

MEMORANDUM FOR THE ADMINISTRATIVE RECORD

FROM: Erika Maynard, Senior Trade and Industry Analyst and David Boylan, Senior Trade and Industry Analyst

DATE: August 27, 2020

SUBJECT: Ex Parte discussion with the Aluminum Association regarding the 232 Exclusion Process

On August 27, 2020, the following Bureau of Industry and Security officials: Matthew Borman, Deputy Assistant Secretary for Export Administration; Karen Nies-Vogel, Acting Director of the Office of Technology Evaluation; David Boylan, Senior Trade and Industry Analyst; and Erika Maynard, Senior Trade and Industry Analyst participated in a telephone call with the following representatives of the Aluminum Association: Tom Dobbins, President & CEO; Lauren Wilk, Vice President of Policy & International Trade; and Ryan Olsen, Vice President of Business Information & Statistics. This call was arranged at the request of the Aluminum Association.

Aluminum Association representatives were informed that a written record of this call would be made public as part of the Department's administrative record. During the course of the telephonic conversation, the Aluminum Association representatives highlighted suggested changes to the 232 exclusion process that they had submitted in response to the Department's *Notice of Inquiry Regarding the Exclusion Process for Section 232 Steel and Aluminum Import Tariffs and Quotas*. Aluminum Association representatives were informed that only comments submitted in response to the *Notice of Inquiry* would be considered in drafting the next Interim final rule on the exclusion process for Section 232 steel and aluminum import tariffs and quotas.

The Aluminum Association suggested that the Department should presume denial for imports from non-market economies like China, with exclusions only granted in extraordinary circumstances; ensure that volumes in aggregate, for the importer and the product category, are 1) proportional to historical U.S. import volumes, and 2) proportional to market demand; eliminate eligibility for, or presume denial for requests from, importers that are not manufacturing, processing or transforming the imported aluminum; require a verified alloy designation, reported as the Aluminum Association alloy code or alloy-code series; and set a deadline of six months for the Department to issue a decision.

The Aluminum Association representatives asked about the process and timeline for potential changes to the process. Deputy Assistant Secretary Borman informed them that there is an Interim Final Rule in process but that the Bureau could not provide specific timelines.

The Aluminum Association also discussed a report on trends in Section 232 product exclusions. As noted above, Aluminum Association representatives were informed that this information could not be considered in the drafting the next Interim Final Rule on the Section 232 steel and aluminum tariff and quota exclusion process.

The Aluminum Association expressed concerns that excessive volumes of exclusions for which objections are not filed are being granted. BIS inquired whether there was any particular reason that companies were not objecting, and how granting exclusions for products not made in the U.S. would harm U.S. industry. The Aluminum Association responded that in the initial phase of the exclusion process, some domestic manufacturers did not fully appreciate the importance of objecting to the

process, but have since gained a better understanding. Additionally, some domestic manufacturers may be concerned that objecting would require them to publicly disclose business information, which could end up hurting their competitiveness. Therefore it may be that requests that do not receive objections actually are for products available domestically.

Furthermore, the Aluminum Association suggested there may be some discrepancy between domestic manufacturing having the *capability* to make a product and having the *current capacity* to make the product. As a result, a requirement for having a current capacity can undermine the ability and interest of companies to develop latent capabilities. The Aluminum Association suggested that domestic manufacturers would be better positioned to develop their capabilities for products not currently available in the U.S. if tariffs applied to those products.



# SPECIAL REPORT:

## TRENDS IN 232 PRODUCT EXCLUSIONS

Trade Data through April 2020

Product Exclusion Data as of June 12, 2020

The following data are prepared using the Association's spreadsheet tracking exclusion requests, objections and final decisions. That spreadsheet is maintained on the Association's "members-only" site along with the Full Section 232 "U.S. Aluminum Import Monitor."

