parts 700–709). CPA is a nonprofit organization representing the interests of domestic manufacturers, agricultural producers, and labor groups committed to strengthening U.S. production capacity and job creation.

We believe that ensuring robust and domestic supply and manufacturing capacity of copper and copper-containing articles is vital to national security. For that reason, we respectfully urge the Department to impose **tariff-rate quotas** on copper and certain derivative articles to address vulnerabilities in the U.S. supply chain and to consider additional measures—such as a **ban on scrap exports**—to safeguard the national defense, energy, and critical infrastructure sectors.

II. National Security Concerns and the Importance of Domestic Copper Supply

- **Criteria Under 15 CFR § 705.4**
  In accordance with the criteria set forth in § 705.4 and the Department's specific request for information, CPA offers the following points regarding the role of copper and copper articles in national security:

(i) Current and Projected Demand for Copper:

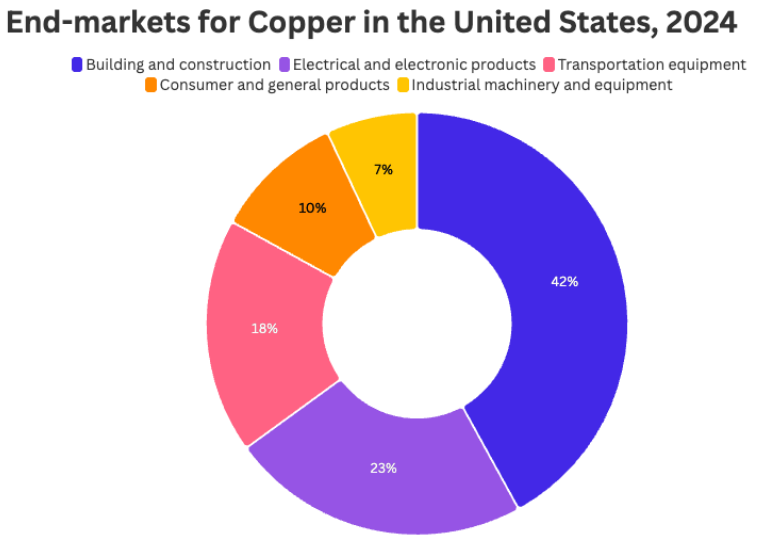
The United States is projected to experience a significant increase in copper demand over the coming years, driven by factors such as the energy transition, infrastructure development, and technological advancements.

- **By 2035:** U.S. copper consumption is expected to reach 3.5 million metric tons, marking a 112% increase from current levels. This projection includes both conventional uses and additional demand from energy transition initiatives.

- **By 2050:** Global copper demand is anticipated to grow by approximately 70%, reaching over 50 million metric tons annually. This surge is largely attributed to the widespread adoption of electric vehicles, renewable energy technologies, and the expansion of digital infrastructure.

Copper ranks behind only iron and aluminum as the world's most widely consumed metal. Its attributes of malleability, ductility, good electrical and thermal conductivity, and resistance to corrosion have made it an essential material in industrial society. Examples include renewable energy technologies (solar panels, wind turbines), electric vehicles (EVs), energy grids, construction, power generation, infrastructure development, electronics, and telecommunications industries (figure 1).

Figure 1:



Source: USGS • Note: Total Production of primary copper (from ore) and secondary copper (from scrap) was 890,000 MT

(ii) Extent of Domestic Production, Smelting, Refining, and Recycling:

The United States still has a significant domestic copper industry, encompassing activities from mining, smelting, refining, fabricating, and recycling:

- **Mining:** In 2022, the U.S. produced approximately 1.3 million metric tons of copper from mines, accounting for nearly 6% of global production.
- **Smelting:** The U.S. has limited smelting capacity, operating only two primary copper smelters.
- **Refining:** In 2023, U.S. refineries produced about 850,000 metric tons of primary refined copper.
- **Fabrication:** Exact fabrication-specific production volumes or revenues are not available, but it is imperative that copper-fabricated articles receive heightened attention in the Department's review if the United States is to be more than a commodity supplier to other nations.
- **Recycling:** In 2021, the U.S. recycled approximately 840,000 metric tons of copper from both old and new scrap. The recycled copper was valued at around $8 billion in 2021. Recycled sources contribute to more than 32% of the U.S. copper supply.

