

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:
COMMON ALLOY ALUMINUM SHEET
FROM CHINA

) Investigation Nos.:
) 701-TA-591 and 731-TA-1399
) (PRELIMINARY)

Pages: 1 - 167
Place: Washington, D.C.
Date: Thursday, December 21, 2017



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UNITED STATES OF AMERICA
BEFORE THE
INTERNATIONAL TRADE COMMISSION

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IN THE MATTER OF: : Investigation Nos.
COMMON ALLOY ALUMINUM SHEET : 701-TA-591 and
FROM CHINA : 731-TA-1399
- - - - -x (Preliminary)

Main Courtroom
U.S. International Trade
Commission
500 E Street SW
Washington, DC
Thursday, December 21, 2017

The Conference commenced, pursuant to notice at 12:33 p.m.,
before the Investigative Staff of the United States
International Trade Commission.

1 APPEARANCES:

2

3 Staff:

4 William R. Bishop, Supervisory Hearings and
5 Information Officer

6 Tyrell Burch, Program Support Specialist

7

8 Douglas Corkran, Supervisory Investigator

9 Nathanael Comly, Investigator

10 Daniel Matthews, International Trade Analyst

11 Emily Burke, International Economist

12 Emily Kim, Accountant/Auditor

13 Luke Tillman, Attorney/Advisor

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1 Opening Remarks:
2 In Support of Imposition (John M. Herrmann, Kelley Drye &
3 Warren LLP)
4 In Opposition to Imposition (Kristin Mowry, Mowry &
5 Grimson, PLLC)
6 In Support of the Imposition of Antidumping and
7 Countervailing Duty Orders:
8 Kelley Drye & Warren LLP
9 Washington, DC
10 on behalf of
11 Aluminum Association Common Alloy Trade Enforcement Working
12 Group ("the Domestic Industry")
13 Christopher R. Clegg, Executive Vice President,
14 General Counsel & Secretary Aleris Corporation
15 Michael Pusateri, Director - Marketing North America,
16 Aleris Corporation
17 Patrick Boittiaux, Vice President - North America -
18 Industrial and Commercial Transportation,
19 Arconic Inc.
20 Lloyd ("Buddy") Stemple, Chief Executive Officer,
21 Constellium Rolled Products Ravenswood LLC
22 Paul-Henri Chevalier, President, Jupiter Aluminum
23 Corporation
24 Lee McCarter, Chief Executive Officer, JW Aluminum
25 Company -- continued --

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1 In Support of the Imposition of Antidumping and
2 Countervailing Duty Orders (continued):

3 Chester Roush, Chief Commercial Officer, JW Aluminum
4 Company
5 Beatriz Landa, Vice President and General Manager
6 Specialty Products, Novelis Corporation
7 John Zanelli, Senior Manager, Novelis Corporation
8 Holly Hart, Legislative Director and Assistant to the
9 President, United Steel, Paper and Forestry,
10 Rubber, Manufacturing, Energy, Allied Industrial
11 and Service Workers International Union
12 Brad Hudgens, Georgetown Economic Services, LLC
13 John M. Herrmann - Of Counsel
14 Paul C. Rosenthal - Of Counsel
15 Grace W. Kim - Of Counsel

16

17 In Opposition to the Imposition of Antidumping and
18 Countervailing Duty Orders:

19 Crowell & Moring, LLP

20 Washington, DC

21 on behalf of

22 Valeo North America, Inc. ("Valeo")

23 Rogelio Garcia, Site Purchasing Director, Valeo

24 Albert Wang, Sales and Marketing Director, Yinbang

25 Daniel Cannistra - Of Counsel -- continued --

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1 Mowry & Grimson, PLLC

2 Washington, DC

3 on behalf of

4 National Marine Manufacturers Association

5 John McKnight, Senior Vice President Government

6 Affairs, National Marine Manufacturers

7 Association

8 Kristin Mowry - Of Counsel

9

10 Rebuttal/Closing Remarks:

11 In Support of Imposition (Paul C. Rosenthal, Kelley Drye &

12 Warren LLP)

13 In Opposition to Imposition (Daniel Cannistra, Crowell &

14 Moring, LLP)

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1 P R O C E E D I N G S

2 THE CLERK: Will the room please come to order.

3 MR. CORKRAN: Good afternoon and welcome to the
4 United States International Trade Commission's conference
5 in connection with the Preliminary Phase of Antidumping and
6 Countervailing Duty, Investigation Numbers 701-TA-591 and
7 731-TA-1399 concerning Common Alloy Aluminum Sheet from
8 China.

9 My name is Douglas Corkran, Supervisory
10 Investigator on these investigations, and I will be
11 presiding at this conference.

12 Among those present from the Commission Staff
13 are, on my right, Nathanael Comly, the Investigator, to my
14 left, Luke Tillman, the Attorney/Advisor, followed by Emily
15 Burke, our Economist, who will be with us in just a second,
16 Emily Kim, our Accountant, and Daniel Matthews, our
17 Industry Analyst.

18 I understand that parties are aware of the time
19 allegations. Any questions regarding time allocations
20 should be addressed to the Secretary, Mr. Bishop.

21 I would remind speakers not to refer in your
22 remarks to business proprietary information and to speak
23 directly into the microphones. We also ask that you state
24 your name and affiliation for the record when beginning
25 your presentation or when answering questions for the

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1 benefit of the court reporter.

2 All witnesses must be sworn in before presenting
3 testimony.

4 Are there any questions?

5 Mr. Secretary, are there any preliminary
6 matters?

7 THE CLERK: Mr. Chairman, I would note that all
8 witnesses for today's hearing conference have been sworn
9 in.

10 I would also like to remind everyone to please
11 state your name. The court reporter can't see everybody's
12 name around the table.

13 There are no other preliminary matters.

14 MR. CORKRAN: Thank you, Mr. Secretary.

15 Let us begin with opening remarks, which I
16 believe we'll start with Mr. Herrmann.

17 THE CLERK: Opening remarks on behalf of those
18 In Support of Imposition of the Antidumping and
19 Countervailing Duty Orders will be given by John M.
20 Herrmann of Kelley Drye & Warren.

21 Mr. Herrmann, you have five minutes.

22 STATEMENT OF JOHN HERRMANN

23 MR. HERRMANN: Thank you.

24 Good afternoon, Mr. Corkran and members of the
25 Commission Staff.

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1 I am John Herrmann of Kelley Drye & Warren,
2 counsel to the Aluminum Association, Common Alloy Sheet
3 Trade Enforcement Working Group, and its individual
4 members, Aleris World Products Incorporated, Arconic
5 Incorporated, Constellium World Products Ravenswood LLC,
6 Jupiter Aluminum, JW Aluminum Company and Novelis
7 Corporation.

8 These investigations, which were self-initiated
9 by the Department of Commerce, marked the first case before
10 the Commission involving aluminum sheet and provide an
11 important opportunity for the urgently needed relief for
12 the domestic industry from the large and increasing volumes
13 of low priced and unfairly traded imports of common alloy
14 sheet from China.

15 Subject imports have injured the domestic
16 producers and the thousands of workers supported by the
17 industry for many years beyond simply the three-year period
18 the Commission will examine in this proceeding, and the
19 injury continues today.

20 Low-priced imports from China are partly
21 responsible for the decision by Arconic to curtail its
22 production facility in Texarkana, Texas, a facility with
23 300 million pounds of capacity.

24 In addition, Aleris was forced to shutter its
25 mill in Decatur, Alabama in February 2015 due to unfair

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1 imports from China.

2 Subject imports are also responsible for
3 decisions by domestic producers to reduce their capacity
4 and production of common alloy sheet within facilities that
5 continue to operate today.

6 Over the past decade, the volume of common alloy
7 sheet imports from China has surged massively, increasing
8 by nearly 750 percent.

9 During the period of investigation, subject
10 imports spiked from slightly more than 200,000 short tons
11 to approximately 400,000 short tons, an increase of 91
12 percent.

13 This surge has coincided with significant
14 increases in the U.S. market share held by subject imports.

15 While apparent consumption of common alloy
16 aluminum sheet has increased moderately between 2014 and
17 2016, the volume of Chinese imports has surged and far
18 exceeds the growth in apparent consumption.

19 The market share captured by increased imports
20 from China has come directly at the expense of U.S.
21 producers. Despite growing demand for common alloy sheet,
22 the domestic industry's capacity, production and domestic
23 shipment volume and value have all declined.

24 The increased market penetration by Chinese
25 imports has been accomplished on the basis of a single

1 factor: Price.

2 The information on the record so far makes it
3 clear that despite what you may hear from the Respondents,
4 price is the reason that purchasers bought Chinese product.

5 Like other flat-rolled metal products, common
6 alloy sheet is generally interchangeable, whether produced
7 in China or the United States, so that price drives
8 purchasing decisions.

9 The prices at which common alloy aluminum sheet
10 from China has been sold in the United States have
11 comprehensively and significantly undercut domestic
12 producer prices, forcing them to reduce prices in order to
13 retain business.

14 In fact, the domestic producers report that they
15 must satisfy their customers' demands to purchase common
16 alloy sheet at the China price.

17 The impact of selling lower volumes of common
18 alloy sheet at lower prices on domestic producers'
19 financial condition has been predictable. The domestic
20 industry, already vulnerable from the large volumes of
21 low-priced Chinese imports in the years preceding the
22 period of investigation, suffered significant declines in
23 net sales value, operating income, net income and in the
24 ratios of operating and net income to sales.

25 These facts collectively establish more than a

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1 reasonable indication of material injury caused by subject
2 imports.

3 Further, there is no prospect of relief in site.
4 Substantial excess capacity in China to produce aluminum
5 sheet, as well as a slowing economy there, encouraged
6 Chinese producers to export their oversupply to the United
7 States.

8 Absent import relief, unfairly traded imports
9 will continue to expand at the expense of domestic
10 producers and the thousands of workers supported by the
11 industry.

12 To prevent further injury, we urge the
13 Commission to reach an affirmative preliminary decision.

14 Thank you.

15 THE CLERK: Opening remarks on behalf of those
16 In Opposition to Imposition of the Antidumping and
17 Countervailing Duty Orders will be given by Kristin Mowry
18 of Mowry & Grimson.

19 Ms. Mowry, you have five minutes.

20 STATEMENT OF KRISTIN MOWRY

21 MS. MOWRY: Good afternoon, and thank you.
22 Kristin Mowry of Mowry & Grimson appearing on behalf of the
23 National Marine Manufacturers Association and the
24 Recreational Vehicle Industry Association.

25 I'm speaking on behalf of the Respondents'

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1 panel, such as it is, In Opposition to the Imposition of
2 Antidumping and Countervailing Duties on Common Alloy Sheet
3 from China.

4 Let me start by taking you back to last January
5 18, when Wilbur Ross responded to questions from the Senate
6 Committee on Commerce, Science and Transportation regarding
7 his nomination as the next Secretary of Commerce.

8 There is no doubt that Secretary Ross is more
9 familiar with the ADC BD regime than any Commerce secretary
10 before him.

11 So when the questioning turned to trade
12 enforcement matters, Mr. Ross answered ably and
13 confidently.

14 In one particular exchange, Senator Peters asked
15 Mr. Ross about the process of self-initiation, citing the
16 difficulty of small- and medium-sized businesses that don't
17 have high-priced lobbyists at their disposal.

18 Mr. Ross responded that he believed
19 self-initiation to be a useful tool. He referred
20 specifically to "industries that have a lot of small
21 companies." Sympathizing that it would be very hard for
22 those companies to get the data together and get the
23 funding together to bring a case.

24 Well, the panel of witnesses you will hear from
25 shortly is hardly composed of a ragtag group of poorly

1 funded, unorganized small companies. These are companies
2 with revenues in the billions of dollars, with experience
3 bringing ADC BD petitions and with political connections at
4 the highest level.

5 One of the witnesses today even stood in the
6 Oval Office and celebrated with the President as he signed
7 the order commencing the 332 investigation earlier this
8 year.

9 And this group of domestic producers is
10 represented by attorneys that can only be described as the
11 gold standard of the petitioners bar.

12 So as you listen to the testimony today, please
13 ask yourselves, actually please even ask the panel, why it
14 is that this case was self-initiated rather than brought by
15 the normal course of filing a petition. What is there to
16 hide? What information is missing here?

17 We are confident that once the responses from
18 all domestic producers have been evaluated, the Commission
19 will see by and large a robust, growing industry with
20 profitable operations and increased employment when
21 examining the interim period.

22 When looking at price comparisons, we urge the
23 Commission to take into account the Midwest premium, which
24 is a factor unique to domestic sales and does not impact
25 import prices.

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1 Later today, you will be hearing from two
2 discrete end users of the subject merchandise, the
3 automotive sector and boat builders. In particular, the
4 automotive industry will offer testimony regarding brazing
5 sheet. In the anticipation of that discussion, we hope you
6 will explore with the other panel why can stock was
7 excluded from the scope of this case and presumably from
8 the like product.

9 We think a robust discussion on that topic will
10 contribute to the development of meaningful guidance to the
11 Commission for other similarly situated products. And if
12 the Commission declines to examine brazing sheet as a
13 separate like product, then we object to the domestic like
14 product being coextensive with the scope, and we urge the
15 Commission to collect all data on operations and financial
16 performance of can stock production.

17 Turning back to the same confirmation hearing,
18 Mr. Ross went on to tout the psychological effect of
19 self-initiation, stating that as an important tool for its
20 "actual curative effect, its preventive effect and the
21 psychological effect of the cheaters."

22 By self-initiating this case, the Commerce
23 Department has already rubber-stamped this investigation.
24 They have abdicated their quasi-judicial role. They are
25 admittedly using self-initiation as part of psychological

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1 warfare against prejudged cheaters.

2 What is the significance of the rule of law from
3 the commerce perspective? The Commission stands alone here
4 as the agency that can maintain the integrity of the ABCBD
5 law. We know that you take that responsibility seriously
6 and we're counting on you to bring your critical analysis
7 to this case.

8 When you do, you will see that the claim of
9 injury by reason of Chinese imports has simply not been met
10 and the case must be thrown out.

11 Thank you.

12 THE CLERK: Would the panel In Support of the
13 Imposition of the Antidumping and Countervailing Duties
14 please come forward and be seated.

15 Mr. Chairman, this panel has 60 minutes for
16 their direct testimony.

17 I would remind all witnesses to please state
18 your name each time you speak for the benefit of the court
19 reporter. Thank you.

20 MR. CORKRAN: Good morning. And you may proceed
21 when you are ready. Good afternoon, actually, but you may
22 still proceed when you are ready.

