

Written Statement of U.S. Senator Ron Wyden (D-OR)
Submitted to the U.S. International Trade Commission (ITC)
In the Section 332 Investigation of *Aluminum: Competitive Conditions Affecting the U.S. Industry* (USITC Inv. No. 332-557)

September 29, 2016

Chairman Williamson and members of the Commission, I wish to request that my written statement be entered into the hearing record in the above referenced investigation.

The U.S. aluminum industry is vital to sustaining economic growth in many states, including my home state of Oregon. Yet it has experienced grave challenges in recent years, with precipitous declines in U.S. production of primary aluminum as well as an influx of unfairly traded aluminum extrusions from China and elsewhere. As has too often been the case – whether the product is steel, solar panels, or aluminum – Chinese subsidies and industrial policies distort global markets and destroy jobs here in the United States.

Too often, China's economy is not run by the markets – it is run by government committee. China's own State Council has recognized that it faces "severe excess capacities" in aluminum and other commodities. Yet, capacity growth continues unabated, with aluminum production growing 229 percent between 2006 and 2015. With the rise in production has come a surge in Chinese exports of downstream aluminum products – often dumped and subsidized exports directed at the U.S. market. For producers in Oregon and elsewhere, as the Commission found in the case of aluminum extrusions, these unfairly traded exports have caused severe harm to ordinary Americans: lost sales, lost jobs, and lost opportunities for some of our most vulnerable workers and communities.

Whereas in some cases, unfair trade manifests in the form of subsidized and dumped imports entering the United States directly from China, for primary aluminum, the global commodity market has played a critical role in transmitting the damaging effects of China's policies to U.S. workers. China's policies are impacting the primary aluminum market and creating significant damage to U.S. workers and companies. International prices for aluminum, set on the London Metals Exchange, have collapsed as China's glut of excess capacity has grown. The collapse in global primary aluminum prices has undercut American firms. By the end of this year, it is expected that only five aluminum smelters will be in operation in the United States, less than a quarter of the number operating just 15 years ago. Several of the remaining smelters are running at partial capacity. The United Steelworkers estimate that 6615 workers in the primary aluminum industry have lost their jobs since 2012.

These trends do not only have devastating implications for U.S. workers and communities, they raise serious questions regarding the ability of the United States to sustain production necessary for national security. Aluminum is a critical input to a range of defense materiel, particularly aircraft, and high-purity aluminum for defense applications is currently produced by a single smelter in the United States. Closure of that smelter would leave the United States dependent on primary aluminum supplies from the Middle East, China, and Russia for its defense needs.

Recent efforts by China's largest producer of aluminum extrusions – China Zhongwang – to acquire Aleris, the U.S. producer of downstream aluminum products – raise similar serious questions about how China's commercial strategies with respect to aluminum may undermine U.S. national security interests.

They also highlight the critical importance of trade enforcement to securing a level playing field for U.S. producers. In the case of China Zhongwang, the acquisition effort comes at the same time as a massive stockpile of aluminum in Mexico has been linked to the company. This, among other evidence, has prompted U.S. Customs and Border Protection to investigate the company for possible duty evasion. Thus, it is critical that our trade enforcers use every tool to tackle these serious challenges for workers and companies in all sectors of the aluminum industry – including the ENFORCE Act, the Leveling the Playing Field Act provisions, and the other measures my colleagues and I on the Finance Committee fought to get signed into law over the last year.