



**Testimony**

**of**

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**The United Steel, Paper and Forestry, Rubber, Manufacturing,  
Energy, Allied Industrial and Service  
Workers International Union (USW)**

**for the**

**U.S. Senate Committee on Finance**

**Hearing on**

**Ending Trade that Cheats American Workers by Modernizing  
Trade Laws and Enforcement, Fighting Forced Labor,  
Eliminating Counterfeits, and Leveling the Playing Field.**

**February 16, 2023**

Thank you, Chairman Wyden and Ranking Member Crapo, for the opportunity to testify today on modernizing our trade laws and improving our country's trade enforcement. My name is Andy Meserve and I am the union president for United Steelworkers Local 9423. My local represents the workers at the Century Aluminum Hawesville Kentucky Smelter, which when operating, employs around 650 union and management workers whom make up to 250,000 tons of primary aluminum a year.

Located on the Ohio River, our plant is one of six remaining primary aluminum smelters in the United States. Our smelter is, from my understanding, the last producer in the NATO region of high purity aluminum used for defense and aerospace applications. These good paying, union jobs are teetering on the knives edge because of global politics, decades of decisions by government, and especially important to this hearing, international trade.

I am a maintenance mechanic at the smelter, meaning that I am responsible for ensuring that everything from conveyor belts to cranes operates safely in a manufacturing process, which turns raw materials into primary aluminum. My job is to not only fix the immediate problem, but to do preventative maintenance, and also make recommendations to management on how to solve any problem long term.

In some ways, you all are managers of our country's economic wellbeing. So, I hope that my testimony today will highlight the immediate problems facing our smelter, but also make long term recommendations to ensure that the U.S. has a competitive primary aluminum industry, which is critical to our national security, and also ensure that our shared democratic values flow through our economy.

If you Google Hawesville Kentucky Smelter – the first thing that comes up are articles highlighting how high energy prices have temporarily idled my smelter throwing over 600 workers into economic uncertainty. To me, that is like looking at a broken conveyor belt and not asking what caused the failure. Yes, energy prices were a factor in our current plant idling, but we need to step back and see if we can set conditions for success and long-term operation. Aluminum is a globally traded commodity in an Energy Intensive, Trade Exposed Industry (EITI). The policy decisions you all make in trade will impact whether we have a domestic aluminum industry or not, just as much as regional power prices.

My immediate recommendations to you under the topic of this hearing are that we update our trade enforcement laws to respond faster to illegal trade practices, put in place trade rules that better account for workers' abuses and environmental pollution, and prioritize Customs and Border Patrol's (CBP) efforts to collect duties and stop illegal goods at the border.

### **Faster Enforcement**

As our economies have become more connected globally, governments and multi-national companies are making economic decisions designed to target products like aluminum, in order to capture market share and press out competitors. Few other countries have been so aggressive in that effort than the People's Republic of China. Today, producers in China account for around 58 percent of global primary aluminum capacity.<sup>1</sup> In 2019, China's global aluminum exports rose by 20 percent.<sup>2</sup> Chinese aluminum producers have attributed this increase to their country's "belt and road initiative", which is a series of loans and subsidies to third party countries that help them reduce unproductive capacity in aluminum.<sup>3</sup> These actions have negatively impacted U.S. metals markets, something I've worked in for over 22 years. While direct primary aluminum imports from China into the U.S. are relatively low, aluminum is a globally traded commodity, meaning price fluctuations are directly impacted by government efforts to dominate commodity markets.

Our trade enforcement laws must respond to these sorts of global swings. It is common to see U.S. producers and workers file one anti-dumping and countervailing (AD/CVD) trade case and win, only to have to file a new "successive" trade case a few years later as imports from other countries, often on imports by similar companies, undermining the years of work it took to win the first case. For example, this is true for aluminum sheet.<sup>4</sup> We need capable trade laws that can respond to repeat offenders and serial cheaters who move production to another country in an effort to go around existing AD/CVD orders.