23 MR. HERRMANN: Thank you, Mr. Corkran, and good
24 afternoon. Good afternoon, Commission Investigative Staff.
25 Our first witness this afternoon will be Buddy Stemple of

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1 Constellium.

2 STATEMENT OF LLOYD ("BUDDY") STEMPLE

3 MR. STEMPLE: Good afternoon, Mr. Corkran and
4 members of the Commission Investigative Staff. My name is
5 Buddy Stemple and I'm the chief executive officer of
6 Constellium Rolled Products Ravenswood, LLC, which is
7 located in Ravenswood, West Virginia. I've held that
8 position for approximately 3-1/2 years. I began my career
9 in this industry nearly 40 years ago, and over the course
10 of my career, I've been employed by Kaiser Aluminum, Alcan
11 Aluminum and Novelis in a variety of positions involving
12 operations, sales and marketing.

13 In September of 2016, I testified before the
14 Commission in the Section 332 investigation that examined
15 competitive conditions affecting the U.S. aluminum
16 industry.

17 In my testimony, I warned of significant
18 negative effects resulting from China's massive
19 overcapacity to produce semi-fabricated aluminum products.
20 Particularly with respect to high volume products such as
21 common alloy sheet and can sheet.

22 Regrettably, I am here again today because of
23 China's continued massive overcapacity in its exportation
24 of unfairly low priced and subsidized products to the
25 United States that severely injures domestic producers of

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1 common alloy aluminum sheet.

2 Although the Commission's Section 332
3 investigation examined aluminum products generally, the
4 product targeted by this trade case is common alloy
5 aluminum sheet imports from China.

6 Common alloy sheet or simply common alloy sheet
7 is a flat-rolled product that is manufactured from 1000,
8 3000 and 5000 series alloys. Common alloy sheet is
9 produced in a wide array of thicknesses or gauges, as the
10 industry refers to it, with tempers and surface finishes.

11 This case covers both common alloy sheet in
12 coils as well as cut to length sheets. In addition, this
13 case covers clad product that consists of 3000 series core
14 with cladding layers applied to one or either or both
15 sides.

16 Common alloy sheet is used in a wide range of
17 industrial applications, including appliances, electrical
18 boxes, tractor-trailers, gutters and down spouts, building
19 facades, street signs, license plates and marine
20 applications such as pontoon boats.

21 Common alloy sheet is produced around the world,
22 including in the United States and China, using the same
23 basic manufacturing processes. To begin the process,
24 aluminum and a small amount of alloy elements are melted.

25 The molten metal is then cast either into an

1 ingot or a sheet-gauged product that is approximately one
2 quarter of an inch thick. The production process involving
3 the casting of an ingot is known as direct chill casting
4 process, while the process that involves casting metal into
5 a sheet gauge product is known as continuous casting.

6 Producers in the United States rely on both
7 direct chill and continuous casting processes.

8 Irrespective of whether the direct chill or
9 continuous cast process is used, the cast aluminum is
10 subject to cold rolling passes that reduce it to its final
11 gauge or thickness.

12 In this case, we are addressing products with a
13 thickness of 6.3 millimeters or less, roughly a quarter of
14 an inch, but greater than .2 millimeters or .00787 inches,
15 which is the industry's dividing line between aluminum
16 sheet and aluminum foil.

17 In addition, anything above 6.3 millimeters in
18 thickness would be considered aluminum plate.

19 Because the cold rolling process makes the
20 aluminum harder, it's necessary to anneal or heat treat the
21 material in order to soften the metal. The annealing
22 process involves heating a common alloy sheet coil to a
23 temperature and then allowing it to cool. Common alloy
24 sheet may be subjected to annealing process either between
25 cold rolling passes or at its final thickness.

1 At this point, the aluminum sheet is ready for
2 finishing operations, which may include trimming the edge
3 of the coil, sliding to produce narrow are widths or
4 possible cutting the coil lengthwise to produce cut to
5 length sheets. The finished coils, which can weigh up to
6 25,000 pounds, are inspected, packed and shipped to
7 customers.

8 Constellium produces common alloy sheet in our
9 mill in Ravenswood, West Virginia, and we supply
10 significant volumes of product to manufacturers of truck
11 trailers and pleasure boats.

12 Like other companies testifying today, between
13 2014 and 2016, our company sales of common alloy sheets
14 have declined. Chinese imports of common alloy have grown
15 to over 600 million pounds in 2016 and this year are on
16 pace to surpass that level.

17 This equates nearly to three times the
18 production capacity of our Ravenswood facility.

19 The decline in shipments is of significant
20 concern, because the large installed capacity our mill
21 requires large volumes to be profitable. We have seen our
22 volumes of shipments to distributors drop significantly.
23 Further, the prices at which we are able to sell our
24 remaining production have eroded due to the increase in the
25 intense pricing pressures created by the Chinese producers

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1 and exporters, which make the justification of much needed
2 capital investments far more difficult.

3 Our company's revenues are impacted as a result
4 of the lower prices prevailing in the U.S. market due to
5 Chinese imports. We cannot continue to offer common alloy
6 sheet at inadequate pricing levels. There is an urgent
7 need for trade relief to return to fair pricing to the U.S.
8 market. This will help to ensure that our company and our
9 industry are able to earn a reasonable return that will
10 allow us to make capital investments that are necessary to
11 ensure our long-term competitiveness.

12 Finally, as Constellium is one of only two
13 companies at today's conference that manufactures aluminum
14 can sheet, I'd like to address the important distinctions
15 between these two products.

16 First, aluminum can sheet is a thin gauge
17 product that has a single use, the manufacture of aluminum
18 beverage cans. In contrast, common alloy sheet is
19 generally a thicker gauge product and as I discussed
20 earlier, is used in a very wide range of industrial
21 applications.

22 Second, aluminum can sheet is not
23 interchangeable with common alloy sheet. Aluminum can
24 sheet is an engineered product that is manufactured on
25 specialized cold rolling mills that import a uniform

1 surface quality that is necessary for the manufacture of
2 beverage cans.

3 Further, a lubricant is applied to the surface
4 of the aluminum can sheet to facilitate its running at high
5 speeds through can manufacturing equipment, while no
6 lubricant is used to make common alloy sheet.

7 Third, while common alloy sheet is sold to both
8 distributors and end users for a variety of applications,
9 aluminum canned sheet is sold directly to end users that
10 consume the product only to manufacture beverage cans.

11 Fourth, Constellium produces aluminum can sheet
12 at a completely separate facility. Specifically our
13 rolling mill in Muscle Shoals, Alabama. Moreover, can
14 sheet has a distinctive cold rolling process due to the
15 very precise surface requirements needed to meet customer
16 commands for can sheet.

17 Fifth, customers and producers perceive common
18 alloy and can sheet to be separate products. A
19 manufacturer of beverage cans will not purchase common
20 alloy sheet to use in its operations.

21 Similarly, a distributor or OEM as a consumer of
22 common alloy sheet will not purchase can sheet when a
23 product line with more basic physical characteristics and
24 properties will meet its needs.

25 On behalf of Constellium and more than the 1500

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1 employees at our Ravenswood facility specifically, I
2 respectfully urge the Commission to reach an affirmative
3 preliminary determination in these investigations.

4 Thank you.

5 MR. HERRMANN: Thank you, Buddy.

6 Our next witness will be Chris Clegg of Aleris
7 Corporation.

8 STATEMENT OF CHRISTOPHER CLEGG

9 MR. CLEGG: Good afternoon. My name is Chris
10 Clegg, Executive Vice President, General Counsel and
11 Secretary of Aleris Corporation.

12 I hadn't planned to testify today, at today's
13 conference, but I'm here due to the family emergency that
14 has prevented the Executive Vice President of Aleris
15 Corporation and President of our North American business
16 from being able to travel to Washington.

17 With your permission, I will now read Mike's or
18 Mr. Keown's prepared testimony into the record. At the
19 conclusion of the domestic industry presentation, both I
20 and my colleague, Mike Pusateri, Aleris Corporation's
21 Director for Marketing North America, will be pleased to
22 answer any questions that you may have.

23 So, I am Michael Keown, Executive Vice President
24 of Aleris Corporation, President of North America. As
25 President of North America, I am responsible for overseeing

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1 all of Aleris's rolled products facilities engaged in the
2 production of common alloy aluminum sheet in the United
3 States. During my 19 years with the company, I've also
4 held positions involving finance, metal procurement, supply
5 chain and general management and Aleris's North American,
6 European and Asian operations.

7 Aleris, which is headquartered just outside
8 Cleveland, in Beechwood, Ohio, is the largest producer of
9 common alloy sheet in the United States. Aleris
10 manufactures common alloy sheet at facilities in Lewisport,
11 Kentucky, Yorksville, Ohio, Davenport, Iowa, where we
12 operate two facilities, Richmond, Virginia, Clayton, New
13 Jersey, Buckhannon, West Virginia, and Lincolnshire,
14 Illinois.

15 In addition, we operate a coating and finishing
16 facility in Asheville, Ohio, where we further process
17 common alloy sheet.

18 Demand for common alloy sheet in the United
19 States has grown at a moderate, steady rate in recent
20 years, generally consistent with the overall economy. The
21 increases in demand for common alloy sheet, however, have
22 been far exceeded by huge increases in the supply of
23 Chinese product in the United States market.

24 Because of its large size and openness, the U.S.
25 market has been an attractive outlet for low-priced Chinese

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1 aluminum. Chinese imports began to enter the U.S. market
2 in large volumes in 2007. While the presence of Chinese
3 aluminum alloy sheet in the United States market started
4 somewhat slowly, the volumes expanded very rapidly.

5 Purchasers were initially reluctant to buy from
6 Chinese suppliers, but the low prices offered by Chinese
7 producers were too attractive for our domestic customer
8 base to pass up.

9 When we visit our customers facilities today,
10 it's very common to see large quantities of Chinese metal
11 on their floors. While Chinese producers have the
12 capability to produce and currently offer and sell common
13 alloy sheet across the full range of physical
14 characteristics, low prices have enabled Chinese producers
15 to capture substantial volumes of sales involving alloys
16 3003 and 5052, for example, which are basic products that
17 are suitable for use in a wide variety of applications.

18 The increasing demand in the United States
19 market in the rebound after the financial crisis should
20 have provided Aleris and our U.S. competition with an
21 opportunity to increase our production and shipments of
22 common alloy sheet at reasonable prices. Our ability to
23 take advantage of the growing market, however, has been
24 completely undercut by increasing volumes of low-priced
25 common alloy sheet imports from China.

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1 Aleris's U.S. shipments of common alloy sheet
2 peaked in 2010 at approximately 1.1 billion pounds. Since
3 that time, our shipments of common alloy sheet have
4 declined steadily and significantly, as low-priced imports
5 from China have captured an increasing market share.

6 Aleris's shipments of common alloy sheet have
7 declined between 2014 and 2017, as have the prices at which
8 we have been able to sell our products. The mills where
9 our company manufactures common alloy sheet are large,
10 capital-intensive facilities. As a result, Aleris must
11 operate its mills at a high level of capacity utilization
12 in order to maximize efficiency.

13 The decline in our capacity utilization rate
14 over the last three years is of significant concern,
15 because it means that the fixed costs associated with
16 running our mills must be spread across a lower volume of
17 common alloy sheet, effectively increasing our cost of
18 production and preventing us from operating at a maximally
19 efficient level.

20 Also of concern are the price reductions we have
21 been forced to accept in order to try and maintain sales
22 volumes. With large volumes of Chinese common alloy sheet
23 available in the market, our customers routinely require us
24 to match the lower prices offered by Chinese manufacturers.

25 This has resulted in persistent declines in the

1 financial returns of our common alloy sheet operations.

2 Further, these poor financial returns have
3 resulted in a decision by our company to close a mill in
4 Decatur, Alabama in February 2015.

5 If those poor results persist, our operations at
6 our remaining facilities will be at risk.

7 As recently as last year, a substantial majority
8 of the Aleris's production of common alloy sheet produced
9 at our Lewisport, Kentucky mill consisted of products
10 manufactured from 3003 and 5052 alloys. These are products
11 that are demanded and thus can be efficiently produced in
12 large volumes and make an important contribution to running
13 a mill at an efficient level of capacity utilization.

14 Low-priced imports from China, however, have
15 captured a significant volume of those sales in the United
16 States for the last several years, forcing our company and
17 others to compete for niche products used in applications
18 that account for smaller portions of the U.S. market.

19 This movement to smaller volume, niche products,
20 however, is not a sustainable strategy for ensuring the
21 long-term health of Aleris's operations. We cannot
22 continue to shrink our business and remain competitive.

23 We continue to see increasingly aggressive from
24 Chinese imports of common alloy sheet. If unfairly traded
25 imports from China continue to flood the U.S. market at low

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1 prices that we've seen in recent years, our company will
2 continue to lose sales, U.S. market share and jobs in
3 Chinese imports.

4 We recognize that there is a place for imports
5 in the market, but they must be fairly traded. We're
6 confident that if import relief is granted to our industry,
7 Aleris and the other domestic producers of common alloy
8 sheet have the means and the determination to serve this
9 market and again achieve a fair return on our investments.

10 MR. HERRMANN: Thank you, Chris.

11 Our next witness will be Patrick Boittiaux of
12 Arconic, Incorporated.

13 STATEMENT OF PATRICK BOITTIAUX

14 MR. BOITTIAUX: Good afternoon. My name is
15 Patrick Boittiaux. Since August 2016, I have served as
16 Arconic Inc.'s Vice President of Sales -- North America --
17 Industrial and Commercial Transportation.

18 For the clients that include common alloy sheet.
19 I have been employed by Arconic Inc., formerly known as
20 Alcoa, Inc., since 2012. During that time, I have held
21 positions involving the sales of specialty products and
22 closures in Europe, as well as sales of aluminum sheet and
23 plate products throughout Asia, and now in North America.

24 Prior to joining Arconic, I was employed by
25 Constellium for 11 years in positions involving

1 international sales of flat rolled aluminum products, both
2 specialty products and brazing sheet.

3 Arconic produces common alloy sheet at its
4 facilities in Davenport, Iowa, and Lancaster, Pennsylvania.

5 Common alloy sheet manufactured by Arconic is
6 used in a variety of end uses, including commercial
7 transportation, appliances and building and construction
8 applications.

9 Arconic's operations have been negatively
10 affected by low-priced imports from China for close to a
11 decade, and Arconic experience to first disrupt the effects
12 of Chinese imports in 2009 with increased volumes of
13 low-priced imports of common alloy sheet from China,
14 coupled with a global financial crisis, negatively affected
15 pricing in the U.S. market.