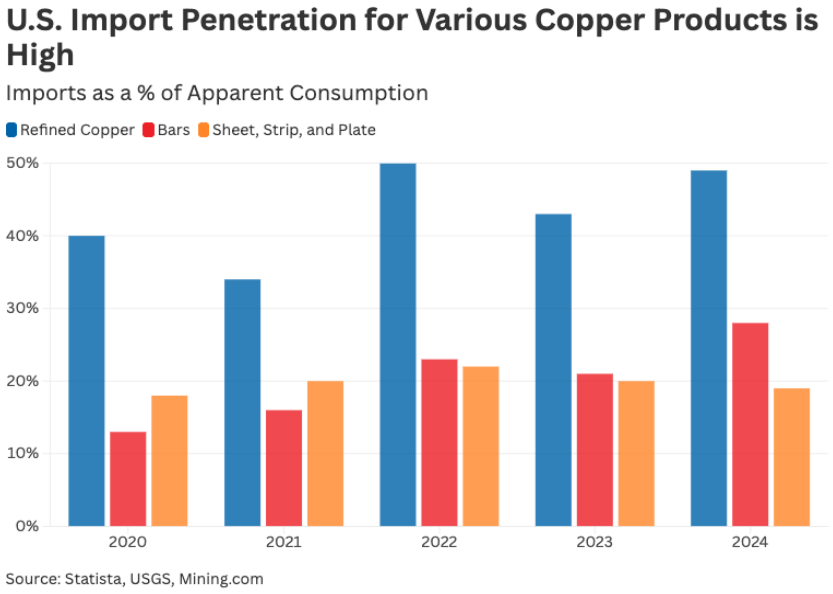
As of 2024, the United States is unable to fully meet its domestic demand for refined copper through domestic production alone, leading to a reliance on imports. For example, in 2024, U.S. copper mines produced about 1.1 million metric tons of copper, while U.S. refiners produced

roughly 890,000 metric tons. However, the U.S. copper market is estimated at 1.8 million metric tons, requiring imports to meet the remainder.

(iii) Role of Foreign Supply Chains:

The United States is not self-sufficient when it comes to supplying its market with domestic production. Import penetration in the upstream segments, such as refining, has reached as high as 50 percent since 2020. Further downstream, such rates for bars, sheet, strip and plate have ranged from 13%-28% (Figure 2).

Figure 2:



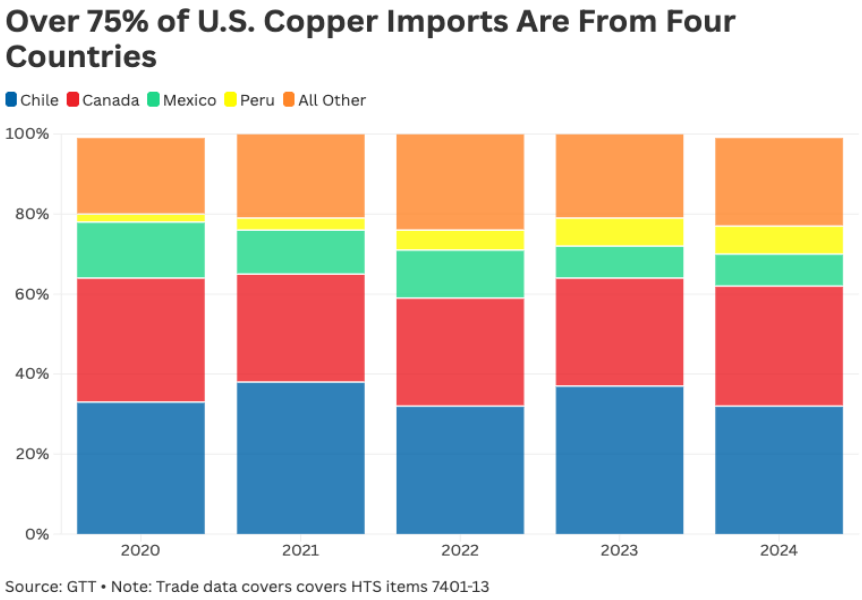
Foreign suppliers in the upstream segment of copper production is as follows:

- **Mining:** Chile, Canada, and Peru are the world's leading producers of mined copper.
- **Smelting:** China holds a dominant position in the global copper smelting industry, commanding approximately 50% of the world's smelting capacity. This significant share has been achieved through substantial investments and expansions over the past decades. Notably, since 2000, China has been responsible for 75% of the global growth in smelter capacity, and since 2019, it has added 97% of new smelting and refining capacities worldwide. This expansion underscores China's strategic focus on strengthening its position in the copper supply chain.
- **Refining:** China is the world's leader in refining copper, processing significant amounts of copper ore from various countries, including substantial investments in the Democratic Republic of the Congo. China operates 8 of the world's 20 largest smelters in the world and its state-owned firm Aluminum Corporation of China (Chinalco) is international mining company Rio Tinto's largest shareholder. Over 30% of copper mined in the U.S. is already exported due to the lack of domestic smelter capacity.

(iv) Concentration of U.S. Copper Imports and Associated Risks:

The United States relies on just four countries to supply the vast majority of its copper imports. Specifically, Chile, Canada, Mexico, and Peru account for more than three-quarters of such imports (figure 3).

Figure 3:



These percentages are even more concentrated for upstream activities, like unrefined and refined copper imports, 95% of which the U.S. imports from those same countries. This hyper-concentration of suppliers means the U.S. copper industry is particularly vulnerable to price manipulation. Several factors contribute to this risk:

1. Market Concentration & Supply Control

- **Dominance of Few Producers:** The global copper supply is concentrated among a handful of countries, primarily Chile (27%), Peru (10%), and China (8%), along with a few major mining companies like Codelco, Freeport-McMoRan, and BHP. This allows these entities to influence prices by adjusting output levels.
- **Cartel-Like Behavior:** While no formal cartel exists (like OPEC in oil), producers could coordinate informally to limit supply, driving up prices.

2. Government Interventions & Geopolitical Risks

- **Export Restrictions & Nationalization:** Countries with large copper reserves, like Chile and Peru, have debated higher taxes, nationalization, and stricter regulations. Any government action limiting production or exports could artificially inflate prices.
- **Chinese Market Influence:** China is the world's largest copper consumer and has significant control over refining capacity. It could stockpile copper, restrict exports, or use strategic reserves to manipulate market dynamics.

  For example, the United States exports more than half of all domestically generated copper-based scrap, estimated at $5.0 billion, to China where it is processed with lax environmental standards into value-added semi-finished or finished goods and exported back to the United States at below market prices. High purity copper scrap from downstream manufacturing processes and end-of-life products is a critical raw material feedstock for the U.S. copper industry.

- **Trade Policies & Sanctions:** Tariffs or trade restrictions imposed by the U.S. or other nations could disrupt supply chains, leading to price volatility.

3. Financial Market Speculation

- **Commodities Trading Influence:** Copper prices are heavily influenced by futures contracts on exchanges like the London Metal Exchange (LME) and COMEX. Large financial institutions and hedge funds can manipulate prices by speculating aggressively, creating artificial booms and busts.
- **Stockpiling by Private Entities:** Major traders or industrial consumers could hoard copper, reducing availability in the market and causing price spikes.

4. Potential for Strategic Manipulation by Competitors

- **China's Role in Market Pricing:** Since China refines a significant portion of the world's copper, it has leverage over pricing. It can:
  - Stockpile copper to create artificial shortages.
  - Flood the market with refined copper to drive down prices and hurt foreign mining operations.
  - Use state-owned enterprises to influence global copper contracts.
- **Corporate Mergers & Acquisitions:** If a few major mining firms consolidate operations, they could reduce competitive supply and push prices higher.

(v) Impact of Foreign Government Subsidies, Overcapacity, and Predatory Trade Practices:

In the global copper industry, various practices such as foreign government subsidies, overcapacity, and predatory trade behaviors have significantly influenced market dynamics and competitiveness. Notable examples include:

Foreign Government Subsidies:

- **China's Strategic Investments:** China has substantially increased state support for domestic mineral exploration to achieve resource self-sufficiency. Over the past year, several provinces have announced increased subsidies and expanded access for mineral exploration, aligning with President Xi Jinping's focus on self-reliance in science and technology amid escalating US-China tensions.