Both can be found – [here](#)

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Issued: June 25, 2020

# 232 Product Exclusions: **Summary** (as of June 12, 2020)\*

	Total Requests	Objections	Granted	Denied	Pending
Number of Filings	18,181	4,794	12,692	2,666	2,823
Volume in Millions of Pounds	54,031	33,220	22,583	16,611	14,836

\*There have been 204 requests (680m lbs) with potential concerns related to proper HTS Codes

Decision Status (by Count)	Filed	Granted	Denied	Pending
Objection	4,794	681	2,199	1,914
No Objection	13,387	12,011	467	909

	Granted	Granted Vol.	Denied	Denied Vol.	Total Vol.
When an Objection was Filed	23.6%	4,497	76.4%	16,393	20,890
When No Objection was Filed	96.3%	18,086	3.7%	218	18,305

# 232 Product Exclusions: **By Product and In Total** (as of June 12, 2020)\*

Product	No Decision		Granted		Denied		Total	
	# of Requests	M. Lbs	# of Requests	M. Lbs	# of Requests	M. Lbs	# of Requests	M. Lbs
<b>7601 - Unwrought</b>	<b>6</b>	<b>42</b>	<b>121</b>	<b>1,325</b>	<b>157</b>	<b>2,129</b>	<b>284</b>	<b>3,496</b>
<b>7604 - Extruded Shapes/Rod &amp; Bar</b>	<b>202</b>	<b>16</b>	<b>1,794</b>	<b>212</b>	<b>120</b>	<b>107</b>	<b>2,116</b>	<b>335</b>
Extruded Shapes	20	9	1,252	160	31	104	1,303	272
Rods & Bars	182	8	542	52	89	4	813	63
<b>7605 - Wire &amp; Redraw</b>	<b>5</b>	<b>102</b>	<b>16</b>	<b>8</b>	<b>24</b>	<b>858</b>	<b>45</b>	<b>968</b>
<b>7606 - Sheet &amp; Plate</b>	<b>1,660</b>	<b>13,954</b>	<b>5,273</b>	<b>17,584</b>	<b>2,137</b>	<b>6,420</b>	<b>9,070</b>	<b>37,958</b>
Can Stock	134	8,087	206	9,007	34	940	374	18,034
Circles & Discs	0	0	160	10	36	3	196	14
Plate	110	410	324	1,665	335	1,331	769	3,406
Sheet	1,416	5,457	4,583	6,902	1,732	4,146	7,731	16,505
<b>7607 - Foil</b>	<b>776</b>	<b>713</b>	<b>3,806</b>	<b>3,002</b>	<b>217</b>	<b>7,094</b>	<b>4,799</b>	<b>10,809</b>
Boxed Foil	0	0	8	2	0	0	8	2
Foil (Not Backed)	768	708	3,715	2,899	209	7,086	4,692	10,693
Foil (Backed)	8	5	83	101	8	8	99	113
<b>7608 - Pipe &amp; Tube</b>	<b>174</b>	<b>9</b>	<b>91</b>	<b>19</b>	<b>11</b>	<b>2</b>	<b>276</b>	<b>30</b>
<b>7609 - Pipe &amp; Tube Fittings</b>	<b>0</b>	<b>0</b>	<b>1,583</b>	<b>416</b>	<b>0</b>	<b>0</b>	<b>1,583</b>	<b>416</b>
<b>7616 - Castings &amp; Forgings</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>19</b>
<b>Grand Total</b>	<b>2,823</b>	<b>14,836</b>	<b>12,692</b>	<b>22,583</b>	<b>2,666</b>	<b>16,611</b>	<b>18,181</b>	<b>54,031</b>

\*There have been 204 requests (680m lbs) with potential concerns related to proper HTS Codes