16 With low prevailing pricing and no immediate
17 prospect for improvement, Arconic was forced to curtail its
18 mill in Texarkana, Texas, resulting in the loss of 250 well
19 paying manufacturing jobs. That facility has the capacity
20 to produce approximately 300 million pounds of common alloy
21 sheet annually.

22 Regrettably, the significant negative effects of
23 Chinese imports have continued to impact our common alloy
24 business during the three-year period that is the focus of
25 these investigations. Arconic's production and shipments

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1 of common alloy sheet declined significantly and
2 consistently between 2014 and 2016.

3 The reduced volumes of shipments to distributors
4 has been particularly harmful, as low-priced Chinese
5 imports have captured substantial amounts of business with
6 large producers.

7 Further, the prices at which we have been able
8 to sell our output of common alloy sheet have declined,
9 intensifying the injury to our company.

10 In response to the low-priced imports from
11 China, Arconic has reduced its production of common alloy
12 sheet, because the prices at which common alloy sheet from
13 China has been sold and offered for sale in the United
14 States are consistently lower than the prices at which we
15 need to sell our product to earn a reasonable rate of
16 return.

17 Because common alloy sheet is typically sold on
18 the basis of annual contracts and, to a lesser extent,
19 based on contracts lasting more than a year, the pricing
20 pressures created by the large -- have a long-term effect
21 on our common alloy business.

22 Customer pressure to sell common alloy product
23 to them at the same prices offered by the Chinese
24 producers, commonly referred to as the Chinese price, has
25 forced us to either lower our prices or lose the business.

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1 In some cases, as part of a strategy program to
2 address foreign competition, we have lowered our prices.
3 In other cases, we have simply walked away from the
4 business and given up the volume, because the price points
5 identified by our customers were unacceptably low.

6 Further, in the common alloy market, contracts
7 do not always insulate us from the pricing pressures
8 created by low-priced Chinese imports.

9 If our customers receive a better offer for
10 Chinese imports, they can and have purchased Chinese
11 products.

12 While Arconic reopened the cast house portion of
13 our Texarkana facility in 2015, the remainder of the
14 facility remains idled due to poor market conditions,
15 including those created by Chinese imports.

16 Our company constantly evaluates the business
17 case. We hope very much that these investigations will
18 lead to an improvement in market conditions and create a
19 level playing field that allows us to consider increasing
20 production and the number of jobs at our U.S. rolling
21 mills.

22 Thank you.

23 MR. HERRMANN: Thank you, Patrick.

24 Our next witnesses will be Lee McCarter and
25 Chester Roush of JW Aluminum Company.

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1 STATEMENT OF LEE MC CARTER

2 MR. MC CARTER: I am the Chief Executive Officer
3 of JW Aluminum Company, a position I have held since
4 December of 2009. I have been an officer of JW Aluminum
5 since of 2009 when I was hired as the chief financial
6 officer.

7 Joining me this afternoon is Chester Roush, JW
8 Aluminum's Chief Commercial Officer. Mr. Roush joined our
9 company in June of 2009 and has more than 30 years of
10 experience in the production and sale of flat-rolled
11 aluminum products.

12 I would now like to ask him to speak for a few
13 minutes about our company's operations and the negative
14 effects of unfairly traded imports and common alloy sheet
15 from China.

16 STATEMENT OF CHESTER ROUSH

17 MR. ROUSH: Again, Chester Roush, Chief
18 Commercial Officer of JW Aluminum. Good afternoon.

19 JW Aluminum produces common alloy sheet at our
20 facilities in Goose Creek, South Carolina, our company
21 headquarters, and in Russellville, Arkansas.

22 Imports of low-priced common alloy sheet from
23 China have had a persistent negative effect on our
24 company's operations. Over the last decade, Chinese
25 producers have expanded their exports and captured an

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1 increasingly large portion of the U.S. market for common
2 alloy sheet in 36-inch, 48-inch and 60-inch-wide coils made
3 from 3000 and 5000 series alloys.

4 As this has occurred, China's imports have
5 displaced U.S. producers that previously supplied these and
6 our high volume products, forcing U.S. producers to pursue
7 the manufacture and sale of common alloy sheet for a lower
8 price and lower volume applications.

9 As a result, domestic producers are running less
10 favorable product mixes through their mills, resulting in
11 lower volumes, less efficient production at substantially
12 reduced profit.

13 At JW Aluminum, the common alloy sheet products
14 we manufacture are generally used in building construction
15 applications, such as gutters, downspouts, fascia,
16 flashing, soffits and, to a lesser extent, in the
17 transportation related applications, including for
18 recreational vehicles and cargo vehicles. Pricing for
19 these products is generally lower than for other common
20 alloy sheet.

21 We would welcome the opportunity to dedicate our
22 company's production capacity to higher-priced,
23 higher-volume products. But the large and increasing
24 volumes of Chinese imports preclude us from being able to
25 sell those products at a price that will allow us to earn a

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1 reasonable return.

2 In other words, Chinese imports have forced our
3 company and many of our domestic competitors to reduce our
4 production.

5 The sales we are able to obtain are less
6 profitable because they are for common alloy sheet for
7 applications where smaller volumes are demanded.

8 This product mix has become particularly acute
9 in the last few years, unsurprisingly, we would welcome the
10 opportunity to sell a wider array of common alloy sheet
11 products, but we have not been able to pursue the business
12 for at least the last three years due to the low prices in
13 the market driven by Chinese imports.

14 In addition to experiencing prolonged injury as
15 a result of increasing volumes of low-priced imports of
16 common alloy sheet from China, we are concerned about
17 China's massive capacity to produce common alloy sheet.

18 Capacity that has been brought online without
19 any economic justification given domestic demand in China
20 and its slowing economy.

21 The massive nature of China's overcapacity has
22 brought home just several years ago when Lee and I visited
23 China and met with the executive management team of
24 Dingsheng, a significant, but by no means the largest
25 producer in China.

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1 During our visit, a Dingsheng executive proudly
2 boasted to us about his goal of making Dingsheng the
3 largest producer of aluminum sheet in the world and his
4 goal of installing equipment in Dingsheng's Inner Mongolia
5 facility that would give his company the capacity to
6 produce 1 billion pounds of aluminum sheet annually.

7 To put that figure in perspective, Dingsheng's 1
8 billion pounds of capacity gives that single company more
9 capacity than the entire volume in North America
10 consumption of common alloy sheet for building construction
11 applications.

12 Dingsheng's facility, which was under
13 construction when we visited several years ago, is now up
14 and running. While I'm not aware of its operational
15 capacity today, I have no doubt that it is substantial.
16 Dingsheng's Inner Mongolian facility and others like it in
17 China with substantial and growing capacity pose a very
18 real threat of either further injury to the U.S. industry.

19 MR. MC CARTER: Thank you, Chester.

20 Please allow me to boil this down to three
21 simple points. The United States has imported over 600
22 million pounds of common alloy sheet from China in 2016,
23 which represents a significant and growing share of U.S.
24 consumption. In fact, this import volume is three times
25 larger than JW's largest facility.

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1 Common alloy sheet from China is being unfairly
2 traded in the United States, driven by the massive buildup
3 of capacity in China. That was point number 2.

4 Point number 3, the unfairly traded imports from
5 China are driving prices down in the U.S. and causing
6 unacceptably low returns on our company's sales for common
7 alloy sheet.

8 This has prevented JW Aluminum from making
9 needed investment to strengthen the competitiveness of our
10 operations. Moreover, it is my understanding that the
11 condition in the U.S. common alloy sheet market have
12 prevented other U.S. producers from investing in their
13 operations, negatively impacting job creation and the
14 ancillary benefits created by new jobs.

15 However, in light of the favorable preliminary
16 developments in the unfair trade cases on aluminum foil
17 from China, as well as the U.S. Department of Commerce's
18 decision to initiated antidumping and countervailing duty
19 investigations on imports of common alloy sheet from China,
20 our company's board of directors has now carefully
21 considering authorizing efforts to secure financing for JW
22 Aluminum to invest hundreds of millions of dollars in its
23 operations.

24 Such investments will fundamentally transform
25 both the efficiency and capacity of our company's aluminum

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1 sheet operations and provide a sustainable domestic supply
2 of this vital product. A favorable outcome in these
3 investigations, however, is crucial to our company being
4 able to earn a reasonable rate of return on the sales of
5 common alloy sheet.

6 JW Aluminum company is committed to producing
7 common alloy aluminum sheet in the United States. The
8 current situation confronting our company and our industry,
9 however, is not sustainable. We cannot afford to sell at
10 such low prices.

11 If relief is not granted, there's no doubt that
12 our financial performance and our ability to invest in our
13 assets will erode further as we lose additional sales and
14 market share to the subject imports from China.

15 Our industry and its employees need relief
16 immediately. We urge the Commission to reach an
17 affirmative determination in this case. Thank you.

18 MR. HERRMANN: Thank you very much, Lee and
19 Chester.

20 Our next pair of witnesses will be Beatriz Landa
21 and John Zanelli of Novelis Corporation.

22 STATEMENT OF BEATRIZ LANDA

23 MS. LANDA: Good afternoon, Mr. Corkran and
24 Commission Staff. So, first of all, I wanted to thank you
25 on behalf of all of us for your time and opportunity to

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1 explain what's going on in our industry. There is a lot of
2 damage happening from the Chinese imports and you're pretty
3 much what we're looking for as to some relief. So thank
4 you for that.

5 My name is Bea Landa, and I'm the Vice President
6 and General Manager of Specialty Products with Novelis
7 Corporation. In this position, which I assumed earlier
8 this year, I am responsible for North American sales and
9 marketing of certain flat rolled aluminum products
10 manufactured by our company, including the common alloy
11 aluminum sheet. Since joining Novelis in 2011, I also have
12 served as the director of strategy and business development
13 for North America and as a senior manager for corporate
14 strategy.

15 Joining me today is John Zanelli, a senior
16 manager with Novelis Corporation. Mr. Zanelli has more
17 than 35 years of experience in the production and sale of
18 flat-rolled aluminum products, including common alloy
19 sheet, in the United States.

20 Prior to his service with Novelis, Mr. Zanelli
21 was employed by Aleris Corporation, Kaiser Aluminum and
22 Scan Aluminum. Novelis Corporation, which is headquartered
23 in Atlanta, Georgia, is one of the world's leading
24 producers of flat-rolled aluminum products. Novelis
25 Corporation produces virtual at our facility in Oswego, New

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1 York.

2 Like the other companies that have testified
3 this afternoon, the increasing volumes of low-priced
4 imports from China have directly and negatively affected
5 Novelis's common alloy sheet operations. Those operations
6 today are vastly different from and significantly
7 diminished as compared to our operations a decade ago.

8 Over the past 10 years, Novelis has lost close
9 to 100 million pounds of common alloy sheet production to
10 Chinese producers.

11 Since 2014, our common alloy sheet volumes have
12 continued to decline significantly, as we have lost sales
13 to low-priced Chinese imports. In fact, my sales team
14 regularly reports hearing about offers of imported products
15 at prices lower than our cost of production.

16 This has led to substantial declines in our
17 sales to distributors that purchase large volumes of common
18 alloy sheet and the sales we have been able to retain have
19 been at significantly lower prices.

20 I'd like to now ask Mr. Zanelli to speak for a
21 few minutes on his experiences in trying to compete against
22 unfairly traded common alloy sheet imports from China.

23 STATEMENT OF JOHN ZANELLI

24 MR. ZANELLI: Thank you and good afternoon. I
25 appreciate the opportunity to be here today.

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1 Large and increasing volumes of low-priced
2 Chinese imports have devastated pricing of common alloy
3 aluminum sheet in the U.S. market. For a number of years,
4 our company had a foreign fighter policy of approaching
5 prices offered by the Chinese producers of common alloy
6 sheet.

7 While this policy initially had its intended
8 effect of helping maintain our production volumes, we were
9 forced to stop matching the Chinese prices in the market in
10 2016. Prices for the Chinese imports had become so low
11 that we could no longer justify matching them.

12 Indeed, our customers simply stopped asking us
13 to quote them.

14 Two recent developments stand out to me
15 regarding the negative effect of Chinese imports on Novelis
16 common alloy sheet sales. First, two of our long-term
17 customers, each of which previously bought millions of
18 pounds of common alloy sheet from us annually, recently
19 informed me they would no longer be purchasing from
20 Novelis. They indicated that their preference was to
21 continue purchasing common alloy sheet from Novelis but
22 that they could no longer do so because of the prices at
23 which our company agreed to sell common alloy sheet was
24 making them uncompetitive relative to other distributors
25 that had purchased common alloy sheet from China.

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1 These were loyal, long-standing customers whose
2 business we lost directly as a result of low-priced imports
3 from China.

4 Second, Novelis previously produced common alloy
5 coils without a specific customer order and held them in
6 our inventory in order to have the ability to meet a
7 customer's needs for the product on short notice. Due to
8 the pricing erosion caused by the Chinese imports, our
9 customers stopped making these requests of our company
10 because they no longer consider Novelis as a competitive
11 supplier to meet their unexpected needs for common alloy
12 coils.

13 As a result, we have not held common alloy coils
14 in inventory to meet unexpected customer needs since the
15 beginning of 2017.

16 Before Ms. Landa provides some final thoughts, I
17 want to say thank you for the consideration you are giving
18 these issues. I look forward to answering any questions
19 you may have.

20 MS. LANDA: With low prevailing prices for
21 common alloy sheet and no prospect for improvement, our
22 company was forced to substantially reduce its production
23 of common alloy sheet. This has been particularly
24 startling, because we pride ourselves on being able to
25 compete toe to toe with any producer in the world.

1 Novelis is an extremely efficient producer with
2 cutting edge production machinery, and it historically has
3 been one of the most cost competitive producers of
4 flat-rolled aluminum products in the world.

5 In today's environment, however, we have one arm
6 tied behind our back and cannot compete against products
7 that are subsidized by the Chinese government and that are
8 sold at unfairly low prices.

9 Novelis invested about \$8 million on a tension
10 levellers and finishing line in our Oswego facility for use
11 in producing common alloy sheet. That line is now being
12 used at only 20 percent of its capacity.

13 This is a prime example of why our company is
14 reluctant to make any further investments in our common
15 alloy sheet operations, until there is a change in market
16 conditions. Novelis's leadership is committed to making
17 significant investments in our company's operations to
18 strengthen our competitiveness, but we would only pursue
19 investments where there is reason to believe our reasonable
20 return can be earned.

21 Given recent returns on our common alloy sheet
22 operations, there is no business justification to continue
23 making the investments necessary to strengthen and even
24 maintain those operations.

25 If these conditions continue much longer, our

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1 inability to justify investments will put at risk the
2 competitiveness of our common alloy sheet operations. If
3 we cannot be competitive, we will have to exit the business
4 altogether.