We also need to better account for China's belt and road initiative as well. Hundreds of billions of dollars are being spent by China's communist leadership to build facilities and export goods into third party countries. Our trade enforcement laws have a gaping hole in dealing with these sorts of cross border subsidies.

These issues are not new, USW supported a bill that passed the House of Representatives last Congress and was led in the Senate by Senator Brown and Former Senator Portman. Commonly known as Leveling the Playing Field Act 2.0, the legislation would provide a number of trade law updates that will give new tools for U.S. workers and producers to fend off illegally dumped and subsidized goods. We urge the Finance committee to take up the bill this Congress and pass it as soon as possible.

## **Russian Aluminum**

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<sup>1</sup> [Reuters](#), "Column: Aluminum rattled by signs of "green" disruption in China", March 19, 2021.

<sup>2</sup> [Africa Center for Strategic Studies](#), "Implications for Africa from China's One Belt Road Strategy", March 22, 2019.

<sup>3</sup> [Shanghai Metals Market](#), "Chalco: "One Belt & One Road Initiative" to Offer Opportunities for Aluminum Industry", May 26, 2017.

<sup>4</sup> [The Aluminum Association](#), "Targeted Trade Enforcement in Action: Common Alloy Aluminum Sheet AD/CVD One Year Later", May 2022.

Today, roughly 3 percent of our country's aluminum imports come directly from Russian sources. We need to be more comprehensive on how we push back against Russia's war in Ukraine. It is hard for me to sit at this table and not get angry that we allow Russian aluminum imports to enter our country while 500 of my Brothers and Sisters, fellow Americans, are out of work who can make this critical national security product. While I believe the efforts we've made to help the Ukrainian people are worth it, I can also be frustrated that we have spent \$50 billion in U.S. taxpayer dollars to help the people of Ukraine fend off Russia's invasion,<sup>5</sup> yet we haven't stopped Russia's war machine from selling aluminum products into the U.S. market.

The USW supports every effort to eliminate Russian aluminum products and downstream third-party country imports from entering our market. The union sees value in efforts to place a tariff on Russian aluminum products,<sup>6</sup> but it would be more effective to sanction or place a total ban of downstream products that have Russian smelted and cast primary aluminum in the supply chain.

### **Forced Labor in Aluminum Supply Chain**

This committee is well familiar with the forced labor practices being used against the Muslim Uyghur population in the Xinjiang region of the People's Republic of China. This includes previous USW member testimony on the issue.<sup>7</sup> I wish to provide additional detail related to my industry and ensure this committee is aware of recent work that highlights more must be done to eliminate forced labor practices in our supply chains. Late in 2022, a key report came out regarding the automotive sector and forced labor practices in the People's Republic of China Xinjiang region.<sup>8</sup> A number of products were listed in the report, but I will focus on aluminum. The report "Driving Force Auto Supply Chains and Uyghur Forced Labor" highlights how this region of China would not be a cost-effective place to process bauxite into alumina, but the region's extremely cheap energy and relaxed environmental regulation have led to it becoming a prime location for smelting. Today, the Uyghur Region's production capacity is roughly 8 million tons per year, representing roughly 12 percent of the world's capacity.<sup>9</sup> For perspective, in 2021, the United States produced 908,000 metric tons of primary aluminum, significantly below the peak domestic output of 5.1 million metric tons in 1980.<sup>10</sup>

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<sup>5</sup> [Council on Foreign Relations](#), "How Much Aid Has the U.S. Sent Ukraine? Here Are Six Charts", December 16, 2022.

<sup>6</sup> [Bloomberg](#), "U.S. Plans 200% Tariff on Russia Aluminum as Soon as This Week", February 6, 2023.

<sup>7</sup> [U.S. Senate Finance Committee](#), Testimony of Joe Wrona for hearing on "Fighting Forced Labor", March 18, 2021.

<sup>8</sup> [Sheffield Hallam University](#), "Driving Force: Automotive Supply Chains and Forced Labour in the Uyghur Region", December 2022.