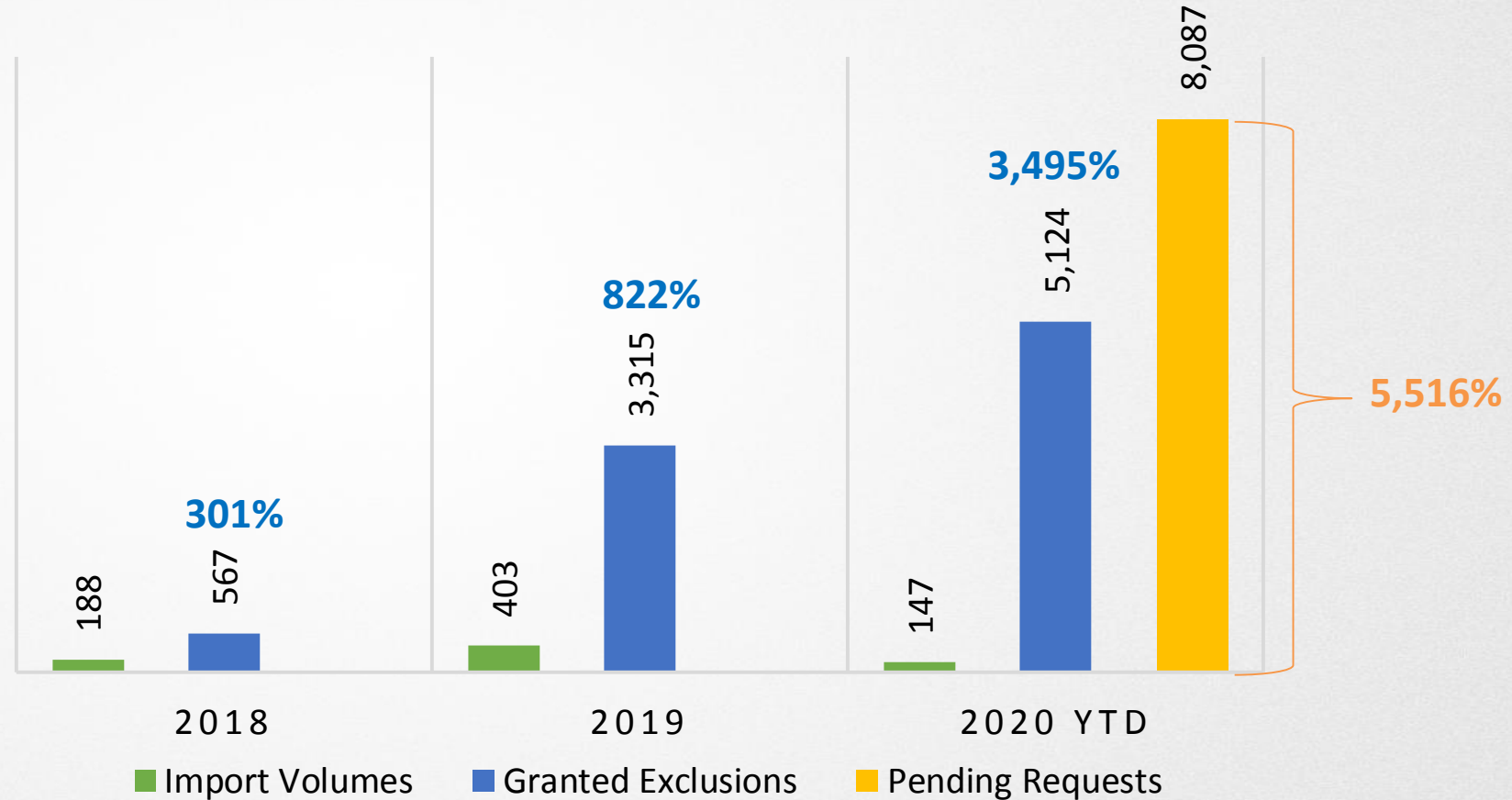
# Granted Exclusions: **W/ Objections** vs. **Historical Imports Levels** (as of June 12, 2020)