5 Finally, I would like to briefly echo
6 Mr. Stemple's testimony concerning the fundamental
7 differences between common alloy sheet and aluminum
8 beverage can stock. The vast majority of the aluminum can
9 sheet sold by Novelis is manufactured at a completely
10 different facility, our Logan aluminum rolling mill in
11 Kentucky, a joint venture we operate with Tri-Arrows
12 Aluminum, Inc. Further, can sheet is distinguishable from
13 common alloy sheet due to its generally thinner gauges,
14 stringent specifications for surface quality and uniformity
15 of gauge.

16 Aluminum can sheet is not annealed, while common
17 alloy sheet generally is annealed. Moreover, while common
18 alloy sheet can be used in a wide variety of different
19 applications, can sheet, as its name suggests, has a single
20 application. The manufacture of aluminum beverage cans.

21 Further, sales of can sheet are made directly to
22 a very limited number of purchasers in the United States,
23 household names such as Anheuser-Busch, Coca-Cola and
24 Pepsi. While our company sells common alloy sheet to a
25 variety of distributors and OEMs.

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1 In closing, if low-priced imports from China
2 continue to flood the U.S. market, our company will
3 continue to lose sales, market share and jobs to subject
4 imports. There is a place in the U.S. market for imports,
5 but they must be fairly traded. We are confident that if
6 import relief is granted to our industry, Novelis has the
7 means and the determination to serve this market and again
8 achieve a fair return on our investments.

9 Thank you again for this opportunity to testify
10 and I welcome any questions you have.

11 MR. HERRMANN: Thank you.

12 Our next witness will be Paul-Henri Chevalier of
13 Jupiter Aluminum.

14 STATEMENT OF PAUL-HENRI CHEVALIER

15 MR. CHEVALIER: I am Paul-Henri Chevalier, and I
16 am the President of Jupiter Corporation, a position that I
17 have held since 2010. I have worked in the aluminum
18 industry for 14 years, with all of that time at Jupiter
19 Aluminum.

20 Jupiter Aluminum is a privately held company
21 that was first established in 1991. Prior to joining our
22 company, I was a principal in a management consulting
23 practice of Cap Gemini in Paris.

24 Jupiter Aluminum is headquartered outside
25 Chicago in Des Plaines, Illinois, and our company employs

1 400 people at three facilities in Indiana and West
2 Virginia. We produce common alloy sheet at our fully
3 integrated facility in Hammond, Indiana, where we are one
4 of the largest employers. We add further value to the
5 common alloy sheet we manufacture at our painting
6 facilities in Fairland, Indiana, and Beech Bottom, West
7 Virginia.

8 We use our painting facilities to coat about 65
9 percent of the coils produced in Hammond. Jupiter Aluminum
10 sells common alloy sheet to a mix of OEMs and distributors
11 for building and construction, transportation and farming
12 applications.

13 Like Mr. Stemple, I testified at a Commission
14 Section 332 hearing on aluminum in September 2016. I too
15 described the significant disruptions occurring in the U.S.
16 market as a result of China's overcapacity of the aluminum
17 sector. This was not my first engagement with the
18 government to express concern about China. In 2003, I
19 traveled to Washington to meet with officials at the
20 Department of Commerce to express concern about unfair
21 trade practices in China that resulted in aluminum products
22 being sold in the United States at unfairly low prices.

23 At that time, China accounted for about 10
24 percent of global capacity to produce primary aluminum.

25 Now it accounts for more than half of global

1 primary capacity. Concurrent with the increase in primary
2 production capacity, China's rolling capacity has similarly
3 increased as it sought to maximize value of operations in
4 China.

5 In fact, China's excess capacity is now greater
6 than the overall production capacity of the entire U.S.
7 aluminum industry.

8 With this massive amounts of excess capacity,
9 China has exported increasing volumes of low-priced common
10 alloy sheet in the United States, particularly as its
11 economy has slowed in recent years, and demand for the
12 metal within China has declined.

13 With its open market and low barriers to entry,
14 the United States has become a dumping ground for common
15 alloy sheet. In order to compete with low-priced Chinese
16 imports, Jupiter Aluminum has sought to add value to our
17 products by painting them and supplying them to customers
18 in a form that is ready to use for fabricating equipment.

19 For example, we supply customers with relatively
20 small narrow coils consisting of 250 to 400 pounds of
21 common alloy sheet that had been painted for use in
22 fabricating gutters and downspouts.

23 Despite these efforts to insulate our products
24 from the effects of low-priced imports from China, we have
25 started to see our Chinese competitors offer products with

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1 the same characteristics and at a significantly lower
2 price.

3 In other words, despite our best efforts to
4 differentiate our common alloy sheet products from those
5 offered by our Chinese competitors, the ability to make a
6 sale comes down to one issue. Price.

7 Since 2014, the situation worsened with more
8 American purchasers substituting larger volumes previously
9 bought in the U.S. with cheaper Chinese common alloy
10 sheets. With respect to building products, we saw
11 purchasers entering long-term contracts with Chinese
12 producers to supply a significant portion of their needs
13 while we used to supply them with American production.

14 The shift in the supply chain would not have
15 happened without unfair pricing.

16 While domestic producers used to have the
17 certainty of fixed price contracts to supply common alloy
18 sheet to a customer for a year or more, many purchasers are
19 now buying lower-priced Chinese imports pursuant to a
20 long-term contract.

21 U.S. producers are left to compete with smaller
22 volumes and still confront low-priced imports from China.

23 As a result, U.S. mills are forced to lower
24 their prices in order to maintain volume. Our industry
25 cannot continue to compete against unfairly traded products

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1 that are subsidized by the government of China, and that
2 are a direct result of irrational capacity expansion in
3 China.

4 As I said during my testimony during the Section
5 332 investigation last year, we need to establish a fair
6 trade environment in which honest and reasonable
7 competition prevails if we are to preserve the U.S.
8 industry producing common alloy sheet.

9 On behalf of Jupiter Aluminum and our company's
10 400 employees, we urge that the Commission reach an
11 affirmative preliminary determination in this
12 investigation. Thank you.

13 MR. HERRMANN: Thank you, Paul-Henri.

14 Our next witness will be Holly Hart of the
15 United Steel Workers.

16 STATEMENT OF HOLLY HART

17 MS. HART: Good afternoon, Mr. Corkran, and
18 members of the Commission Staff. My name is Holly Hart and
19 I'm the legislative director and assistant to the president
20 of the United Steel Workers, or the USW. We are the
21 largest industrial union in North America, with 1.2 active
22 and retired members, and we're proud to represent men and
23 women in nearly every manufacturing sector, including the
24 aluminum industry.

25 Our union has been steadfast in its opposition

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1 to the practices of foreign companies and governments that
2 seek to gain an unfair advantage over domestic industry by
3 violating U.S. and international trade rules. The unfair
4 trading -- these unfair trading practices have had a
5 devastating effect on American manufacturers and their
6 workers.

7 As you know, steelworkers have testified before
8 the Commission numerous times in recent years on behalf of
9 American workers and their industries which are being
10 injured by the effects of unfairly traded imports.

11 I'm here today on behalf of our members in the
12 common alloy sheet industry who are just the latest victims
13 of foreign industry seeking to gain an unfair advantage
14 through illegal practices.

15 The steelworkers represent nearly 3700 workers
16 employed at facilities where common alloy sheet is
17 manufactured. This includes USW members employed at
18 facilities operated by Aleris Corporation in Lewisport,
19 Kentucky, Asheville, Ohio, Buckhannon, West Virginia, and
20 Newport, Ohio. Arconic in Davenport, Iowa, Constellium in
21 Ravenswood, West Virginia, and Jupiter Aluminum in Hammond,
22 Indiana.

23 For those workers and their families, I'm asking
24 the Commission to level the playing field for the U.S.
25 common alloy sheet industry and its workers.

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1 The extent of unfair competition from imports of
2 common alloy sheet from China over the past three years has
3 been very intense, but as you've heard from the industry
4 witnesses, it only tells part of the story.

5 The persistent injury to the U.S. industry by
6 imports of aluminum sheet from China has been overwhelming,
7 and we have no choice but to keep fighting against our
8 Chinese competitors, who continue to ship large volumes of
9 dumped and subsidized products into the United States.

10 Over the past three years, those unfair imports
11 from China have harmed the economic livelihoods of
12 thousands of American workers and their families.

13 As members of the industry have testified, this
14 industry has suffered production curtailments and layoffs
15 that will undoubtedly continue if relief is not granted.

16 The onslaught of unfairly traded imports from
17 China has caused our members to suffer reduced work hours
18 and shrinking paychecks during the period of investigation,
19 as their employers were forced to cut back production.

20 Those numbers represent actual jobs for
21 hardworking Americans and less pay for them to take home to
22 their families. And you all know that underneath the data
23 that you collect for these trade cases lies the real injury
24 being caused by dumped and subsidized imports, and that's
25 harm to our workers, retirees, their families and entire

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1 communities that depend on these manufacturers of domestic
2 aluminum -- of the domestic aluminum sheet industry.

3 The steelworkers and its members have worked
4 closely with domestic producers to ensure the survival of
5 the common alloy sheet industry. We will continue to work
6 hard to save our members' jobs and to protect the benefits
7 of our retirees, but doing that in the face of unfairly
8 traded imports has become increasingly difficult.

9 Unless relief is granted, there is no doubt that
10 injury will continue and intensify. Production cutbacks,
11 which we have seen over the past three years and which will
12 likely continue unless orders are in place, mean further
13 reduced working hours, threatened livelihoods and family
14 budgets and job insecurity.

15 We take pride in our partnership with our
16 industry partners, and -- because when U.S. producers do
17 well, our members are doing well. And unfortunately, when
18 the businesses suffer, our members and their families are
19 the first to feel the effects through layoffs and reduced
20 hours.

21 There is no question that American workers and
22 the products we manufacture can compete with the imports
23 from any country in the world, as long as the competition
24 is fair. But we need help in stopping the injury being
25 caused by the massive overcapacity, government subsidies

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1 and unfair pricing coming from China.

2 On behalf of our U.S. members, retirees and
3 their families all over the country, I urge the Commission
4 to find that these unfair imports from China are injuring
5 the U.S. industry and its workers. Thank you very much.

6 MR. HERRMANN: Thank you, Holly.

7 I'll be the last witness testifying for our
8 panel this afternoon. For the record again, I am John
9 Herrmann with Kelley Drye & Warren. I'll be working
10 through the confidential set of slides that I think all of
11 you should have and that we have also shared with counsel
12 who are covered by the protective order in place in these
13 investigations.

14 I'd like to conclude by addressing the key
15 statutory issues the Commission must examine in reaching
16 its preliminary determination.

17 If you can turn to slide 2, I'd like to first
18 address the domestic like product.

19 The like product in this case should be defined
20 coextensively with the scope of the case and should consist
21 of common alloy aluminum sheet.

22 The scope definition includes flat-rolled
23 aluminum sheet that is manufactured from a 1000, 3000 or
24 5000 series alloy with respect to unclad sheet, and also
25 includes clad products that have a 3000 series core and

1 there is clad on one or both sides.

2 Common alloy sheet is produced in a variety of
3 gauges, widths, alloys and tempers. The basic nature of
4 the product and market warrant a single like product
5 definition under the six factors the Commission
6 traditionally analyzes. You've heard testimony on these
7 factors from Mr. Stemple and Ms. Landa. And we will
8 address those factors in our postconference brief.

9 As you also heard earlier, common alloy sheet is
10 consumed in a wide array of downstream products, including
11 appliances, electrical boxes and as well as transportation,
12 building and construction and maritime applications.

13 I would now like to focus on three statutory
14 factors of volume, price and impact that support a finding
15 of material injury by subject imports.

16 First, let's start with volume. As you heard
17 from many witnesses this afternoon, U.S. imports of
18 low-priced common alloy sheet from China have been
19 increasing in volume since the time of the global financial
20 crisis in 2007-2008. As reflected in the chart on slide 3,
21 over the past 10 years, imports of aluminum sheet from
22 China have increased by 748 percent.

23 The growth in subject imports during the POI is
24 consistent with the growth trend that has occurred over the
25 past decade.

1 As you see in slide 4, the volume of subject
2 imports from China has grown by more than 91 percent
3 between 2014 and 2017.

4 The increased volumes of common alloy sheet
5 imports from China far exceed the growth of apparent U.S.
6 consumption between 2014 and 2016, as shown on slide 5.
7 While demand did increase over the period of investigation,
8 the pace of the increase of Chinese imports was much
9 faster.

10 The increase in subject imports was significant
11 not only on an absolute basis but also as a share of the
12 U.S. market. As shown in slide 6, the market share held by
13 subject imports increased significantly between 2014 and
14 2017.

15 As imports from China penetrated the U.S.
16 market, the domestic industry suffered a market share
17 decline that was equally significant, as you see in slide
18 7.

19 As you just heard from the domestic industry's
20 witnesses, the critical factor driving purchasing decisions
21 in the U.S. market is price. As they further stated, and
22 as our lost sales and lost revenue examples corroborate,
23 imports from China have consistently undercut U.S. prices
24 between 2014 and 2017.

25 As shown on slide 8, the magnitude of

1 underselling by the subject imports, with respect to both
2 the number of quarters in which underselling occurred, as
3 well as the volume of subject imports that undersold a
4 comparable U.S. product, is staggering.

5 Further, as shown in slide 9, the responses to
6 the Commission's lost sales and lost revenue surveys that
7 have been released to date under protective order show that
8 100 percent of the companies that reported switching from
9 purchasing U.S. products to purchasing imports from China
10 indicate that the Chinese product was lower-priced.

11 Domestic purchasers switched a very significant
12 volume of sales from U.S. to Chinese producers during the
13 period.

14 As you heard our witnesses testify, customers
15 have demanded that domestic producers sell common alloy
16 sheet to them at the China price and have forced them to
17 either lower their prices or lose the business.

18 The Commission's record indicates that the
19 domestic industry has had to do both. As indicated in
20 slide 10, purchasers report that U.S. producers have cut
21 their prices significantly in an effort to compete with
22 low-priced imports from China.

23 Slide 11 reproduces several narrative responses
24 from those U.S. purchasers that responded to the
25 Commission's questionnaire, and their responses confirm

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1 other data on the record demonstrating that Chinese imports
2 are underselling U.S. producers consistently and by
3 significant margins.

4 The impact of these increasing volumes of
5 low-priced imports has been predictable, with the domestic
6 industry experiencing declines in key trade variables over
7 the period of investigation. As indicated on slide 12,
8 domestic producers' capacity, production, domestic shipment
9 volume, domestic shipment value and market share have all
10 declined. These declines are strong evidence of material
11 injury.