<sup>9</sup> [Ibid.](#)

<sup>10</sup> [Congressional Research Service](#), "U.S. Aluminum Manufacturing: Industry Trends and Sustainability", October 26, 2022.

Multiple Chinese producers are implicated in the report of producing primarily aluminum that is then spread throughout the aluminum auto supply chain. Aluminum without clear indications of the original source in trading platforms like the London Metals Exchange, through international trading firms, or through Chinese companies with unannounced trade links to the Uyghur Region should not be permitted on American shores and we should hold these international trading firms accountable and liable for not purging metals made with forced labor from their systems.

We also need to better account for forced labor in aluminum extrusions. The USW, along with the Aluminum Extruders Association, filed a petition for a withhold release order against Dominican Republic aluminum extrusions. We joined on this petition because customs on a CBP verification report from an Enforce and Protect Act (EAPA) Allegation into Kingtom Aluminio S.R.L. found multiple instances of forced labor tactics that were listed in their EAPA report.<sup>11</sup> The USW strongly encourages Congress to ensure that U.S. inspectors of products be required to report instances of observed illegal labor and environmental practices.

## **Environment**

This past December, the USW testified at a House Ways and Means Committee Trade Subcommittee hearing regarding trade and the environment. The testimony highlighted a recent Department of Commerce International Trade Administration report on both the challenges and opportunities related to the global market for environmental technologies goods and services. The report highlights the nearly \$700 billion in export potential for environmental goods and technologies, but for the union, the report also highlighted a more ominous series of statistics:<sup>12</sup> The lack of basic clean air and water enforcement, and often regulation, that communities in some of our largest trading partners are experiencing.

For example, in Vietnam, industrial wastewater treatment has emerged as a critical need as approximately 75 percent of wastewater is being discharged into lakes and rivers without treatment. Congress needs to recognize that the third largest exporter into the U.S. is poisoning their citizen's air and water ways because corporations want to simply bring cheap goods into one of the largest consumer markets – the United States. The union also highlighted examples of air and water pollution in India and Indonesia.<sup>13</sup>

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<sup>11</sup> [Yahoo](#), "Aluminum Extruders Council Calls for Biden Administration to Hold Kingtom Aluminio Accountable for Evading Tariffs", June 16, 2022.

<sup>12</sup> [U.S. DOC International Trade Administration](#), "2019 Top Markets Report Environmental Technologies: A Market Assessment Tool for U.S. Exporters", April 2020.

<sup>13</sup> [U.S. House Ways and Means Committee](#), "Hearing on 'Promoting Sustainable Environmental Practices Through Trade Policy'", December 14, 2022.

This pollution needs to be considered an illegal industrial subsidy, and U.S. workers and their employers should not have to compete against environmental degradation without properly accounting for its cost. To give perspective, since the passage of the U.S. Clean Water Act, government and industry have invested over \$1 trillion to abate water pollution, roughly \$100 per person per year. While challenges remain domestically, we have made marked improvements in our water quality.<sup>14</sup>

Any member of our union who works in an energy intensive, trade exposed industry will tell you that fair trade must include mechanisms that replicate and encourage our high domestic standards internationally. This cannot just be trade facilitation initiatives, but also methods to hold firms, importers, and countries accountable for this pollution outsourcing. We need to allow workers, both domestically and globally, to have access to remedies against industrial polluters. For example, recent trade mechanisms in the United States Mexico Canada Agreement (USMCA) could be extended to address bad actors and ensure that foreign governments and multi-national corporations treat communities with the same care we expect for our citizens.