Product	Import Volume (M Lbs)			Granted Exclusions (M Lbs)				Granted W/Obj.		Pending Requests (M Lbs)
	2018	2019	2020 YTD	2018	2019	2020 YTD	Total	M Lbs	% W/Obj.	
<b>7601 - Unwrought</b>	<b>9,199</b>	<b>8,384</b>	<b>2,769</b>	<b>0</b>	<b>1,292</b>	<b>33</b>	<b>1,325</b>	<b>1,233</b>	<b>93.1%</b>	<b>42</b>
<b>7604 - Extruded Shapes/Rod &amp; Bar</b>	<b>567</b>	<b>479</b>	<b>157</b>	<b>13</b>	<b>164</b>	<b>35</b>	<b>212</b>	<b>2</b>	<b>1.0%</b>	<b>16</b>
Extruded Shapes	504	423	138	8	123	28	160	0	0.0%	9
Rods & Bars	63	56	20	5	41	6	52	2	4.0%	8
<b>7605 - Wire &amp; Redraw</b>	<b>603</b>	<b>568</b>	<b>213</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0.0%</b>	<b>102</b>
<b>7606 - Sheet &amp; Plate</b>	<b>2,479</b>	<b>2,754</b>	<b>691</b>	<b>4,077</b>	<b>7,060</b>	<b>6,447</b>	<b>17,584</b>	<b>3,148</b>	<b>17.9%</b>	<b>13,954</b>
Can Stock	188	403	147	567	3,315	5,124	9,007	1,579	17.5%	8,087
Circles & Discs	30	13	0	0	10	0	10	1	9.7%	0
Plate	289	244	68	1,429	214	22	1,665	14	0.8%	410
Sheet	1,971	2,093	476	2,081	3,520	1,301	6,902	1,554	22.5%	5,457
<b>7607 - Foil</b>	<b>607</b>	<b>638</b>	<b>176</b>	<b>235</b>	<b>1,729</b>	<b>1,038</b>	<b>3,002</b>	<b>114</b>	<b>3.8%</b>	<b>713</b>
Boxed Foil	0	90	15	0	2	0	2	0	0.0%	0
Foil (Not Backed)	480	425	125	235	1,677	987	2,899	114	3.9%	708
Foil (Backed)	127	122	36	0	50	51	101	0	0.0%	5
<b>7608 - Pipe &amp; Tube</b>	<b>50</b>	<b>43</b>	<b>13</b>	<b>4</b>	<b>15</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>0.0%</b>	<b>9</b>
<b>7609 - Pipe &amp; Tube Fittings</b>	<b>16</b>	<b>17</b>	<b>5</b>	<b>0</b>	<b>411</b>	<b>5</b>	<b>416</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>
<b>7616 - Castings &amp; Forgings</b>	<b>41</b>	<b>34</b>	<b>7</b>	<b>0</b>	<b>18</b>	<b>1</b>	<b>19</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>
<b>Grand Total</b>	<b>13,562</b>	<b>12,916</b>	<b>4,031</b>	<b>4,329</b>	<b>10,696</b>	<b>7,559</b>	<b>22,583</b>	<b>4,497</b>	<b>19.9%</b>	<b>14,836</b>