12 These import volumes at prices that undercut
13 U.S. producers' prices also have a devastating effect on
14 the domestic industry's financial performance.

15 As indicated on slide 13, the domestic
16 industry's net sales value, operating income, net income,
17 as well as the ratio of profits to net sales all declined
18 over the period of investigation.

19 Again, these are all injurious trends.

20 The causal nexus between subject imports and the
21 injury that the U.S. industry has suffered is compelling.
22 The domestic industry started off the period of
23 investigation in an injured condition.

24 During the last few years, the condition has
25 gone from bad to worse. As indicated in slide 14, the

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1 market share held by Chinese imports increased as domestic
2 producers' net income margin declined.

3 All of these facts provide more than a
4 reasonable indication of material injury caused by dump and
5 subsidized imports from China.

6 There is also a threat of injury by reason of
7 these imports. As shown in slide 15, China's excess
8 capacity has increased significantly between 2008 and 2015.
9 China's massive and increasing idle capacity could flood
10 the U.S. market if allowed to do so.

11 Further, as shown in slide 16, production of
12 aluminum sheet in China has consistently exceeded Chinese
13 consumption by a significant margin in every year since
14 2008. The amount by which Chinese production exceeds
15 consumption has continued to expand.

16 The disparity between China's aluminum sheet
17 capacity and consumption has caused and will continue to
18 cause China to export this product.

19 Indeed, as shown in slide 17, as of 2015,
20 China's excess rolling capacity to produce aluminum sheet
21 exceeded the size of the entire U.S. common alloy sheet
22 market.

23 As you heard Mr. Roush testify, there has been a
24 huge expansion in China's capacity to produce aluminum
25 sheet in the recent years. As shown in slide 18, despite

1 the existence of massive overcapacity, Chinese producers
2 are continuing to add even more capacity that will only
3 exacerbate this problem.

4 Absent a remedy in this case, the United States,
5 with its large and open market, will continue to be the
6 dumping ground for Chinese overcapacity, causing further
7 injury to our already battered industry.

8 That concludes our presentation. Before turning
9 to your questions, I would like to introduce my colleagues,
10 Paul Rosenthal and Grace Kim of Kelley Drye, as well as
11 Brad Hudgens from Georgetown Economic Services.

12 Thank you very much. We'll be happy to answer
13 your questions.

14 MR. CORKRAN: Thank you very much. And thank
15 you to all the panel for a very informative presentation.
16 We appreciate it very much.

17 We will start the questioning with our
18 investigator, Mr. Comly.

19 MR. COMLY: Nate Comly, office of
20 investigations. I will try to make my questions rather
21 brief, as to not steal the thunder from my colleagues. But
22 I may come back and ask more questions if they don't ask
23 what I have.

24 I'll start with some very broad ones which may
25 be answered more by counsel than actual company

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1 representatives.

2 Can you address what's the best way to represent
3 U.S. imports that we have? Is it better to look at
4 questionnaire data that we have received so far or is it
5 better to use the official import statistics?

6 MR. HERRMANN: Yeah, John Herrmann of Kelley
7 Drye.

8 We would strongly encourage the Commission to
9 rely for purposes of the preliminary investigation at least
10 on the official U.S. import statistics. The importer
11 questionnaires that have been received I think only account
12 for a portion of what we believe total imports would be.
13 And even a smaller portion -- well, excuse me.

14 Import -- the importer surveys account for only
15 a portion of the subject imports and even a smaller
16 percentage of total imports. So I think our position would
17 be that at least for purposes of the prelim, the Commission
18 should rely on the official import statistics, which we
19 believe reflect virtually all of imports of common alloy
20 sheet from China.

21 MR. COMLY: So let me just clarify on that last
22 point. The -- there were, I believe, eight statistical
23 reporting numbers, HTS reporting numbers. So the imports
24 coming in under those eight HTS numbers, those are
25 relatively clean, or do we have some nonsubject product

1 coming in under those?

2 MR. HERRMANN: John Herrmann, Kelley Drye again.
3 Yes, we believe that the in-scope tariff classification
4 numbers that have been identified consist virtually all of
5 common alloy sheet from China. And that that would give
6 you comprehensive coverage of subject imports.

7 MR. COMLY: What about nonsubject imports? Is
8 it the same story?

9 MR. HERRMANN: We believe there may be a very
10 small portion of nonsubject imports in there, but our --
11 our understanding from talking with our clients is that
12 virtually all of the imports consist of common alloy sheet.

13 MR. COMLY: Just to clarify, that would be
14 non-Chinese or is that nonsubject?

15 MR. HERRMANN: Not -- well, I'm speaking solely
16 with respect to subject imports. We believe that some of
17 the official import statistics reflecting imports from
18 China under the tariff classifications that we've
19 identified include a very small portion of nonsubject
20 merchandise.

21 MR. COMLY: Okay. And then so looking at those
22 same HTS numbers and the imports from countries other than
23 China, is it your belief that most of those are common
24 alloy, so not the subject product but the product under
25 investigation?

1 MR. HERRMANN: I think that is probably the
2 case. I'd invite any of the industry panelists who are
3 here to jump in as well to share their understanding, but I
4 think that is likely the case, yes.

5 MR. COMLY: Anyone have any comment on that, any
6 knowledge about that?

7 MR. ZANELLI: John Zanelli, senior manager of
8 Novelis.

9 I agree that most of the imports coming from in
10 China would be classified under common alloy aluminum at
11 this point. Very smaller amounts of lighter-gauge
12 products, but nothing to the same scope.

13 MR. COMLY: Do you have any knowledge about
14 imports from countries other than China?

15 MR. ZANELLI: Limited.

16 MR. COMLY: Thank you.

17 And then I guess, Mr. Herrmann, going back to
18 something that you had said in your comments earlier, was
19 that you believe that there was some -- that the questions
20 received don't represent all imports. If you can either
21 now or in your brief just note which companies you believe
22 are still missing, larger companies in particular.

23 MR. HERRMANN: Sure, we'd be happy to do that.

24 MR. COMLY: Looking at the confidential slides,
25 but it's also in public import data, there was an increase

1 in imports, subject imports from China in 2015. There was
2 a -- shall I say a larger increase than other years in
3 2015. Does anybody know why that was, why was there that
4 bump in 2015 of imports from China? Was it due to -- say,
5 for example, was it due to increased U.S. demand?

6 STATEMENT OF PAUL ROSENTHAL

7 MR. ROSENTHAL: This is Paul Rosenthal.

8 I think our testimony is, and if you look at the
9 slide, confidential slide number 8, the data show you that
10 the purchasers were buying more imports from China because
11 they were lower-priced. Yes, demand was increasing
12 slightly, which you see in slide number, let's see here,
13 slide number 5, but the rate of growth in imports from
14 China far exceeded that.

15 And so it wasn't as if there was more demand for
16 Chinese imports per se. There was more purchasers buying
17 cheaper Chinese products, and the result was lost market
18 share by the U.S. industry, which was also explained in a
19 slide in this confidential deck.

20 There's a pretty simple explanation. Chinese
21 imports jumped up because they were lower price and they
22 were displacing U.S. production.

23 MS. LANDA: This is Bea Landa from Novelis.

24 The common alloy aluminum sheet industry is
25 basically linked to GDP, so there's not big jumps, peaks or

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1 valleys in terms of demand. It's pretty stable.

2 MR. COMLY: Thank you.

3 Just a point of clarification on two things that
4 were brought up from the industry witnesses and their
5 statements.

6 Mr. Boittiaux, you noted that there was a 2015
7 restart in the Texarkana facility; is that correct?

8 MR. BOITTIAUX: Yes, that's correct. So we
9 reopened the cast house portion of the Texarkana facility
10 in 2015, yes.

11 MR. COMLY: So did that affect the available
12 capacity and/or production of the common alloy sheet?

13 MR. BOITTIAUX: What we reopened is the cast
14 house, so this is the upstream part of the process. The
15 remainder of the facility, which is the loading part, has
16 remained idled since 2009.

17 MR. COMLY: Thank you. Appreciate that
18 clarification.

19 And then Ms. Landa, you noted an \$8 million
20 investment, I'm sorry I missed what that was for and when
21 that was.

22 MS. LANDA: Yes, this was, I believe, the 2006
23 period. And this was a tension leveler and finishing asset
24 in our Oswego, New York, facility. And that's
25 predominantly used to finish the common alloy products.

1 And the comment was made based on the capacity utilization
2 of it today is 20 percent versus in 2006 it was the big
3 thing.

4 MR. COMLY: Do you know offhand what the
5 capacity utilization was soon after that investment was
6 made or when it was completed?

7 MS. LANDA: I don't know that.

8 MR. COMLY: It's a while ago, I understand.

9 MS. LANDA: Yeah.

10 MR. COMLY: Then another -- on the confidential
11 slides, just one point of clarification. When you were
12 talking about the common alloy sheet capacity in China, is
13 that -- my understanding is that there are other products
14 that can be made in these facilities.

15 So since I don't have, which I would request
16 that you provide, the underlying data in brief, if you
17 could, that would be great.

18 But is this truly common alloy sheet capacity or
19 is this capacity in facilities that could produce common
20 alloy sheet as well as other products?

21 MR. HERRMANN: Sure, John Herrmann, Kelley Drye.

22 First of all, we'll be happy to provide you that
23 information in our postconference brief.

24 The information refers to capacity to produce
25 aluminum sheet generally. But obviously, that could be

1 dedicated to common alloy sheet, and given our
2 understanding that the vast majority of exports coming out
3 of China consist of common alloy sheet, we think most of
4 that capacity is being used on common alloy today.

5 MR. COMLY: Thank you. That's all the questions
6 I have for now.

7 MR. CORKRAN: Thank you very much.

8 Next we'll turn to Mr. Tillman.

9 MR. TILLMAN: Hello. I have just one question,
10 actually. In your postconference brief, can you address
11 whether there are any related party issues and specifically
12 whether there are any reasons to exclude any parties.

13 MR. HERRMANN: Sure, we'd be happy to do that.

14 MR. TILLMAN: Thank you.

15 MR. CORKRAN: Thank you very much.

16 We will now turn to Ms. Burke.

17 MS. BURKE: Good afternoon. My first question
18 is on slide 8 of the -- slide 9 of the presentation.

19 In your postconference brief, can you provide
20 any evidence to demonstrate that the purchases mentioned
21 were actually switched or shifted from U.S. producers to
22 Chinese product? Because that's not how the question was
23 asked in the questionnaire. So we would need some evidence
24 to demonstrate it was a sale that went from the U.S.
25 producer to China product, specifically switched or

1 shifted.

2 MR. HUDGENS: Brad Hudgens, Georgetown Economic
3 Services. We'll address that in the post.

4 MR. ROSENTHAL: Are you referring to 8 or 9?

5 MS. BURKE: 9.

6 MR. ROSENTHAL: I'm going to read the public --
7 our interpretation of that. We've had this interpretation
8 in a number of other proceedings using the same
9 questionnaire. When we look at number of purchasers that
10 reported shifting purchases principally due to price, is
11 that the question you're saying is ambiguous?

12 MS. BURKE: I am specifically talking about the
13 word "shifted." That's not how the question is asked in
14 the questionnaire, and we would need to see that it
15 actually went from a U.S. sale to a sale to the Chinese
16 product.

17 The questionnaire asks "instead of," which is
18 not the same as a shift. On our side. So if you could
19 just provide any evidence to demonstrate that it's a shift.

20 MR. ROSENTHAL: We don't have evidence that is
21 different than what you've got. What we were doing is
22 doing what we've done in every other case since you've been
23 using this questionnaire. And when we've compiled a number
24 of purchasers having purchased common alloy sheet from
25 China, instead of domestic sources, that's the first

1 column. And we have a number there and a number of
2 purchasers reporting that the imports were lower-priced.

3 So those two line up. I don't think there's any
4 room for ambiguity there.

5 And the question is numbers of purchasers that
6 reported shifting principally due to price. There is a
7 difference in number there, and that's the question I have.
8 Is there -- you have a smaller -- every one of these
9 purchasers say they have purchased from China, reported
10 purchasing from China, and that those purchases were from
11 Chinese products that were lower-priced.

12 So they are buying lower-priced products. I
13 don't think there's any dispute there.

14 MS. BURKE: The word "shift" insinuates that it
15 was a sale that would have already been in place with a
16 U.S. producer and has now gone to Chinese product. Again,
17 that's not how the question is asked. So all I'm asking,
18 and any of the U.S. producers, in postconference brief, if
19 you can provide evidence of -- I believe Mr. Zanelli
20 mentioned two purchasers that had directly told you that
21 they were changing or shifting their product to Chinese
22 product.

23 MR. ZANELLI: Right.

24 MS. BURKE: If you can provide us that evidence
25 in postconference brief.

1 MR. HUDGENS: Already committed the lost sales.

2 MR. ROSENTHAL: Are you looking for something
3 other than lost sales information? That's what I'm trying
4 to figure out. You've got this information which is
5 separate, and we have submitted lost sales information. Is
6 there something else that you're looking for?

7 MS. BURKE: I'm looking for any sort of
8 information that may be like through an e-mail or specific
9 like contracts when you were negotiating a contract where
10 they stated that they were shifting, if you want to use
11 that word, from U.S. product to buying Chinese.

12 MR. ROSENTHAL: We have given you our lost sales
13 information, so I don't think we're going to have anything
14 more than that.

15 MS. BURKE: Okay. That was my question.

16 Are there any products within the scope that
17 domestic producers are not currently producing?

18 MS. LANDA: Bea Landa from Novelis.

19 Not to our knowledge.

20 MS. BURKE: Great. And how many domestic
21 producers manufacture wide roof coil?

22 MR. STEMPLE: Buddy Stemple. Constellium.

23 MS. BURKE: What determines the Midwest price
24 premium, and is this set by one or more U.S. producers?

25 MR. STEMPLE: So the Midwest premium, Buddy

1 Stemple again for Constellium, is a market premium that
2 traditionally would take into account warehousing charges
3 and transportation charges in and out of an LME warehouse
4 located at various locations around the country.

5 Depending on the volume that's in the warehouse
6 and rules at the time of the LME on how much metal you can
7 take out of the warehouse in a period of time, those are
8 the fundamentals that tend to affect the level of that
9 price.

10 So it can be construed by a number of those
11 factors. Also the level of which financial investors will
12 get into the aluminum market and play hedges or those type
13 of things. So it fluctuates, I've probably been around the
14 industry as long as anyone at this table. I remember a
15 2-cent premium, and it's gone significantly higher than
16 that.