### **Other Customs and Trade Items**

There are a host of trade issues facing the country and my testimony has highlighted several large issues facing this committee regarding trade enforcement and better accounting for environmental pollution in trade. There are also several other significant items this committee should take up to improve trade enforcement and ensure U.S. workers and firms have every tool available to them to fairly compete. USW supports or encourages actions on items such as:

- Increasing the penalties for fraudulent actors and repeat offenders of our nation's trade laws. This should also target the ability of individuals to get permission to import goods into our country. If an individual or company is fraudulently importing goods, their import licenses should be at risk.
- Supporting the U.S. and EU effort to build a global arrangement framework on steel and aluminum. Following the announcement suspending the steel and aluminum 232 duties on the EU and tariff retaliation against the U.S., the Global Arrangement has the potential to limit carbon intensive and non-market economy steel and aluminum products from entering the two markets with the most amount of import reliance globally. Congress should do everything it can to foster this effort including supporting legislative action if necessary under a successful framework.
- Company's and workers harmed by a U.S. importer's fraudulent or grossly negligent violation of the U.S. customs laws should be able to pursue a

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<sup>14</sup> [Oxford Academic](#), "Consequences of the Clean Water Act and the Demand for Water Quality", *The Quarterly Journal of Economics*, Volume 134, Issue 1, February 2019, Pages 349–396.

remedy directly against the violator in any venue in which the interested party has suffered damage.

- Congress should take up and pass the National Critical Capabilities Defense Act. This legislation led by Senators Casey and Cornyn would create a whole-of-government process to screen outbound investments and the offshoring of critical capacities and supply chains to foreign adversaries, like China and Russia, to ensure the resiliency of critical supply chains.
- Repealing the Customs Operations Advisory Committee (COAC). Created in the 2015 Trade Facilitation and Trade Enforcement Act this Committee appears to be captured by large importers of record and obstructs CBP's trade enforcement agenda outside the public eye. COAC has made recommendations which would make it harder for U.S. workers and firms to track imports that are being dumped and subsidized into the U.S. market, and should not predominate over the interests of domestic industry, labor organizations, human rights organizations, and any other groups with interests in trade enforcement.<sup>15</sup>

## **Domestic Resources**

We should make every effort to deploy resources passed under the Infrastructure, Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) to ensure existing energy intensive, trade exposed manufacturing facilities are able to upgrade and compete globally. The fact that my plant sits less than one hundred miles from the Tennessee Valley Authority's (TVA) lower cost power grid should not go unnoticed by lawmakers. TVA supplies safe, reliable, clean low-cost public power to 153 local power companies and about 60 large industrial customers and federal facilities.<sup>16</sup> We should make every effort to expand the footprint of this federally owned electric utility corporation and increase domestic energy production, including renewables. When around 17,000 kilowatts of electricity are required to produce 1 ton of aluminum, improving our energy grid and increasing access for diverse affordable energy should be a priority of Congress.

## **Conclusion**

Congress must act swiftly and effectively to ensure globally traded goods, like aluminum, are traded fairly and with an eye toward the democratic values that win the future. When the Organization for Economic Co-operation and Development (OECD) found that the global aluminum industry received up to \$70 billion in government support between 2013 and 2017, with the large majority of support concentrated in China and countries of the Gulf Cooperation Council – we must put up more of a fight to defend our values. Most Americans would be appalled at learning that the primary aluminum used in our fighter jets could come from China,

<sup>15</sup> [U.S. News](#), "U.S. Businesses Propose Hiding Trade Data Used to Trace Abuse", October 17, 2022.

<sup>16</sup> [Tennessee Valley Authority](#), "TVA at a Glance", Accessed February 14, 2023.



Russia, or countries that outlaw independent trade unions like the United Arab Emirates.<sup>17</sup> We can do better and we must do better to ensure that U.S. industry and workers are not starting on their back foot in the economic competition.

I am just a maintenance mechanic hoping to restart the smelter where I've worked at for over 20 years. My job helped me raise a family and allowed me to call Kentucky home. With proper trade enforcement and improved energy security, I believe we can restart and make aluminum in Hawesville for decades to come. Thank you.

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<sup>17</sup> [U.S. Department of State](#), "2021 Country Reports on Human Rights Practices: United Arab Emirates", Accessed February 14, 2023.