



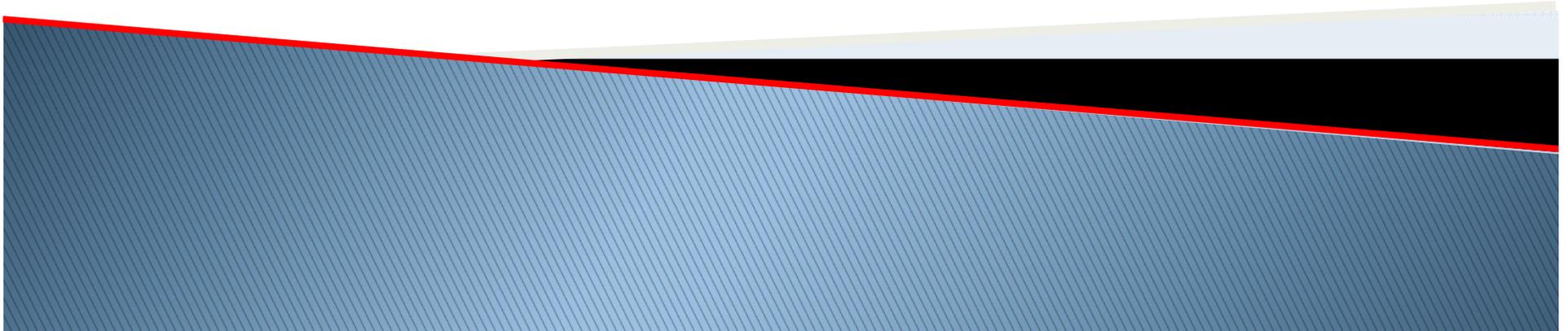
ALUMINUM
EXTRUDERS
COUNCIL

2013 Management Conference

Fair Trade: *IT MATTERS!*

An Encore Presentation via Webinar

September 24, 2013



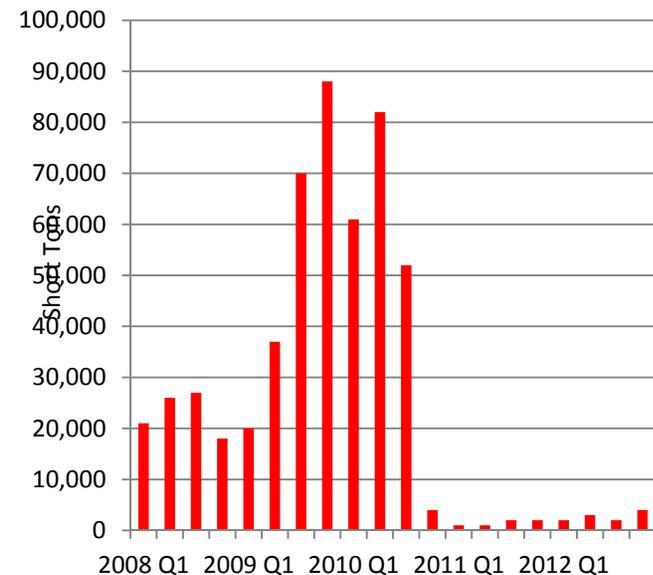
FAIR TRADE: It Matters!