- **State-Backed Financing:** Chinese banks issued nearly $57 billion in loans from 2000 to 2021 to 19 low- and middle-income countries for mining and processing critical minerals like copper. This financing model allows Chinese companies to dominate capital-intensive mineral sectors by creating joint ventures and special purpose vehicles for long-term control over strategic mineral deposits.

Overcapacity:

- **Global Oversupply:** China's rapid expansion in copper smelting capacity has led to a global oversupply, resulting in decreased processing fees and challenging market conditions for smelters outside China. For instance, Glencore's recent suspension of operations at its Pasar smelter in the Philippines highlights the difficulties faced by non-Chinese smelters in competing with China's extensive and cost-effective operations.

Predatory Trade Practices:

The United States has initiated several antidumping (AD) and countervailing duty (CVD) investigations concerning copper products to protect domestic industries from unfair trade practices. Notable cases include:

1. **Seamless Refined Copper Pipe and Tube from China and Mexico (2010):**
    - In 2010, the U.S. imposed antidumping duties on imports of seamless refined copper pipe and tube from China and Mexico after determining these products were sold in the U.S. at less than fair value, threatening domestic industries.
2. **Seamless Refined Copper Pipe and Tube from Vietnam (2021):**
    - In 2021, the U.S. Department of Commerce finalized an antidumping duty investigation into seamless refined copper pipe and tube from Vietnam, resulting in the imposition of duties to counteract unfair pricing practices.
3. **Phosphor Copper from South Korea (2017):**
    - In 2017, the U.S. imposed antidumping duties on phosphor copper imports from South Korea, finding that these imports were sold at less than fair value, harming the U.S. industry.

(vi) Economic Impact of Artificially Suppressed Copper Prices:

Artificially suppressed copper prices, resulting from practices like dumping and state-sponsored overproduction, have several adverse economic impacts on the United States:

Domestic Industry Challenges:

- **Reduced Profit Margins:** U.S. copper producers face financial pressures due to lower global prices, making it difficult to maintain profitability.
- **Operational Cutbacks:** Sustained low prices can lead to reduced production, layoffs, or even closures of domestic mining and refining operations.

National Security Concerns:

- **Supply Chain Vulnerabilities:** Dependence on foreign copper sources, especially from nations with state-sponsored overproduction, can jeopardize access to this critical material during geopolitical tensions.
- **Defense Readiness:** Copper's essential role in defense applications means supply disruptions could impair military capabilities.

Economic Instability:

- **Market Distortions:** Artificial price suppression disrupts fair competition, leading to inefficiencies and potential loss of investments in the U.S. copper industry.
- **Trade Imbalances:** Persistent dumping practices can exacerbate trade deficits, affecting the broader U.S. economy.

(vii) Potential for Export Restrictions by Foreign Nations:

Some exporters of copper concentrate or refined copper have already implemented or threatened to implement export restrictions. This risk is heightened if geopolitical tensions escalate, as hostile nations or entities might "weaponize" their control over critical mineral supplies to the detriment of U.S. defense and energy sectors.

Export restrictions on copper are common. Notable examples include:

- **Ban on Copper Concentrate Exports:** Indonesia has historically imposed bans on the export of unprocessed mineral ores, including copper concentrates, to encourage the development of domestic smelting and refining industries. For instance, in 2023, the government announced plans to enforce such a ban to stimulate local processing and increase value addition within the country.

- **Export Ban on Copper and Cobalt Concentrates**: In May 2021, the DRC reimposed a ban on the export of copper and cobalt concentrates to encourage in-country value addition and boost the local economy. This policy aimed to ensure that more of the processing activities occurred domestically rather than abroad.

- **Aluminum and Copper Products:** In November 2024, China announced the cancellation of export tax rebates for aluminum and copper products, effective December 1, 2024. This policy change increased export costs, potentially curbing shipments abroad and affecting global supply chains.

The Department of Commerce should restrict the export of scrap copper to offset export bans elsewhere, and drive down the cost of copper articles domestically.