Trade Data Source: U.S. Census Bureau

# 232 Product Exclusions: **Granted & Pending for Can Stock** (as of June 12, 2020)

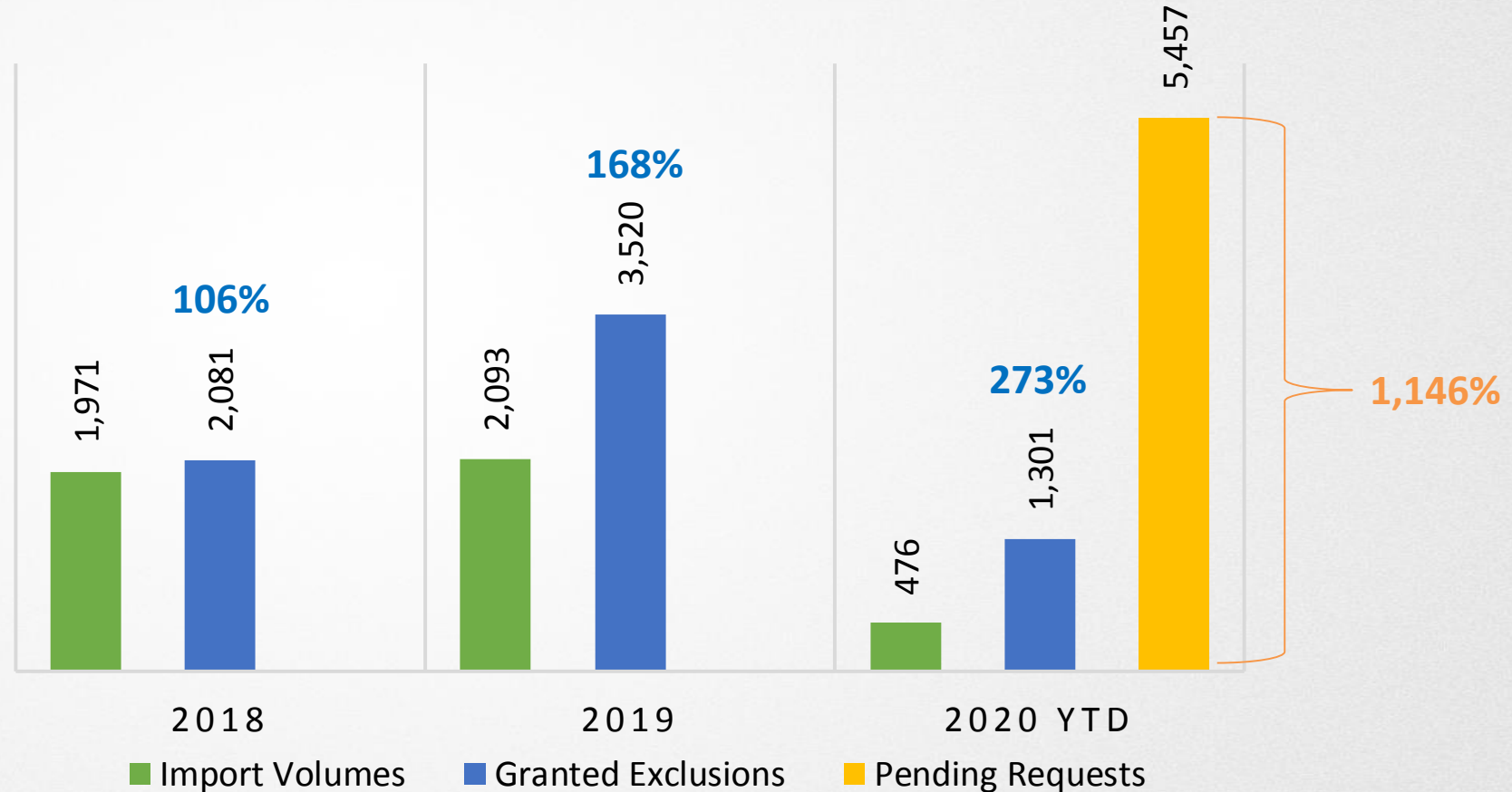
## ALUMINUM CAN STOCK IMPORTS V. GRANTED/PENDING REQUESTS



Trade Data Source: U.S. Census Bureau

# 232 Product Exclusions: **Granted & Pending for Sheet** (as of