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US International Trade Commission
September 29th, 2016 hearing

Good morning Mr. Chairman and Commissioners!

Thank you for the opportunity to testify today.

My name is Paul-Henri Chevalier. I am the President of Jupiter Aluminum Corporation based in Des Plaines Illinois. As President, I run all business activities and report to the owner and CEO Dietrich Gross.

I am here because we need to preserve our aluminum industry and manufacturing jobs by establishing a level playing field with honest and fair competition so market-distorting behaviors cease.

Jupiter Aluminum is a 24-year-old privately held company and over the years grew to ship 100,000 tons annually. We employ 400 people in 3 plants, 2 in Indiana and 1 in West Virginia. Annual revenues are close to \$300 million.

Our operations run 24/7. We transform aluminum scrap sourced domestically into coils mainly sold in the building products market. We also serve markets such as, recreational vehicles, farming, distribution and the government. Your car most probably has a license plate cast one day in our mill as we cover 40 states in the country. Approximately 95% of our products are sold in the US and Canada.

While relatively small compared to many other aluminum producers, Jupiter is one of the large employers in Northwest Indiana where the melting and rolling operations are located. We calculated years ago that the company had a positive impact on about 10,000 people every year when we factor in suppliers, vendors, customers and all other businesses we regularly deal with.

Before getting into the reasons supporting my testimony, it is important to understand why production has to be 24/7 and how aluminum pricing works.

Melting operations and rolling mills use very expensive equipment which is also energy intensive. These costs represent the majority of the total production costs and do not offer much saving flexibility other than by running continuously. Idling equipment or curtailing production automatically costs millions of dollars. Aluminum producers are therefore volume driven.

Aluminum is a commodity traded on the London Metal Exchange. When supply exceeds demand, aluminum prices drop. Plants with costs exceeding the aluminum value end up having to curtail production or shut down, at least in countries with standard profitability-related financial obligations.

The alloys used in the American construction market are easy to produce and started attracting the Chinese in 2003. The Aluminum Association had actually organized a meeting with Henry Levine, Deputy Assistant to the Secretary of Commerce in December 2003 to raise the issue about the Chinese trade practices which resulted in selling far below market prices. Not much resulted from that meeting. Since then, Chinese aluminum production has soared, and the American aluminum industry started suffering. From about 23 American smelters operating in 2000, only 2 are still in operation today.

Playing field impact

In fact, the Chinese have entered a domination race in the aluminum world and quadrupled its production since 2004. China now produces 55% of the aluminum worldwide.

During these 10 years, the global economy went through a recession. Private companies had to adapt to the new economic environment and some did not survive. While we agree with free trade and metal units flowing freely, it seems that China works differently. The economic constraints of being financially viable seem to be not as important as providing jobs and maintaining social stability in the industrial regions.

Here, many aluminum producers closed plants because they could not compete resulting in employees struggling to find a good-paying job, local businesses being affected and small towns losing significant revenues. From that perspective, the negative economic impact is larger and deeper than just a few companies going out of business.

To some extent, we, American aluminum producers, end up competing with China as a country rather than with specific businesses in China. Or, in other words, we are competing against job-related policies, not normal companies subject to financial obligations as the aluminum industry investigation has shown.

This is particularly unfair as the battle ground is unfair. Different objectives, different strategies, different results.

Instead of adapting to a slowing aluminum demand, China kept increasing production resulting in a dramatic over-supply. This strategy's success seems based on the knowledge that competitors subject to financial requirements would not be able to compete and end up shutting down. Without any entry barriers in place, the American market became the natural dumping ground for the excess and cheap production.

The battle between job creation in China and financial performance in the US is unfair. Thousands of jobs, hundreds of thousands, if you factor in all the business activities related to large manufacturing companies, have disappeared over the years.

Environmental impact

There is a second level of unfairness which is more global as it can affect human health. Aluminum is a good world citizen as it is almost indefinitely recyclable. As a matter of fact, aluminum is used in thousands of applications, and 70% of the aluminum ever produced is still in use today.

Aluminum production however can be dirty if emission control equipment is not in place. The EPA regulations on emissions are very stringent for specific reasons. The agency exists to ensure the protection of human health and the proper management of any environmental risk. However, these standards only apply to American industries.

The Aluminum Association has found that if Chinese aluminum producers constituted a country, that country would be the 16th largest emitter of green-house gases in the world. That pollution does not stop at the Chinese borders. It impacts the world.

North-American production by comparison is much cleaner. Not only 70% of aluminum produced in 2015 came from recycling which only uses 5% of energy needed to produce aluminum from bauxite, also 80% of the bauxite-based production is very clean too as its energy comes from hydro-power. Closing clean plants is unfair when you know that Chinese smelters use polluting coal-fired energy.

Manufacturing jobs

Jupiter mills are based in the heart of the steel industry. Over the last 30 years, the region has seen the steel mills bankrupting and downsizing. During that time, demand did not really disappear. Only production moved to China due to unfair competition.

Along with high paying manufacturing jobs rapidly disappearing, a know-how is being lost. It has become a serious subject of discussions among industry executives. Where will the next

generation of electricians, mechanics, millwrights, machine operators, supervisors, managers, and engineers come from?

Manufacturing jobs pay better than low paying and often menial service sector jobs. It has become increasingly difficult to find skilled-trades men and women and very difficult to inspire the next generation to consider working for the industry as they have seen their parents losing their jobs in these same industries.

The impact on the people and the job market is unfair and most probably the most damaging going forward. Can a country thrive without an industry? Can a country rely only on services and finance?

Financial impact

The last impact is financial. Expert companies like Harbor Aluminum production track costs monthly and show which plants or companies make or lose money. As they have shown, Chinese aluminum can be sold lower than it costs to produce it. So we all know that unfair financial help is happening. This practice is happening at the country level in China and therefore needs to be addressed at the country level.

As a conclusion, we can only deplore the dramatic change in aluminum production in the US. It is clear today that we cannot ignore China as it produces 55% of the aluminum consumed in the world. We understand that we need to work with China on an agreed upon path forward.

Our needs are simple: we need to preserve our aluminum industry and manufacturing jobs by establishing a level-playing field with honest and fair competition so market-distorting behaviors cease.

Thank you Mr. Chairman, and thanks to the commission for this opportunity to address our industry's trade concerns.

Paul-Henri Chevalier
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