17 So all of those fundamentals plus the market
18 forces is what drives that premium.

19 MS. BURKE: And how do changes in raw material
20 costs, including changes in the London metal exchange or
21 the Midwest price premium, affect your contract prices?
22 Are you price-protecting your contracts for changes in raw
23 materials?

24 MR. MC CARTER: Lee McCarter, JW.

25 So yes, as base raw material, being aluminum,

1 will fluctuate, our sales prices will fluctuate up or down
2 depending upon that movement in cost.

3 MS. BURKE: Do you have specific pricing
4 formulas that you use?

5 MR. MC CARTER: Generally speaking, you have a
6 range of formulas that can be on a spot basis, for example,
7 or on a prior month average basis or on a current month
8 average basis.

9 So it's -- any of the formulas are designed to
10 try to minimize the volatility due to fluctuating raw
11 material costs. Which you see in our cost of sales and
12 correspondingly also in our revenue numbers.

13 MS. BURKE: Could you provide those in
14 postconference brief as examples? Great, thank you.

15 Is there a difference in delivery lead times
16 between domestic and imported material, and if so, how long
17 is it?

18 MR. MC CARTER: I'll take a shot at that as
19 well. I'll let some of my colleagues jump in. Sorry, Lee
20 McCarter again, JW Aluminum.

21 So yes, there can be differences in lead times,
22 depending upon the time of the year. So, for example --
23 and this is a general comment, you know. We go through a
24 contract season at the end of the year to set up for next
25 year's volumes. And the lead time as you're going into,

1 say, the beginning part of the year may be shorter than in
2 the middle part of the year, where you have the high of the
3 construction season, for example.

4 So you can have fluctuations in those lead times
5 domestically, just like you would have fluctuation in lead
6 times if you're purchasing from China as well, depending
7 upon the time of the year, they would see sometimes similar
8 fluctuations in those lead times.

9 Unless they have invested a significant amount
10 of money to put product in a warehouse, which they have
11 done in this country to try to service customers there.
12 Again, investments we don't make because of the
13 profitability challenges in warehousing material. I don't
14 know if anybody else has any comments on that.

15 MS. BURKE: Okay. How feasible would it be to
16 shift shipments from the U.S. market to other markets
17 outside the United States?

18 MR. ROSENTHAL: Paul Rosenthal. Just to
19 clarify. Shift U.S. shipments to other markets, or --

20 MS. BURKE: Yes.

21 MS. LANDA: I can take that. Bea Landa from
22 Novelis.

23 The products are pretty much very
24 interchangeable. The problem is we suffer already with
25 profitability, trying to sell them domestically. So if you

1 add the logistics of trying to export those, there's no way
2 we can make any money. Thank you.

3 MR. STEMPLE: Buddy Stemple again.

4 I think if you look at the statistics, we show
5 that our amount of exports have also declined as well as
6 the Chinese are competing in all the markets globally.

7 MS. BURKE: Has there been an increased or
8 decreased focus by domestic producers on any of the
9 following products that incorporate aluminum sheet, the
10 automotive industry, aluminum cans, aerospace or building
11 construction?

12 MR. MC CARTER: Sorry, can you just repeat that?

13 MS. BURKE: Has there been increased or
14 decreased focus by domestic producers on any of the
15 products that use aluminum sheet that I mentioned, so
16 building construction, automotive industry, aerospace,
17 aluminum cans?

18 MR. MC CARTER: So I'll kick that off. Clearly,
19 in North America, and you have read it in the news, there
20 is a growing demand in the automotive market for aluminum
21 sheet which is outside of this particular scope.

22 From a JW Aluminum perspective, our major focus
23 is in the building and construction projects. So I'm
24 always increasing my focus on that and ready to stand by
25 investing in that business to support the needs further.

1 If we can get the affirmative decision, given the
2 profitability challenges in this area.

3 So I'll let other folks speak to some of the
4 markets that they are more heavily vested in.

5 MR. STEMPLE: You mentioned aerospace plate.
6 That is a hugely growing market that we are in, and that
7 market has continued to expand. Although I will note that
8 those products are produced on totally separate assets than
9 common alloy sheet.

10 MR. ROSENTHAL: Paul Rosenthal.

11 One of the reasons we were kind of consulting
12 and making sure we understood that question was that some
13 of these markets are served by different like products than
14 are within the scope of this case. So I wanted to make
15 sure people were understanding that we were talking about
16 products and markets that were necessarily common alloy
17 sheet markets.

18 MS. BURKE: Do you sell aluminum sheet to any of
19 your competitors in downstream applications, for example,
20 aluminum foil producers?

21 MR. STEMPLE: We do not sell any downstream for
22 aluminum foil.

23 MR. MC CARTER: Lee McCarter, JW Aluminum.

24 No offense if this doesn't make sense. So we
25 don't sell aluminum common alloy sheet to a foil consumer.

1 It's a different product. The foil case that we were part
2 of this year, earlier this year I should say, was dealing
3 with the foil products, right. This is aluminum common
4 alloy sheet.

5 MS. BURKE: So -- okay. My apologies.

6 What other products can be produced on the same
7 equipment as aluminum sheet, and how has demand for those
8 products changed since January 2014?

9 MR. ROUSH: Chester Roush, JW Aluminum.

10 I think as it relates to the sheet we produce,
11 the building construction, our equipment can only produce
12 the building construction market.

13 MR. STEMPLE: Buddy Stemple.

14 Again, if you look at the assets that we have in
15 the other like products you questioned, it all comes down
16 to the customer requirements.

17 So as you get to an engineered product, a mill
18 that is capable of doing that could produce lower technical
19 products, but it would be virtually impossible to go the
20 other way. If you understand what I mean.

21 MR. MC CARTER: Let me try to help you out a
22 little bit more on that, and I think I understand the
23 question a little bit better.

24 Buddy had mentioned earlier a DC and a CC
25 production process. A DC being a higher-cost, a

1 higher-specified, higher-quality product, you can think
2 about it that way, versus a continuous cast, which would be
3 apropos for say the building products, a gutter, a
4 downspout, a lower-specified, a lower-engineered, although
5 high-quality, product that we have.

6 As you say, it doesn't make a lot of sense. A
7 continuous cast product, which JW Aluminum produces and
8 Jupiter, for example, would produce, cannot go upstream
9 into the heavily specified aerospace market. Conversely,
10 the aerospace market, you could take that product and bring
11 it down into building products, but given the economics,
12 would make absolutely no sense.

13 Now, if the economics would get to a point of
14 suitable reinvestment economics, it might make sense. But
15 today where they are, it makes absolutely no sense for them
16 to come down.

17 MS. BURKE: What I haven't heard, so if there
18 are -- are there any substitutes for aluminum sheet? Can
19 you substitute another type of product in the downstream
20 products that typically use aluminum sheet?

21 MR. MC CARTER: Lee McCarter, JW Aluminum.

22 So in the building products, right, you can have
23 a copper gutter. It's very limited because it's much
24 higher cost on that. But to date, say in the building
25 products side, there's not a lot of substitutions out

1 there. There's some steel applications, minimal, but a
2 large amount of that is aluminum.

3 MS. BURKE: So this has kind of been mentioned,
4 but I just wanted to take an opportunity, is U.S.-produced
5 aluminum sheet completely interchangeable with Chinese
6 aluminum sheet?

7 MR. ZANELLI: John Zanelli for Novelis.

8 Yes, it is.

9 MS. BURKE: And I think those are all my
10 questions.

11 MR. CORKRAN: Thank you very much.

12 And we will next turn to Ms. Kim.

13 MS. KIM: Good afternoon, everybody. I have
14 five questions. And first I believe we are looking at,
15 like, 1000 series, 2000 series and 5000 series of aluminum
16 alloys, and I have three questions in regards to the
17 primary and scrap aluminum as raw material.

18 So first question, does the mix between use of
19 primary aluminum and aluminum scrap change depending upon
20 the alloy? In other words, does 11000 series alloy take a
21 different mix primary scrap than, say, 5000 series or 3000
22 series alloy?

23 MR. STEMPLE: Buddy Stemple.

24 The alloys are very dependent. You can recycle
25 an alloy into itself, but 1000 series is a higher level of

1 purity, okay, than the others. 3000 series contains
2 primarily manganese and 5000 contains magnesium.

3 So depending on the quality of the scrap that
4 you have, you then have to blend primary aluminum to hit
5 the specifications of each alloy element.

6 So it really varies depending on your scrap
7 source and where you get your metal units from.

8 MS. KIM: My second question is, does that mix
9 change the cost of production? In other words, is the 5000
10 series more expensive to produce than, say, 1000? So 1000
11 is higher purity, so 1000 is more expensive, I guess?

12 MR. STEMPLE: So where you would see the primary
13 difference would be in the cost of the raw materials. So
14 the production costs would not be that much difference.

15 MS. KIM: Does it change processing costs, in
16 other words, does it cost more to process 5000 alloy into
17 sheet than 1000 series?

18 MR. STEMPLE: So Buddy Stemple again. It would
19 depend on the final customer specification, which would
20 then determine the number of processing steps that would be
21 required to get to the final product.

22 So the number of cold mill passes, the number of
23 anneals, the number of maybe inner slits, those type of
24 things, is what really defines the final processing costs,
25 as well as how optimally the size of the product fits your

1 assets.

2 MS. KIM: My next question is in terms of active
3 management of inputs and hedging based on the questionnaire
4 responses, I had two questions. Does your firm hedge scrap
5 purchases as well as sale of aluminum sheet to customers?

6 MR. MC CARTER: Lee McCarter, JW Aluminum.

7 We hedge every purchase of scrap that we buy,
8 and depending upon the length of the hold time of the
9 material, we can also hedge that material if it's going to
10 be held for a long time, to ensure we minimize volatility
11 in profitability.

12 MS. KIM: What about sales of aluminum sheet to
13 the customers?

14 MR. MC CARTER: So back to the pricing mechanism
15 I was speaking of earlier. Some customers will come in,
16 for example, and say I want to lock my price for the full
17 year based upon the traded value that's in the marketplace
18 today, and you can hedge that particular purchase and offer
19 a fixed forward contract.

20 And some request no hedging at all. So it will
21 depend on the situation.

22 MS. KIM: For commodity that is actively traded
23 on futures market and the firm hedge, how should the
24 Commission consider hedging gains and losses in its
25 examination of profitability?

1 MR. HERRMANN: Sorry, could you repeat the
2 question, please?

3 MS. KIM: Sure. For a commodity that is
4 actively traded on a future market, futures market and the
5 hedging, how should the Commission consider hedging gains
6 and losses in its examination of profitability?

7 So there's, like, gains and losses on hedging.

8 MR. MC CARTER: It's involved in determining net
9 income, so I think you take it into consideration.

10 MR. ZANELLI: John Zanelli with Novelis.

11 If I could add to it, maybe give some
12 clarification, a lot of times the ingot that's used that's
13 bought on the LME, it's a pass-through to the customer, so
14 they know exactly what that LME price is. If they opt to
15 hedge it for a year, that gain goes to the customer.

16 MS. KIM: Please specify where natural gas and
17 electricity are used in the production process, does the
18 use of either change by alloy? Where is the hedged gains
19 and losses for natural gas classified in your income
20 statement in producer's questionnaire response?

21 MR. STEMPLE: So Buddy Stemple again.

22 I'll start with the process part of it. We use
23 natural gas primarily in our melting and annealing, for
24 instance, and electricity is used in our rolling mills and
25 finishing equipment. And I forgot the rest of the

1 question.

2 MS. KIM: One second.

3 MR. STEMPLE: Oh, it was about the hedge.

4 MS. KIM: So does the use of either change by
5 alloy or not?

6 MR. STEMPLE: Not really.

7 MS. KIM: So there was -- you know, the hedging
8 gains and losses on natural gas. So do you -- where do you
9 classify in your income statement these gains and losses?

10 MR. STEMPLE: That would show up as net income.

11 MS. KIM: Net income?

12 MR. STEMPLE: Yeah. Or EBITDA.

13 MR. MC CARTER: Just for further clarification,
14 so it goes into the net income, no question. But just
15 generally when you look, there is much more volatility in
16 metal making up the predominance of these gains or losses
17 on hedging. I'll say natural gas is in there, but it's not
18 the overwhelming majority you're going to see, given the
19 amount associated with the aluminum purchases that we have,
20 or scrap purchases.

21 MS. KIM: I'm done. Thank you.

22 MR. CORKRAN: Thank you very much.

23 And now we will turn to Mr. Matthews.

24 MR. MATTHEWS: Thank you. Good afternoon,
25 everyone. Thank you for your testimony here today.

1 My first question is regarding the product
2 description in Commerce's scope. So it appears that most
3 auto body sheet is made using a 6000 series alloy. I was
4 wondering if there is any auto body sheet that could fall
5 within commerce's scope. This is a question to the
6 domestic producers in general.

7 MR. HERRMANN: I think we would prefer to answer
8 that in our posthearing brief, if we could, please. Thank
9 you.

10 MR. MATTHEWS: So my next question is regarding
11 the multialloy clad sheet. So in commerce's scope, it says
12 that it is produced using a 3000 series core to which
13 layers are applied to either one or both sides. Can the
14 domestic producers confirm that these cladding materials
15 are in the form of sheets? And if so, what series alloys
16 -- or if it's 1000 series aluminum, does that apply to the
17 cladding material -- the core, I mean?

18 MR. BOITTIAUX: We use the 3000 series core.
19 I'm not aware of 1000 series core used for brazing sheet.
20 And then the cladding can be done with different types of
21 alloys.

22 MR. BOITTIAUX: Depending what your --

23 MR. MATTHEWS: So earlier, we were discussing
24 the use of both primary and secondary aluminum. Has
25 secondary share as a raw material increased over time or

1 has it remained steady?

2 MR. STEMPLE: Buddy Stemple again.

3 If you are referring to the use of secondary
4 aluminum in scrap, we attempt to maximize that as much as
5 we can, so that we can reduce the cost of the overall metal
6 and avoid adding the primary aluminum.

7 MR. ZANELLI: John Zanelli, Novelis.

8 The availability of scrap at times varies with
9 the prices out there that are being offered for it. For
10 example, if the LME goes down and people who -- scrap
11 dealers may want to keep that scrap and wait for it to go
12 up. So it does vary based on the availability.

13 MR. MATTHEWS: Domestic producers use both -- my
14 understanding from testimony earlier is that domestic
15 producers use both continuous casting and direct chill
16 casting. Is this pretty evenly split between subject
17 product? Is there a more prominent casting method used,
18 does direct chill casting account for a larger share?
19 Could anyone comment on that?

20 MR. ZANELLI: John Zanelli, Novelis.

21 If you have a continuous cast mill, some mills
22 have both a direct cast and continuous cast, the continuous
23 cast generally is a 3000 but not always, which uses a high
24 percentage of scrap. Does that address your question?