June 12, 2020)

## ALUMINUM SHEET IMPORTS V. GRANTED/PENDING REQUESTS

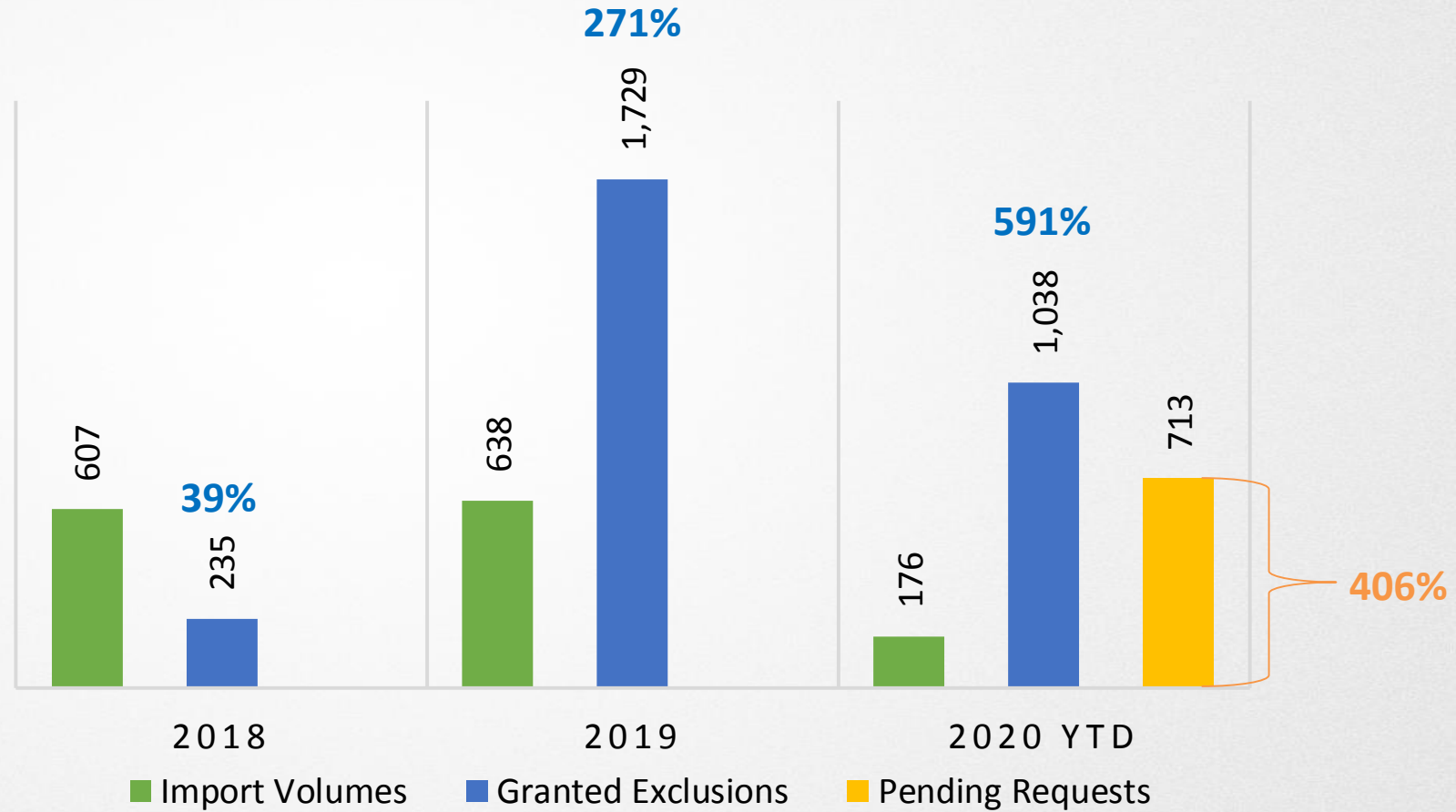


Trade Data Source: U.S. Census Bureau



# 232 Product Exclusions: **Granted & Pending for Foil** (as of June 12, 2020)

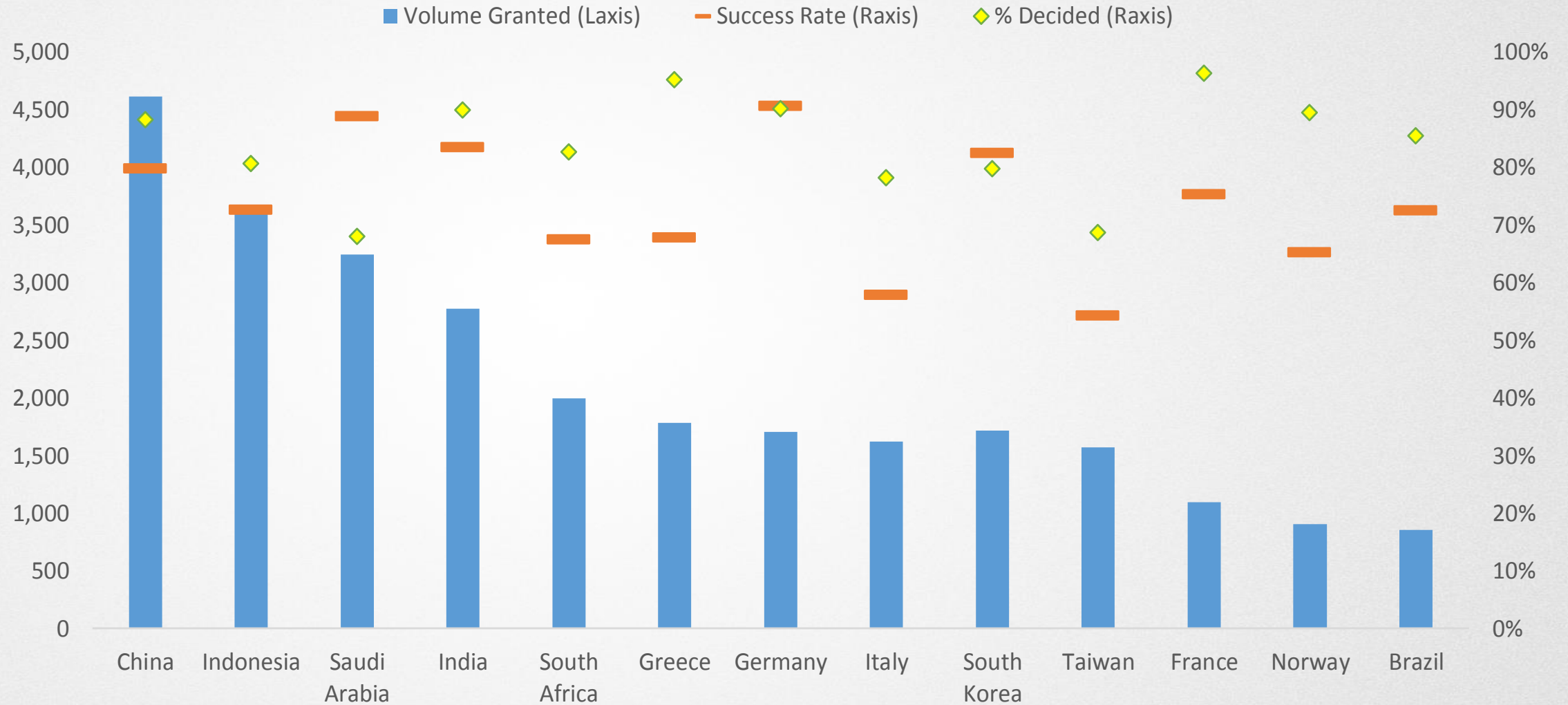
## ALUMINUM FOIL IMPORTS V. GRANTED/PENDING REQUESTS