(viii) Feasibility of Increasing Domestic Mining, Smelting, and Refining Capacity:

Although challenges exist, the United States has substantial undeveloped or underdeveloped copper resources. With the right industrial policy, environmental safeguards, and incentives, expanding domestic capacity is feasible. Reducing the country's dependence on foreign imports will directly reinforce national security.

The United States has substantial reserves of copper; an analysis by Benchmark Minerals found that developing all the copper mines in the United States would amount to 10 percent of global production. However, due to strict regulations, it takes 29 years on average to gain a permit for a new mine–ranking behind only Zambia, according to S&P global. For this reason, only three mines have opened in the United States since 2002.

(ix) Impact of Current Trade Policies and Potential Additional Measures:

Existing trade remedies on copper products may not adequately address chronic overcapacity and state-driven distortions by themselves. Instead, trade policies like anti-dumping/countervailing duties, tariff-rate quotas, and strategic tariffs can be paired with other policies. For example, industrial policies that issue tax credits or subsidies for domestic copper smelters and refiners; provide recycling infrastructure investments to increase the feedstocks available to smelters. In addition, permit reform to accelerate domestic mining approvals could eventually help to offset U.S. import reliance.

III. Support for Tariff-Rate Quotas on Copper and Copper Articles

CPA strongly supports the use of **tariff-rate quotas (TRQs)** on copper and certain copper articles. TRQs strike a balance by allowing a certain volume of imports at lower tariff rates while imposing higher tariffs on volumes above a specified threshold. This mechanism helps:

1. **Protect National Security:** Ensures a stable domestic supply base by mitigating the effects of overreliance on potentially hostile or unstable suppliers.
2. **Promote Domestic Capacity:** Encourages expansion and investment in U.S. copper mining, smelting, refining, and recycling operations.
3. **Discourage Trade-Distorting Practices:** Reduces the incentive for foreign producers to flood the U.S. market at below-market prices, supported by subsidies or dumping.

TRQs should be calibrated to meet genuine domestic shortages while preserving space for U.S. producers to expand their output. This approach is particularly important in light of ongoing growth in defense and energy-related applications that rely on copper.

IV. Inclusion of Derivative Articles (HTS Headings 8535, 8536, 8537, 8538, and 8504)

We further urge the Department to include certain derivative articles under the scope of these remedies. Specifically, products classified under the following HTS headings:

- **8535 and 8536 (Fuses and Circuit Breakers)**
- **8537 and 8538 (Switchgear and Related Components)**
- **8504 (Transformers)**

These articles rely heavily on copper and are integral to defense systems, electricity distribution, critical infrastructure, and next-generation technologies (e.g., electric vehicles and renewable energy grids). Excluding them would invite circumvention, whereby foreign suppliers might ship semi-finished components or assembled products containing copper. To protect the entire supply chain and prevent loopholes, derivative products that rely heavily on copper content must be included.

V. Ban on the Export of Scrap Copper

As an additional measure, CPA advocates for a **ban on scrap copper exports** to ensure that domestically generated scrap is reserved for U.S. refiners and manufacturers. Restricting scrap exports:

1. **Boosts Domestic Supply:** Secures an important raw material source for U.S. copper refiners and manufacturers, reducing reliance on imports.
2. **Fosters Circular Economy:** Strengthens the recycling loop within the United States, lowering environmental impacts and reinforcing a secure supply chain.
3. **Counteracts Foreign Supply Disruptions:** Ensures a steady flow of secondary copper resources that can backstop any foreign supply shortfalls or interruptions.

A scrap export ban, paired with robust tariff-rate quotas and coverage of derivative articles, would meaningfully bolster the U.S. industrial base.

VI. Conclusion

The Coalition for a Prosperous America strongly believes that effective trade remedies and strategic policy measures are essential for safeguarding the United States against vulnerabilities in copper supply and ensuring national security. By implementing **tariff-rate quotas** on copper imports, **including derivative copper-intensive products** (HTS 8535, 8536, 8537, 8538, and 8504), and **banning the export of scrap copper**, the Department of Commerce will strengthen America's industrial base, protect critical infrastructure, and preserve our defense capabilities.