

## United States Senate

WASHINGTON, DC 20510-4804

ENERGY AND NATURAL  
RESOURCES COMMITTEE  
ARMED SERVICES COMMITTEE  
COMMERCE, SCIENCE, AND  
TRANSPORTATION COMMITTEE  
VETERANS' AFFAIRS COMMITTEE

RE: USITC Investigation 332-557, Global Competitiveness of  
the U.S. Aluminum Industry  
September 29, 2016

Chairman Williamson, Vice Chairman Johanson, members of the Commission, - good morning, I appreciate the opportunity to testify before you today and thank each of you for your attention to the factors affecting the global competitiveness of the U.S. aluminum industry. For the last five years, I have had the honor of representing the great state of West Virginia in the United States Senate. However, I have long had a deep appreciation for the aluminum industry. Aluminum manufacturer, Novelis, has a plant in Fairmont, West Virginia, where I grew up. Seeing the livelihoods that it provides to my neighbors and friends really taught me to appreciate the aluminum industry as part of the fabric of our community. That appreciation is what led me here to testify in support of the U.S. aluminum industry today. More specifically I am testifying on behalf of their workers and the communities in which they live. One of my top priorities as Senator is encouraging economic growth and job creation in West Virginia—a state that is particularly vulnerable in the current economy. I am deeply concerned when foreign producers violate the U.S. trade laws and harm our American workers.

For my home state of West Virginia, the contributions of the aluminum industry are clear and cannot be understated: The aluminum industry accounts for 3.81 percent of my state's Gross State Product, and it is directly responsible for a total of 1,691 jobs and \$1.52 billion in economic output. Jobs supported by the aluminum industry are good jobs, paying an average of \$62,000 in wages and benefits in West Virginia compared to a statewide average of \$23,200. When direct and indirect impacts are taken into account, the aluminum industry generates nearly \$2.87 billion in economic activity in West Virginia. You will find that aluminum manufactured in Ravenswood by Constellium is a key component in projects such as the new Boeing 787, the state-of-the-art F-35 Joint Strike Fighter, and space systems like the SpaceX Falcon 9 rocket.



Aluminum is an indispensable material for the 21st century. Lightweight, easily recyclable, and easy to handle, aluminum conducts heat and electricity well and resists corrosion. The U.S. aluminum industry is prepared to supply the businesses operating in some of the fastest-developing sectors of the global economy.

As demand for aluminum products will continue to grow, the producers in my state and this nation should be adequately prepared for the future. Our plants are among the most efficient in the world, and we have an educated, capable workforce. On a level playing field, U.S. aluminum producers and workers would be well-positioned to benefit from increasing demand.

However, as a result of an increase in subsidized Chinese exports of aluminum, unfair and illegal trade practices are distorting the global market and threatening the U.S. aluminum industry's future. As China experiences slower economic growth, it has increased exports of excess capacity to keep its plants going. Over the past decade, China has been ramping up production at an alarming rate; even after repeated promises from the Communist government to cut overcapacity. In 2000, China produced about 11% of the world's primary aluminum. Today, China produces more than half. Between 2000 and 2015, China had a compound annual growth rate (CAGR) of 19%. The growth rate of the world without China is 1% for that same time period. To make matters worse there are reports China may be circumventing U.S. tariffs by flooding other markets with lower tariffs and modifying the product before coming to the U.S.

As a result, our domestic market has experienced an increase of 115% in aluminum imports from China. The global price of aluminum has fallen by 40 percent since 2011. This is an unprecedented price cut that cannot be sustained, and creates a "race to the bottom" for producers that hurts our workers and cripples our industry.

Even now, China is still actively building smelters to the detriment of our environment. While aluminum producers in North America have exhibited environmental responsibility by cutting carbon emissions by 40%, the Chinese are building smelters that are the most carbon intensive in the world. These good faith efforts by our North American producers have been rewarded with shut downs and layoffs. Closures of domestic plants have been on the rise – since



January 2015 alone, there has been a full or partial closure of nine aluminum plants, with a combined estimated job loss of over 3,700. Overall, upstream aluminum employment has experienced a 60% drop in just three years. The jobs that were lost provided good wages and benefits to hard-working men and women – exactly the sort of manufacturing jobs this country should be protecting from unfair trade practices by China. This state-supported growth is being fueled by artificial incentives, subsidies, and deliberate planning by the Chinese government. Our American industries should not have to shutter their factories, and send workers home indefinitely because a foreign company disobeys the trade laws of the United States.

I appreciate the role that the International Trade Commission has played in enforcing the law and ensuring that West Virginia's companies and workers are treated fairly when facing illegal trade practices. I am confident that the Commission will carefully review the record that has been compiled and the implications of Chinese oversupply of aluminum on our domestic industry. I want thank you for the work of the Commission and its staff on this endeavor. If I may be of any assistance, please do not hesitate to contact us. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Manchin, III". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

U.S. Senator Joe Manchin, III