25 MR. MATTHEWS: Yes.

1 So other than the LME price for primary
2 aluminum, the Midwest premium scrap prices and fabrication
3 costs, are there any other factors that determine the price
4 for the subject product?

5 MR. ZANELLI: John Zanelli.

6 Yes. I think there's alloys which go into each
7 of the material so that it isn't -- the 2000 series costs
8 more than 3000 series alloy, for example.

9 MR. MC CARTER: So Lee McCarter, JW Aluminum.

10 I'm just picking on the word here determine the
11 price. So the cost is determined with the things you had
12 described. The price --

13 MR. MATTHEWS: I'm sorry, yeah, I meant cost.

14 MR. MC CARTER: That's why you're seeing a blank
15 look.

16 (Laughter.)

17 MR. ROSENTHAL: That's a helpful question,
18 though, because one of the things that you can see in the
19 overall data is that no matter how much the costs are
20 varied or the raw materials are varied, the ultimate
21 profitability, because these raw material costs are really
22 pass throughs, the ultimate profitability is really decided
23 on the fabrication costs.

24 And why these companies have been relatively
25 unprofitable over all this time is that they are competing

1 on the all-in price for the product against the low price
2 Chinese.

3 So even when you -- they would like to be able
4 to raise their prices more and capture more profit, they
5 have not been able to do that.

6 If you look at the profitability chart that is
7 in here, you can see whether raw material costs go up or
8 down, the profitability has stayed at visibly low levels.

9 MR. MATTHEWS: Are the domestic producers aware
10 of any antidumping or countervailing duty orders on the
11 subject product from China and third country markets?

12 MR. HERRMANN: This is John Herrmann, Kelley
13 Drye.

14 We are not aware of aluminum sheet or common
15 alloy sheet being subject to unfair trade measures in third
16 countries.

17 MR. MATTHEWS: Thank you. That is all I have
18 for now.

19 MR. CORKRAN: Thank you very much. And my name
20 is Doug Corkran, I am the Supervisory Investigator on this
21 investigation.

22 My questions will probably bounce around a
23 little bit because many topics have already been addressed.

24 Earlier, we talked a little bit about imports of
25 common alloy aluminum sheet from countries other than

1 China. And the initial discussion of that, there was not a
2 great deal of detail in terms of what the role in the
3 marketplace was of such imports.

4 I was wondering if I could get a little more
5 elaboration on the role of imports from, for example,
6 Canada or Indonesia or Germany, just to select several of
7 the larger suppliers.

8 And in asking that question, I am fully aware
9 that the imports that are alleged to be dumped and
10 subsidized in this proceeding are those from China. So I'm
11 just trying to get background on some of the other
12 suppliers in the market.

13 I mean, as background information, the official
14 import statistics that are part of the agency that
15 initiated this case suggest that there are a lot of imports
16 coming in and that they are collectively larger than those
17 from China.

18 STATEMENT OF BRAD HUDGENS

19 MR. HUDGENS: Brad Hudgens, Georgetown Economic
20 Services.

21 The record does show that China is -- the
22 imports from China are double -- almost double the next
23 largest import source, which is Canada.

24 And 10 times more than the countries that you
25 just named, Indonesia, Bahrain, and most of those imports

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1 are declining over the period as opposed to increasing.

2 So China is a standout above any other import
3 source.

4 MR. ROSENTHAL: Mr. Corkran, this is Paul
5 Rosenthal. We will supplement that answer.

6 I understand you're asking more for a
7 subjective, you know, what are these other imports doing
8 here kind of question, and fair enough.

9 The -- in conversations that we've had about
10 other imports, I think I'll characterize the reaction of
11 the industry as yes, they are there, but it's the imports
12 from China that have been troublesome, harmful and
13 essentially set the low price in the marketplace so that
14 these other imports are other competition just like any
15 other company, but have not been a source of injury to the
16 domestic industry.

17 So that's how they have been talked about when
18 these questions have been asked.

19 I'm not sure I could go further than that in
20 public about who is worse than another. I think you can
21 fairly say that, A, having not talked about these other
22 imports or filed a case against them, that they are not
23 seen as the source of the injury to the domestic industry,
24 no matter what their volumes are. Because as you can tell,
25 it's the pricing that's been troublesome.

1 And as we haven't had a lot to talk about today,
2 but this industry, not unlike some others you've seen, is
3 very capital-intensive, and it's an industry that cedes
4 market share very begrudgingly, because every ton of
5 product it doesn't produce makes the products that they do
6 produce more expensive, less profitable.

7 What you've seen in terms of injury here is a
8 lot of price suppression, a lot of revenues foregone
9 because they've lowered the prices. And you see a chart
10 here where the importers have said yes, they have lowered
11 their prices 5, 15, 20 percent in order to maintain those
12 shares.

13 So I would argue that even though the Chinese
14 volumes have increased dramatically over the last few
15 years, and certainly since they got into the marketplace,
16 equally as important as the adverse volume effect is the
17 adverse price effect, where the subject -- the domestic
18 industry just has had to lower their prices in order to get
19 sales and, therefore, have suffered declining profits. And
20 you can see that in the bottom line profit numbers.

21 MR. HUDGENS: Brad Hudgens with Georgetown
22 Economic Services again.

23 According to the official statistics, the AUDs
24 from those other nonsubject countries are significantly
25 higher than the AUDs from China, particularly from Canada

1 and Germany. They are almost a third higher than the
2 imports from China.

3 MR. MC CARTER: It's Lee McCarter, JW.

4 I just have one other thing in my own mind. If
5 you just step back and have a little common sense, and
6 think about something coming from India, which you
7 referenced for example, over the Middle East, the cost of
8 the freight alone to get the product from there to here is
9 such an overwhelming part of the cost to manufacture, if
10 you will.

11 When you see those countries playing by the
12 rules, I'll say it that way, if you look at the basic input
13 cost of electricity or labor or other raw material cost, we
14 generally, at least speaking for JW Aluminum, don't worry
15 about the countries that are farer off because of the
16 shipping cost just to get it over here, for example.

17 So the blank look is, you know, trying to
18 contemplate how in China they can come over here at sub our
19 costs and compete, given the long distance, it makes no
20 economic sense, and it has capped us in investing in this
21 industry.

22 As I said in my testimony, we would love to
23 invest and expand our capacity. If you look at the numbers
24 in terms of our profitability, it is a detriment to us
25 investing in this country, in these assets to serve a

1 healthy market. One that's expected to grow at GDP.

2 MR. CORKRAN: Okay. Thank you.

3 I'm intrigued by this, and I'm going to go just
4 a little bit further down, and then turn away from the
5 question. So I'm not going to keep you here all day on
6 this.

7 But we've talked about how this is -- it's been
8 characterized as a capital-intensive industry, one that
9 requires high levels of capacity utilization to operate
10 most efficiently.

11 With that in mind, why, as an observer, would I
12 expect to see what are collectively, even if not
13 individually, relatively large volumes of imports from
14 sources other than China? Do I -- should I, as an
15 observer, be reading something into it? Is the domestic
16 industry operating near peak levels of capacity?

17 I suspect I know the answer, but I would like to
18 hear it. And you understand why I'm asking these sort of
19 questions.

20 MR. MC CARTER: Lee McCarter, JW Aluminum. I'll
21 speak again.

22 You know, we have over the years shrunk our
23 capacity to fit that that we can economically --
24 economically supply to the marketplace, right. We just
25 can't, as we say, tape dollar bills onto our product and

1 send it out and expect to raise money and get shareholders
2 who want to invest in the industry.

3 So do I have the realizable capacity in
4 operation today? Yes. Can I simply just turn a valve and
5 make this capacity double in size, you know, tomorrow? The
6 answer to that is no.

7 But with time, and not great time, you can add
8 capacity to further service this marketplace.

9 And you heard from other testimony where in
10 Texarkana, for example, that capacity has gone offline, and
11 it can come back online even much quicker than say a JW
12 Aluminum which would have to expand.

13 I can tell you that I have investment plans on
14 the table right now waiting for an affirmative action out
15 of this group, and we are going to do our darnedest to put
16 this country in a good position as we go forward.

17 MR. ZANELLI: John Zanelli, Novelis.

18 Maybe to address your question in a different
19 way, our business is very capital-intensive, so you have a
20 very large asset base that needs to have material run
21 through.

22 So if you're -- you're asking why they would
23 ship it here at lower prices. The material that's coming
24 in to compete, other foreign material to compete with the
25 Chinese, they have to address the Chinese price or else

1 they will never be able to sell it.

2 But the reason they are doing that is just to
3 get some material to pay the light bills in their
4 facilities. It's called contribution market, if you will.
5 So they are going to do it just to get material running
6 through their plants.

7 You know, they may be making their money at home
8 in their domestic markets, but their domestic markets may
9 be too small for the amount of material they would produce.

10 So trying to get contribution margin business,
11 that could be a very good reason for them to be shipping
12 here, and I think a lot of times that's what it is.
13 Hopefully that makes sense.

14 MR. CORKRAN: It does. And I appreciate the
15 responses very much.

16 With that, I'm going to move on to a related
17 question, but it's going to focus more on capacity as a
18 whole.

19 So again, I understand the descriptions, this is
20 a capital-intensive industry and the need to operate at
21 high levels of capacity utilization. Can that and is that
22 already being accomplished through the production of
23 products other than the common alloy aluminum sheet?

24 And how would you compare products that you
25 produce on the same equipment with the common alloy

1 aluminum sheet? Would you view them as either higher
2 priced or lower priced or perhaps contributing more or less
3 to underlying profitability, more desirable or less
4 desirable than producing common alloy aluminum sheet?

5 MR. MC CARTER: Lee McCarter, JW Aluminum.

6 If you look at our largest facility in
7 Charleston, South Carolina, it's not like we have in that
8 facility a common alloy sheet that can go into a
9 high-priced aerospace market, for example, and a
10 lower-priced gutter market, if you will, downspouts.

11 We produce building products on our lines, and
12 many of these lines don't have the capability just to
13 fluctuate up and down the production value chain, if you
14 will, in the example that I was using on direct chill -- or
15 direct cast versus continuous cast products, earlier that
16 was described in the process.

17 So many of the lines, you know, the higher value
18 added lines, I'll say, could go down into the building
19 products, but it doesn't make economic sense to do that
20 because of the type of manufacturing.

21 In China, where this overcapacity is, they have
22 both as well, continuous cast lines and DC-based lines.
23 It's the overwhelming mass of that idle capacity that's
24 sitting there and the fertile dumping ground that we have
25 here is what attracts them over here, because it's easy to

1 send those high volumes of materials into these markets
2 here, just because -- and just dump them into them, if you
3 will, because of the simplicity and the consistency of that
4 product.

5 MR. CORKRAN: Well, let me make the question a
6 little bit more concrete and draw it to the data that we
7 collected in the questionnaire. Because we were looking at
8 facilities that produced foil, for example, and plate, for
9 example, as well as other products on common production
10 equipment.

11 Given your preference, does one or the other of
12 those products rate more desirable than the others, or are
13 you ambivalent as to which product you're producing, so
14 long as you are maintaining your target capacity
15 utilization for your overall equipment?

16 MR. MC CARTER: Again, Lee McCarter, JW
17 Aluminum.

18 I know each company might have a different view
19 on this, but we happen to participate in the terms you
20 used, a foil capacity and a common alloy sheet capacity.
21 And it's not typical that you would take your common alloy
22 sheet and you can't produce that on the foil capacity.
23 It's a different type of mill and product specifications,
24 annealing specifications and whatnot.

25 So it's not typical that you would go from

1 common alloy to foil, if you will.

2 And just like we had the foil case before the
3 group, the economic damage that's happened in that one as
4 acute as it is in the common alloy sheet. So I mean,
5 relative profit levels in either case, foil or sheet, are
6 not high enough.

7 MS. LANDA: This is Bea Landa from Novelis.

8 I can talk to the Novelis case. In our Oswego,
9 New York facility, we invested in the downstream assets for
10 automotive. So the process is different from common alloy
11 and automotive, but the upstream part is similar, right.

12 So, again, as I said in my testimony, we were
13 selling almost 100 million pounds more 10 years ago. So as
14 we see the Chinese imports come in around the late 2000s,
15 our profitability gets hurt and we look at what investments
16 we can make to keep surviving, because that was just going
17 downhill.

18 So we invested in these automotive assets, and
19 it's a profitable market. We would love to continue
20 investing in common alloy markets and have more investments
21 so we can compete there. But it needs to be a little bit
22 more profitable. We can't -- it's not interesting as is.

23 So that's why we're here and we're trying to get
24 some relief.

25 MR. STEMPLE: Buddy Stemple from Constellium.

1 We make common alloy coil and plate products,
2 aerospace, defense and general engineering. So you look at
3 the asset utilization, we have dedicated equipment for
4 plate casting, and dedicated equipment for coil casting,
5 the technology is a little different. They all go through
6 a scalper and a preheat. Most of the aerospace go through
7 a pusher type furnace, okay, which is another higher
8 performing level.

9 And then the first step in hot rolling is a
10 breakdown mill. From that point on, it's totally different
11 assets, okay.

12 MR. ROSENTHAL: Paul Rosenthal.

13 I just want to amplify a little bit some of the
14 answers you've heard so far. Because it's an important
15 element to your understanding the industry, this industry
16 has suffered. You've heard some of the testimony earlier
17 that what's happened as a result of the Chinese increased
18 volumes and pricing, low pricing, that some of the
19 companies have chosen to de-emphasize sales of certain of
20 the products, of the like products, and retreated to
21 niches, if you will, where the Chinese aren't attacking as
22 aggressively because there aren't the high volumes that the
23 Chinese can make and ship economically.

24 That to me is injury, because you can't continue
25 to retreat into smaller niche volumes forever, because

1 ultimately you're losing capacity, you're losing jobs of
2 those who are producing those products, and you -- you're
3 not getting the throughput that you need in order to
4 continue to make an efficient product that is ultimately
5 profitable.

6 So you can't really shrink yourself into
7 profitability and frankly supply the market.

8 One of the bromides that I know I have admit to
9 using and some other petitioners counsel, when we
10 confronted Respondents, we said well, you guys no longer
11 produce this product, and therefore we have to get it from
12 the Chinese, for example, is well, that's the same as the
13 young boy who throws himself on the mercy -- after he kills
14 his parents, he throws himself on the mercy of the court
15 because he is an orphan.

16 We can't get this product because we decided
17 we're going to buy this from the Chinese, because it's
18 lower priced, and now you're not producing it. Well,
19 that's the problem that you see in a lot of these cases,
20 where the capacity has been reduced, products have been not
21 abandoned but less favored because they're not profitable.
22 And that people won't bid on some of these because they
23 can't make money on it.