Duncan Crowdis

AEC Immediate Past Chairman
President & CEO (retired),
Bonnell Aluminum

Rand A. Baldwin, CAE

President
Aluminum Extruders Council



www.aecfairtrade.org



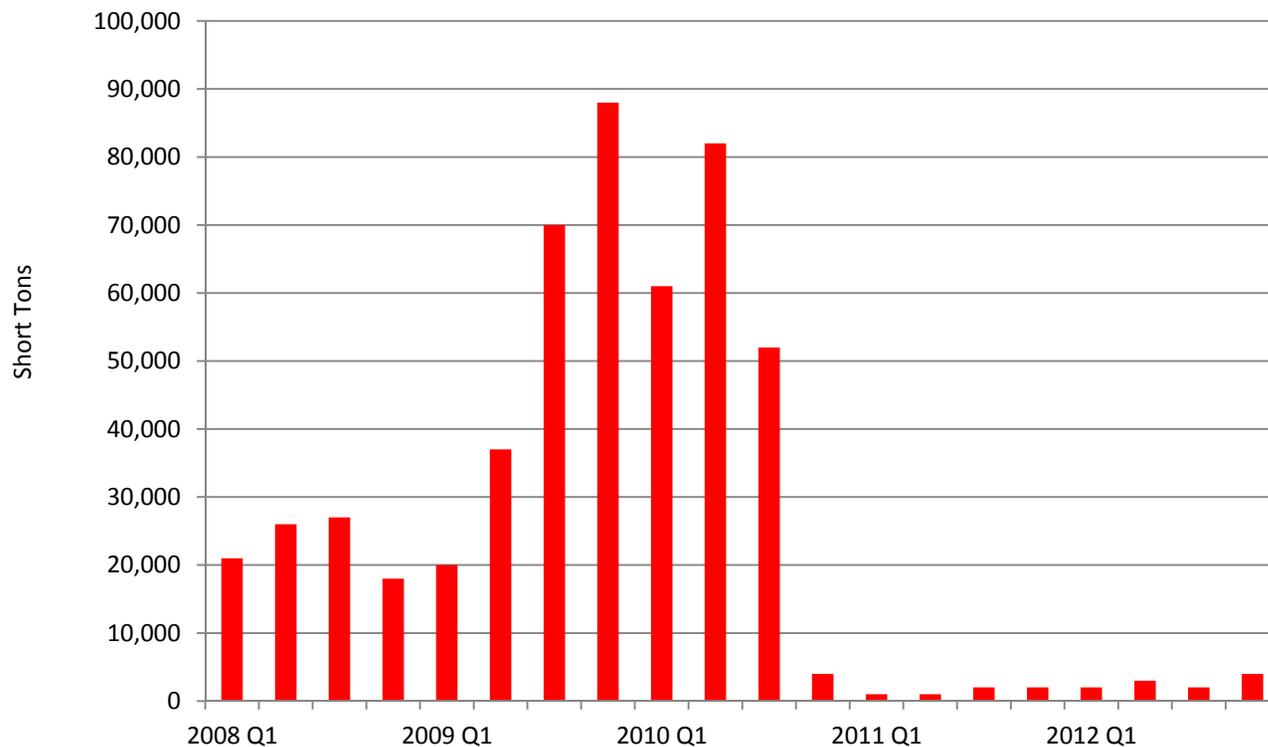
Fair Trade: Six Years of Highlights

- ▶ 2008:
Canada imposes preliminary duties on incoming extrusions from China
- ▶ 2010: We win! (**Phase 1**):
Preliminary duties on U.S. imports; domestic industry is saved!
- ▶ 2011 thru Fall 2012 (**Phase 2**):
Appeals, Scope Requests, Cheating, Crucial legislation. We win them all!
- ▶ 2013 and beyond (**Phase 3**):
Administrative reviews; Historically active defense; Funding: \$1.2MM/yr