Trade Data Source: U.S. Census Bureau

# 232 Product Exclusions: Granted by Country (as of June 12, 2020)\*

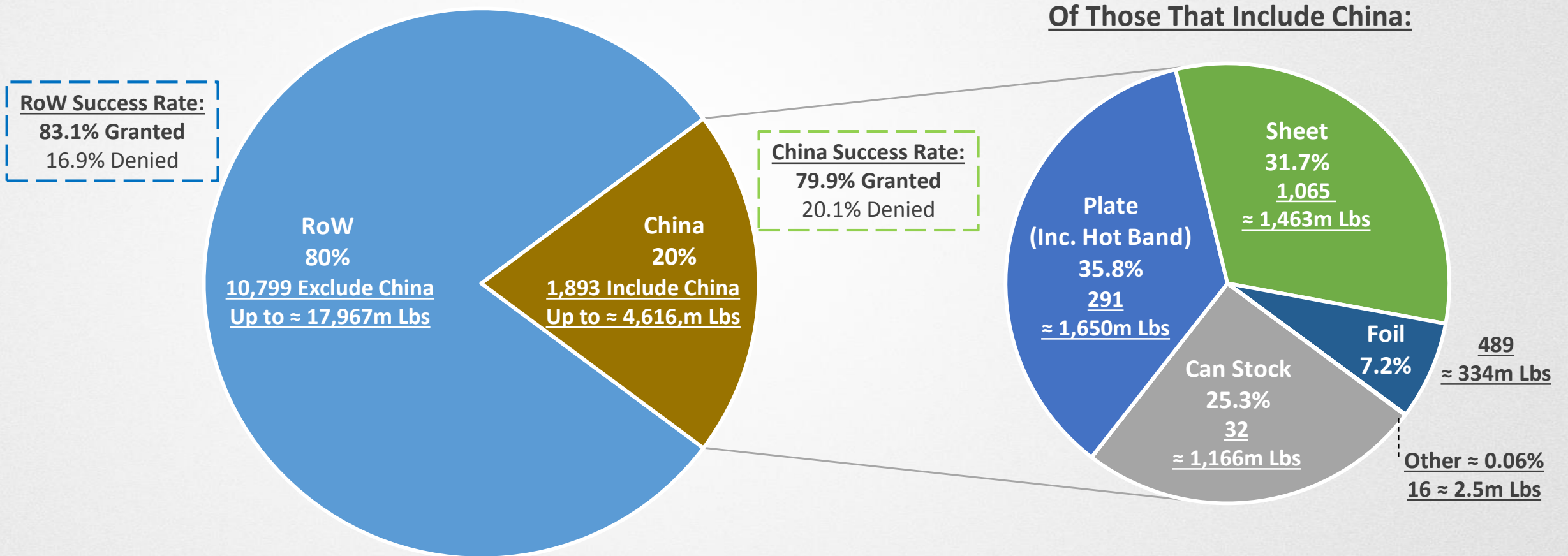
Granted Exclusions by Country of Origin: Volume (mlbs), Success Rate, % Decided



\*Exclusion requests can identify multiple countries of origin. In some instances, the successful requestor is permitted to import the granted volume from any of the countries of origin identified in the request. As a result, the volumes associated with a particular country are not exact and should be considered as the maximum bound of the potential volume permitted.

# 232 Product Exclusions: **Granted (China vs. RoW)**

Estimated Share of Granted Product Exclusions  
 China vs. Rest of the World\*  
 (As of June 12, 2020)



*\*Exclusion requests can identify multiple countries of origin. In some instances, the successful requestor is permitted to import the granted volume from any of the countries of origin identified in the request. As a result, the volumes associated with a particular country are not exact and should be considered as the maximum bound of the potential volume permitted.*

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