

TO: U.S.-BASED ALUMINUM EXTRUDERS & THEIR SUPPLIERS
FR: RAND BALDWIN, AEC PRESIDENT
RE: FAIR TRADE (CHINA TARIFFS)
DT: MAY 2013

EXECUTIVE SUMMARY

The Aluminum Extruders Council (AEC) has led the U.S. aluminum extrusion industry in achieving level competition by winning tariff protection that offsets unfair trade practices of extruders/importers of aluminum profiles produced in China. Our efforts have been of enormous value to domestic extruders and suppliers. They may have saved our industry. Conservatively, AEC estimates **600 million pounds per year** of extrusions are being produced in the U. S. that would have otherwise been lost to China.

Fair Trade tariffs have worked. They brought customers back to the U.S. that had been lost and rescued customers that would otherwise have left. But the stakes remain high! Efforts to circumvent, dilute or eliminate this crucial protection will continue for years to come. In June 2011, soon after the imposition of these historic tariffs, AEC – your trade association – assumed financial responsibility for maintaining and defending the tariffs from challenges, legal and illicit. AEC will continue this defense so long as the industry continues to fund it. That's where you come in! To maintain the defense that the industry needs, **AEC will need your help and financial support.** Here is an overview of the situation:

BACKGROUND

November 2006: Sounding the Alarm Bell

- Following a tour of extrusion plants in China, fifteen AEC extruder members in Canada and the U.S. form an informal committee and, soon after, ask AEC to organize the effort to bring a trade case.

July 2007: Predatory Trade Practices

- AEC agrees to proceed with an evaluation and hires legal counsel. Their report proves that we have a strong trade case but they recommend the industry wait until import penetration goes higher than the then-current 3.6%. Not wanting to wait, the Canadian extruders decide to proceed on their own and move forward with their case, which results in a protective tariff for Canada by late 2008.

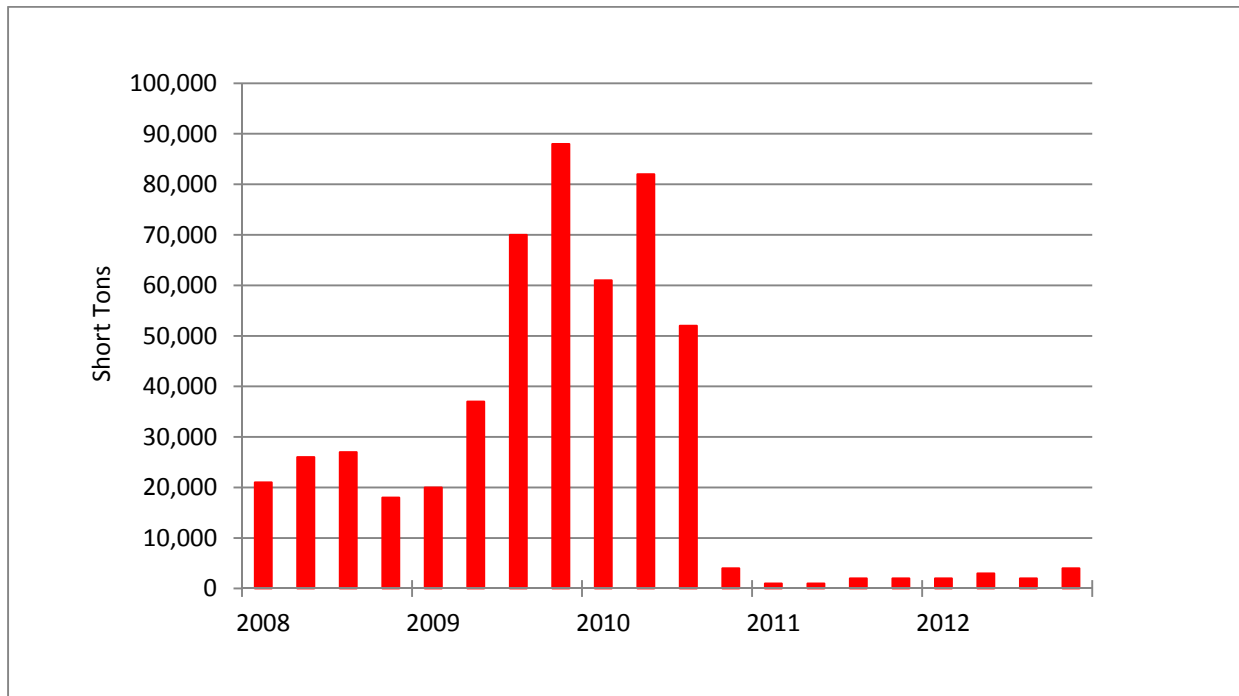
January 2010: The Threat Reaches Alarming Proportion

- Mired in a recession, U.S. extruders now see Chinese import numbers absolutely explode, reaching an astonishing **21.3% of the total U.S. market** at its peak! As China moves aggressively to dominate the U.S. extrusion market via unfair trade practices, the Aluminum Extrusions Fair Trade Committee files its trade case. Facilitated by AEC, the Committee wins an initial set of duties in August 2010.

May 2011: U.S. Market Saved by Tariffs (Price Tag = \$3.0 million)

- The preliminary findings are upheld in May 2011 by the U.S International Trade Commission. As the tariffs take effect, fair markets are restored and customers begin returning to U.S. extruders. The industry has won! Cost to the Committee members totals approximately \$3.0 million in legal fees.

**Aluminum Extrusions from China into the United States
Fall Dramatically Following Imposition of U.S. Tariffs in mid-2010**



May 2011-May 2013: Initial Defense Successful (Price Tag = \$1.5 million)

- Believing that maintenance of the tariffs will last two years and will cost in the range of \$1.25 to \$1.5 million, AEC assumes responsibility from the Fair Trade Committee for the task of defending the tariffs from legal appeals, scope challenges, and “circumvention” (illegal tariff avoidance).
- AEC implements a plan to raise the money to pay for this initial defense via mandatory assessments on member dues, totaling \$500,000 per year for three years (2012-14). This plan is succeeding.

Present-2016: Shall We Stop Now or Keep Going? (Price Tag = \$1.25 million per year; a total of \$5.0 million)

- So far, our defense has held fast. We have maintained the tariffs despite an unprecedented number of legal appeals, almost fifty (50) requests for waivers (known as “scope requests”) and dozens of circumvention reports. High tariff amounts (400% for most imports) and an extremely broad scope maximizes relief to besieged U.S. extruders, but also makes for an inviting target for legal challenge.
- AEC is also now defending the tariffs in a series of annual Administrative Reviews, significant events that consume more resources as the U.S. government accepts arguments for recalculating amounts.
- This effort is much bigger and longer lasting than we expected. Estimated cost for maintaining the U.S. Fair Trade tariffs is **\$1.25 million per year through the end of 2016**. AEC is seeking additional **voluntary funding**, asking only that each company in our industry do their fair share. Without this funding, AEC will be forced to end our defense of the tariffs. If that happens, the tariffs could be eliminated and gains realized by U.S. extruders could be lost forever. Please don’t let that happen.

The Question for you is:

Shall AEC Continue to Defend these Historic U.S. Fair Trade Tariffs?

To do so, we will need your financial support!