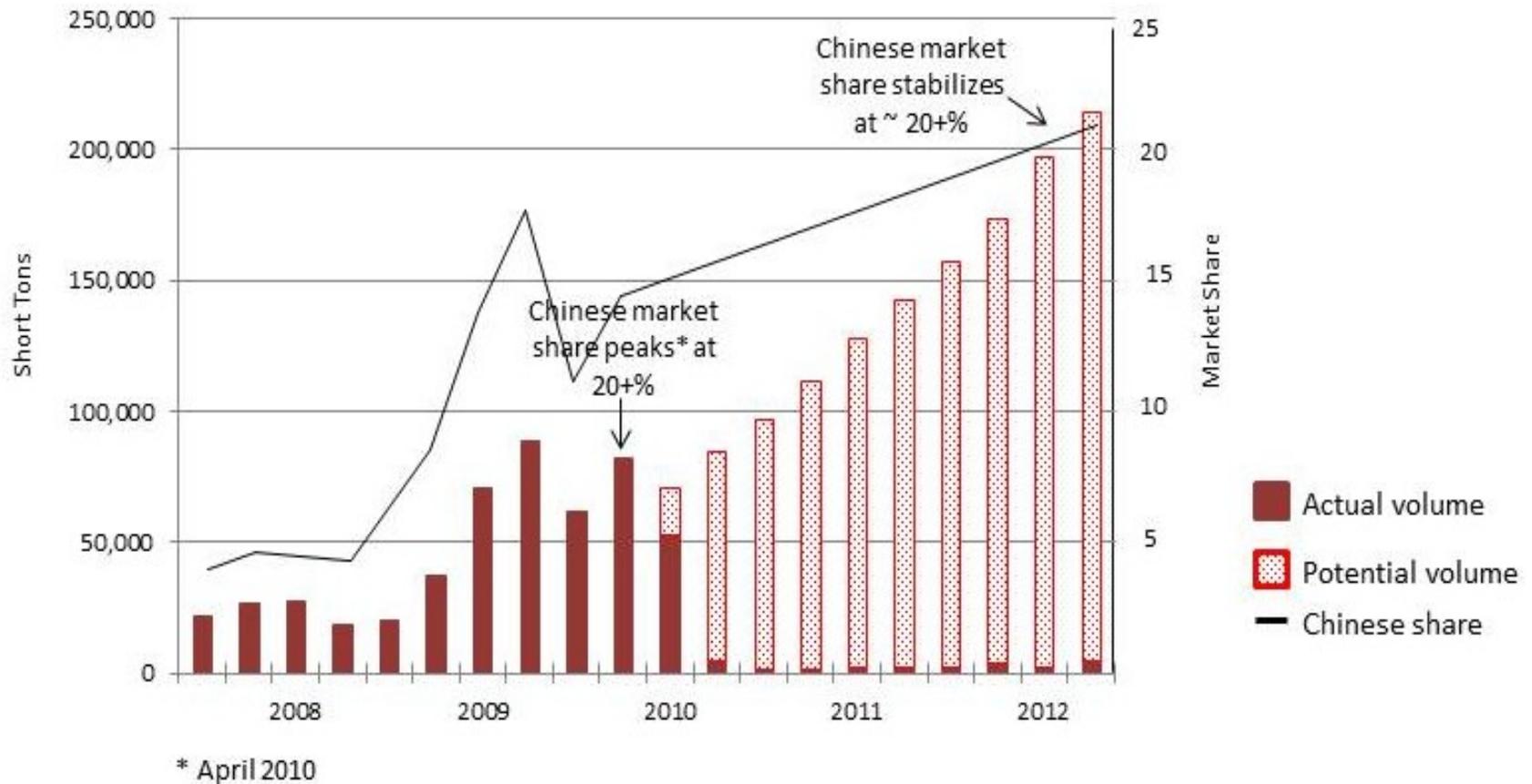


FAIR TRADE TARIFFS WORK!

Aluminum Extrusion Imports from China (US)



Where Would We Be without Fair Trade?



Fair Trade... Where Would We Be Without It ?



Is Tariff Defense worth \$1.2 M / Year?

- ✓ Conservatively, 600MM lbs have been saved
- ✓ Resulting in “rescued profit” for:

Extruders \$180MM/year

Billet Producers: \$40MM/year

Paint & Chemical Suppliers: \$15MM/year

Die Makers & Others: \$15MM/year

ABSOLUTELY!

Is Tariff Defense worth \$1.2 M / Year?

- ✓ Conservatively, 600MM lbs have been saved
- ✓ Resulting in “rescued profit” for:

Extruders \$180MM/year [ROI = 150 x]

Billet Producers: \$40MM/year [ROI = 33 x]

Paint & Chemical Suppliers: \$15MM/year

Die Makers & Others: \$15MM/year [ROI = 18 x]

Goal = \$1.2MM \ Pledges = \$944,500

Other than Volume impact, what did the ITC Find?

