

Statement of Gerd Götz, Director General European Aluminium

Public Hearing on Section 232 Investigation

22 June 2017, Washington D.C.

Mr Secretary, distinguished Members of the Panel, I thank you for inviting me to participate in this important hearing. As the Director General of European Aluminium, I speak today on behalf of the entire aluminium value chain in wider Europe from smelting to rolling and extrusion to recycling – these are more than 80 members with about 600 plants in 30 countries. A considerable number of our members operate production facilities, in both Europe and the US.

European Aluminium shares the concerns of the US government regarding the significant Chinese aluminium overcapacity and its impact on the US and European industries, despite the healthy demand for aluminium worldwide. We, the European industry, believe that addressing the root causes of these problems requires continued joint efforts between the US, Europe and Canada.

Within the framework of the current investigation, we urge the US Administration to take into account the following elements:

1. European imports of aluminium pose no threat to US national security and should be excluded from any proposed action under the current Section 232 Investigation;
2. the interconnected nature of the transatlantic aluminium industry (*we are united in our day-to-day business*);
3. the common threat we face which requires a strong US – Europe coalition (*in our struggles, too, we are united*).

1. First, imports of aluminium products from Europe, in view of both their quantity and characteristics, do not constitute a threat to the US National Security within the meaning of your statute:

- Although the percentage of US imports of aluminium has increased in past years, the percentage originating from Europe has remain stable over the past decade. Europe accounts for a relatively modest part of US imports and supplies specialty, high value added products to US consumers. The vast majority of European imports have little to no link to US national security but are largely used in commercial applications. In other words, the US is not dependent on European imports for its

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national security requirements, including national defence. Moreover, Europe is one of the most stable and reliable suppliers of aluminium products to the US.

Further, the European aluminium industry truly functions under market economy conditions and does not suffer from subsidization or excess capacity. Europe produces “fair” aluminium products and plays by the rules. Finally, Europe is a long-lasting military ally of the US and a fundamental player within NATO’s alliance. Under these circumstances, it’s clear that European imports do not threaten to impair the capability of US domestic industry to satisfy national security requirements. We call your government to refrain from targeting European imports with any potential measure associated with the Section 232 investigation.

2. Our second point is that the American and European aluminium industries are strongly interlinked. We are truly united in our day-to-day business.

- Demand for aluminium products is global and supply is more and more structured globally, not regionally. Approximately 15 multinationals are members of both the European Aluminium and the American Aluminum Association and supply daily a vast majority of the entire aluminium value chain on both sides of the Atlantic. Together they own approximately 80 production and manufacturing facilities in Europe, and 75 in the US and employ a large number of American workers. **These companies constitute a Transatlantic eco-system. Weakening the European side of their value chain will affect the US business.** This would also impact innovation and research and development, which are essential for the development of advanced aluminium manufacturing and applications.
- Intercompany shipments is a very common practice for these companies and measures would **also not be in the interest of US consumers**, who would see their choice of fairly priced products reduced and could suffer adverse consequences in terms of material yield, product quality, material availability and increased pricing.

3. Now, let’s talk about the nature of the major threat we are all facing: you will understand what I mean when I say that in our struggles, too, we are united.

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- During my presentation in the United States Trade Commission, only nine months ago, on the true underlying problem of Chinese aluminium overcapacity, we testified, together with many of the parties in the room here today, about the importance of having a global solution to this unsustainable global risk. The ongoing cooperation at G7 and G20 level is indispensable to address *the root causes* of this structural threat. This requires continued joint efforts between the US, Europe and other like-minded governments. Moreover, we will continue to urge governments globally to address the effects of excess capacity on prices and quantities with traditional trade instruments, including through the WTO. We are concerned that restrictive actions based on the current 232 investigation on national security, will not provide lasting solutions that the markets need and may have unintended consequences that would lead to further market distortions.

The conclusion is clear: continued joint efforts between the US and Europe are necessary to tackle the root causes of the global excess capacity and to secure balance in the US and European aluminium markets. We are concerned that measures, as the ones that seem to be under consideration under the current 232 investigation on national security, will not provide the lasting solution needed by our markets and may have unintended negative consequences for integrated aluminium supply chains. In any event, European aluminium imports should not be the subject to proposed measures under the Section 232 investigation on national security, since they do not represent a threat to US national security.

With that, European Aluminium remains open to continue to collaborate in this investigation for the interest of all our members with particular interest in those that add value to our economies and societies on both sides of the Atlantic.