- ▶ Chinese selling at margins up to 55% less than domestic producers
- ▶ While domestic producer prices dropped up to 27%, Chinese producer prices dropped 44%
- ▶ Strong evidence of underselling, price depression and lost sales



ITC: Threat of Material Injury?

- ▶ Chinese aluminum industry is export-oriented
- ▶ 40 Chinese aluminum extrusion plant expansions under way
- ▶ **Will add 10 billion pounds of new capacity**
- ▶ Much of this capacity direct to exports
Import surge Underselling, price depression and lost sales
- ▶ Canada and Australia have duties in place



Social impact?

- ▶ The domestic industry directly employs more than 20,000
- ▶ We estimate the supplier-base employs an additional 20,000
- ▶ The total of 40,000 Americans support family members that number greater than 100,000
- ▶ Therefore consider this:
- ▶ **Over 150,000 Americans are counting on us to do the right thing to protect our industry from illegal trade activity from China**



Level of Activity

- ▶ Since the final ruling in our favor in April 2011 there have been:
- ▶ 51 scope exclusion requests
- ▶ 27 appeals, some filed by us, some filed by the “other side”
- ▶ A ruling by the US Court of Appeals that effectively would negate 90% of the duties we had in place



Are we winning?

- ▶ Obviously the original ruling that put in place “field-leveling” duties was a huge win
- ▶ Of 78 scope exclusion requests and appeals, we:
 - Won 28
 - Lost 10
 - **40 remain outstanding!**
- ▶ In addition:
 - We had key ruling by the US Court of Appeals overturned through the introduction of specific legislation demonstrating the power our collective industry holds
 - Helped prosecute company in Puerto Rico for illegal importation of extrusion – substantial fines and jail terms!



Leveraging the “Political Card”

Have “taken” our case to Washington 3 times:

1. First time, we sought support for the original case resulting in several of our legislative representatives testifying at ITC hearing
 2. Second was an incredible full court press to overturn a very negative ruling by the US Court of Appeal in January 2012 – VERY successful
 3. Third was a recent effort to rally support from our legislators on our request to the DOC to return following the spirit of the original scope on their rulings on scope exclusion requests
- 

The future: Keep pedal to metal and finger on pulse

- ▶ Must continue work with Commerce to prevent further “watering down” of orders
- ▶ Maintain focus and involvement on only high impact rulings
- ▶ Work through annual administrative reviews to ensure we maintain duties that keep a level playing-field in our markets
- ▶ Maintain vigilance on circumvention issues and events and follow-up where appropriate



What is it going to take?

- ▶ This is TOO BIG a challenge for a small number of players to carry on their own
- ▶ We need the entire industry to participate:
 - Larger numbers = more stamina to stay the course
 - Larger numbers get the attention of Washington
 - Larger numbers allow us to defray costs among more participants
- ▶ **Above all we need you to ASK Yourself The Following . . .**



The “Ask”

1. **Evaluate:** AEC is asking *every* company to *investigate* Fair Trade: how crucial is it to you?
2. **Determine:** What is your *fair share* of the industry’s annual cost. AEC has estimates. Please contact Rand Baldwin at rbaldwin@tso.net.
3. **Decide:** Will you *contribute* and, if so, how much and for how long? AEC is currently planning a four year horizon, i.e. thru 2016.

YES or NO ???



Matching Grant

- ▶ DOUBLE your impact (expires September 30)

Fair Trade
It Matters

OEC | ALUMINUM EXTRUDERS COUNCIL

Thank You to the Current Contributors!
As of September 5, 2013

Alexandria EXTRUSION
ANONYMOUS SUPPLIER
Kaiser ALUMINUM
MI METAL
ANONYMOUS EXTRUDER
SCM Can Do. WESTERN EXTRUSIONS

BONNELL ALUMINUM EXTRUSION
Experience with Confidence
QUINCY ALUMINUM PRODUCTS
HYDRO MAGNODE
PRIES ENTERPRISES, Inc.
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FAIR TRADE: It Matters!

Q & A

For more information: go to www.aecfairtrade.org

To pledge: email Rand Baldwin at rbaldwin@tso.net