24 I never heard the phrase put dollar bills on our
25 products as we ship them out. But after a certain point,

1 you figure out we can't make money at these prices so we're
2 not going to produce these particular products.

3 And it is not an answer to say well, don't
4 worry, you can go and invest \$400 million or some number
5 and you can produce automotive and that will make you
6 overall as a company profitable.

7 But it's still injury, you're still getting
8 injured on common alloy sheet, which is the like product
9 we're talking about here. It's not -- it's not a remedy to
10 say, okay, you can go produce something else that's
11 profitable.

12 If you're driven out of common alloy sheet, that
13 is not a good thing, that's what the law is all about.

14 MR. MC CARTER: One other comment I would make
15 on that, just to be -- and also, the proliferation of
16 products or the niche products, it's a death spiral.
17 Because what happens is not only are you trying to
18 participate in a shrinking market, but as you get more
19 niche products, you're starting and stopping your equipment
20 more and more, which is making your ability to produce less
21 and less.

22 So you have to think of that as well when you're
23 considering commonality.

24 MR. HERRMANN: Mr. Corkran, I'm sorry to
25 interrupt. Ms. Hart needs to depart, so could I ask if the

1 panel has any other questions for her, to direct them to
2 her now so that she might be able to leave?

3 MR. CORKRAN: Ms. Hart, at this point we don't
4 have any questions. If we do, may we transmit them to you
5 in the next day or so?

6 MS. HART: Yes, absolutely. Thank you. And
7 thank you very much. And happy holidays to everybody.

8 MR. CORKRAN: Pulling together all the different
9 strands of testimony, let me ask if you would individually
10 look at your producer questionnaires, there's a question
11 that covers shared capacity. But I think from what I'm
12 hearing that part of the answer may lie in some additional
13 information on where there's common equipment and where
14 that equipment branches off.

15 So if I could ask for a little more detail in
16 the postconference brief, I think that would help clarify
17 some of the things that I'm seeing in the data or at least
18 raising questions in my mind in the data.

19 My next question has to do with looking at some
20 of the import trends. My colleague asked about an increase
21 in imports that occurred in 2015. I know it's hard to get
22 into -- perhaps into the minds of another supplier, but I'm
23 going to ask about 2017, because we do see higher levels of
24 imports from China in 2017.

25 But to what -- what is the impact of the U.S.

1 Department of Commerce's 232 investigation? Granted, they
2 have not, so far as I'm aware, they have not reached a
3 conclusion to that proceeding, but it was announced, it was
4 announced, and it is information that has been placed in
5 the market.

6 From what you have heard, has there been an
7 impact from the announcement of that proceeding, in terms
8 of imports in the market, and particularly those from
9 China?

10 MR. MC CARTER: Lee McCarter from JW Aluminum.

11 At this point, clarity and understanding of that
12 232 would be welcomed, how about that, I'll say that. So I
13 haven't seen any action, our company hasn't seen action,
14 from that specifically in the overall markets, because it
15 is very unclear as to what the action is going to be by us,
16 as well as our customers.

17 MR. CORKRAN: The reason I ask is I and others
18 at this panel followed steel markets fairly closely, and
19 there -- it has been at least some press to the effect that
20 at least for some suppliers, the announcement of that
21 proceeding may have created an incentive or a reason for
22 imports to enter the market in higher volume.

23 I was wondering if that -- if something similar
24 may have been published with respect to the aluminum
25 market.

1 I know you've already committed to a like
2 product analysis in your postconference brief. I do wonder
3 if you can talk a little bit more, maybe even just
4 conceptually, about why can sheet would be considered -- is
5 not within the scope and should not be considered a
6 candidate for an expanded domestic like product.

7 You know, I -- in the slides, there's a
8 reference to the wide array of -- the wide array of
9 downstream products that are produced from this, the
10 continuum of gauges and widths and alloys and tempers.

11 It sounds like the product within the scope has
12 a great many different characteristics. What makes can
13 stock or can sheet so different?

14 MR. ROSENTHAL: Paul Rosenthal. Some of the
15 testimony earlier addressed that, and rather than repeat
16 that right now, if it's all right with you, Mr. Corkran, we
17 will address this in great detail, some might say
18 nauseating detail, in our postconference brief. But we
19 will address every one of the six factors and where the
20 bright lines exist.

21 MR. CORKRAN: I will be sure to have my
22 Pepto-Bismol handy when I read it. Thank you very much.

23 (Laughter.)

24 MR. CORKRAN: I do know that my colleagues have
25 at least one more question. When you do the analysis or

1 summarize the analysis in your brief, could you indicate
2 whether other products that the Commission has looked at,
3 such as tin mill black plate in the context of cold-rolled
4 steel, if that sheds any particular light on the situation
5 for in type of product or not.

6 I do understand that each case needs to stand on
7 its own, and I wasn't trying to suggest that. But is it
8 instructive in some general sense.

9 MR. ROSENTHAL: Paul Rosenthal.

10 Mr. Corkran, I've been, as you know, involved in
11 a few steel cases, and I've tried to see the analogous
12 products, whether it's a hot-rolled versus cold-rolled
13 versus clad versus tin mill. I mean, and we know that the
14 Commission has found those all to be separate like
15 products, not to mention plate.

16 And I was trying to ascertain or think what's
17 similar and what's different in the aluminum flat-rolled
18 product array.

19 And yes, they're all -- and over time, the
20 Commission has drawn different lines on flat-rolled steel
21 products.

22 So this being the first case in aluminum on
23 common alloy sheet, all these are fair questions and ones
24 that we are trying to do our best to find those clear,
25 bright lines that are understandable and that the

1 Commission will say yes, you're right, this is the right
2 place to draw that line.

3 So we'll look at the tin plate issue, until I
4 believe there is a review coming up on that one, coming up
5 soon. We are revisiting these issues in any event. But
6 yes, we will do that.

7 MR. CORKRAN: Thank you very much.

8 With that I have no further questions, but I'll
9 turn to Mr. Comly.

10 MR. COMLY: This is Nate Comly. I do have a
11 question. So we talked about the can stock, but could you
12 also address the brazing sheet and look at it with the six
13 factors in mind.

14 So the Respondents suggested in their opening
15 statement they may be pursuing something with brazing
16 sheet.

17 MR. ROSENTHAL: We will certainly do that.
18 That's not one we had thought about, but that's true.

19 MR. COMLY: And could you explain what is
20 brazing sheet to a novice, please?

21 MR. ROSENTHAL: That was going to be my first
22 question after we were done.

23 MR. STEMPLE: This is Buddy Stemple.

24 Brazing sheet is generally a multiple alloy
25 package predominantly used in the production of heat

1 exchangers. You will generally have the core of a 3003 for
2 strength, and the material that's clad onto it generally
3 can be a 4000 series or some 7000 series for building and
4 construction applications.

5 But in the heat exchanger making process, the
6 parts are made, the exchanger such as a radiator is
7 assembled, and it's put into a vacuum furnace.

8 And the material that's on the outer edge or the
9 clad material will actually melt at a lower temperature
10 than the core. And that's what really gives the heat
11 exchanger its strength and holds it together.

12 There's some applications in building products
13 that are like siding that's clad with 7000 series on one
14 side, and that gives it just protection against corrosion.
15 So those are two examples.

16 MR. COMLY: Thank you. And I'm not going to go
17 into asking about six factors, because I am sure they will
18 be addressed ad nauseam, unfortunately for me.

19 (Laughter.)

20 In the recent ITC publication on aluminum 332
21 report, it notes that there is an effort by the Chinese
22 central government to curb overcapacity in the Chinese
23 aluminum industry. Has this effort had any impact on the
24 subject product capacity or the industry in general in
25 China?

1 MR. ROSENTHAL: With respect to the
2 announcements, Paul Rosenthal, I think it's fair to say the
3 answer is no, if you take a look at the last couple of
4 slides in our handout, you can see that the Chinese
5 capacity and overcapacity continue to grow, and I would say
6 since the question about steel was asked, similar
7 statements have been made about steel over many years.

8 One mill may be taken out of commission and two
9 new mills started. I think in the world of aluminum, a
10 similar process has taken place, where overall, year after
11 year, capacity continues to grow and excess capacity along
12 with it.

13 MR. STEMPLE: Yeah, Buddy Stemple again.

14 To my knowledge, those announcements that you're
15 referring to have been primarily centered on primary
16 production and not rolling. And again, you may close down
17 a small old plant, but you replace it with a massive, new
18 technology.

19 MR. COMLY: Thank you for your responses.

20 And I have one last question, and you may not
21 know the answer to this, but I am going to ask the
22 Respondent panel this so I might as well ask you. Do you
23 know what the transportation cost is to bring this product
24 from China to the U.S.?

25 MR. HERRMANN: I think we can check on that and

1 get you any information we're able to in our postconference
2 brief. But I don't know that we've got that for you at
3 this moment.

4 MR. COMLY: Okay. Thank you. And that's all
5 the questions I have. I would like to thank the industry
6 witnesses today. It's very helpful, thank you.

7 MR. CORKRAN: My colleagues, are there other
8 questions, other questions for this panel?

9 I do -- I do have one final question, and that
10 is this case is a little bit unusual in terms of how it is
11 beginning. And so I just had a question for each of the
12 industry witnesses, as you represent your companies here
13 today.

14 In a public forum, I would just like to know, is
15 it your contention that the domestic industry producing
16 this product is materially injured or threatened with
17 material injury by reason of common alloy aluminum sheet
18 from China? Just in a public forum, I would just like to
19 know whether you are contending that or not.

20 MR. MC CARTER: Lee McCarter, JW Aluminum.

21 Absolutely.

22 MR. STEMPLE: Buddy Stemple, Constellium.

23 Absolutely.

24 MS. LANDA: Bea Landa, Novelis.

25 Absolutely.

1 MR. BOITTIAUX: Patrick Boittiaux.

2 Absolutely.

3 MR. CHEVALIER: Paul-Henri Chevalier.

4 Yeah, absolutely.

5 MR. CLEGG: Aleris, yes.

6 MS. BURKE: I just have one question, and you
7 can just answer it in post conference. I'm just trying to
8 get an idea of when contracts are negotiated, at what time
9 of year, and this goes to the pricing formulas
10 conversation.

11 I just wanted to clarify my questions on slide
12 9, and I want to be very clear on this. Lost sales, lost
13 revenue allegations come from the U.S. producers saying a
14 shift in sales. I'm trying to make -- I want to know, are
15 you suggesting that the question that went on the lost
16 sale/lost revenue survey to purchasers, that all of their
17 answers which you've listed on this slide were shifts.
18 That's where the question is.

19 MR. HUDGENS: I might add that I believe that
20 your mailing list was based on our lost sales allegations.
21 So every purchaser that received this questionnaire was an
22 allegation made by these six producers that there was a
23 lost sale. So that's -- that was in response to a lost
24 sale allegation that was specific. It was not -- this
25 wasn't sent to all the purchasers. It was only sent to

1 purchasers where there was a lost sale allegation.

2 And since that's the case, if you said I bought
3 this instead of I bought Chinese imports instead of
4 domestic production, we believe that would be a shift.

5 MR. ROSENTHAL: Ms. Burke, thank you, I
6 appreciate that. Because we were -- I had more to say on
7 this. But in the not too distant past, before you adopted
8 this questionnaire or this particular form, the Commission
9 would ask the purchasers about whether the lost sales
10 allegations were true or not and the purchasers would often
11 say no, because the petitioners alleged there were 100 tons
12 lost on a sale on January 3, 2016, and they would say no.
13 And of course, you would later find out well, it's because
14 the sale was for 90 tons on January 8. But they would
15 simply say no, and you didn't have better information.

16 So I thought the Commission did a really good
17 job by changing the nature of the questionnaire so that it
18 was more difficult to evade the allegation of lost sale.

19 And so you're right, the question doesn't say
20 did you shift. It says did you purchase instead of. We
21 shorthand called it a shift, but I can see the difference
22 between shift and instead of.

23 From our point of view, all of these who said
24 instead of were essentially lost sales.

25 MR. MC CARTER: Ms. Burke, just to clear up so I

1 don't get these guys calling us over the next days, right,
2 post-petition stuff, the contracts are annual contracts
3 generally speaking, they're generally done in the fourth
4 quarter of a given year. It's not to say that you won't
5 have a one-off as you go through the year for some reason.

6 Generally speaking they are annual and there can
7 be some fourth quarter contracts as well. Fourth quarter
8 annual contracts is what the industry is.

9 MS. BURKE: Great. Just to be back, you
10 mentioned that your opinion is that the -- the purchasers
11 that said that they purchased instead of. Are you also
12 suggesting that the quantities that they reported are also
13 all shifts on site? I just want to be clear that it's not
14 just the number of purchasers, it's also the quantities
15 that they have reported on the questionnaire that you are
16 suggesting are shifts.

17 MR. HUDGENS: Yes.

18 MS. BURKE: That's it.

19 MR. CORKRAN: Thank you.

20 With that, I would very much like to thank the
21 panel. Thank you for your testimony today. It has been
22 very helpful. We will take a five-minute break right now
23 as we change panels.

24 (Recess.)

25 MR. CORKRAN: I believe we are ready to resume

1 the conference.

2 Are there any preliminary matters before we
3 begin with testimony?

4 THE CLERK: There are no preliminary matters.

5 MR. CORKRAN: Thank you very much.

6 Ms. Mowry, you may begin when you are ready.

7 MS. MOWRY: Thank you very much. I appreciate
8 the time taken to put the presentation up, but that is when
9 Mr. Cannistra starts. So if it would be possible to raise
10 the lights a little for my old eyes? Thank you, appreciate
11 that.

12 Okay. Good afternoon. Kristin Mowry again of
13 Mowry & Grimson appearing on behalf of the National Marine
14 Manufacturers Association and one of its members, importer
15 C.E. Smith Company, as well as on behalf of the
16 Recreational Vehicle Industry Association.

17 Before we turn to our witnesses, let me say that
18 we admittedly are not a normal full board Respondents'
19 panel. We have today two sets of witnesses discussing two
20 discrete parts of the market.

21 While we are just gaining access to the record
22 now, we do believe that the domestic industry is actually
23 not being currently injured and in any event they have
24 failed to demonstrate a causal nexus between Chinese
25 imports and perceived injury.

1 As an initial matter and as I mentioned in my
2 opening remarks, I would like to note the unusual nature of
3 those proceedings. As I was drafting my remarks, I had to
4 keep correcting my instinct to use the word Petitioner for
5 my colleagues in support of the imposition of duties. The
6 Department of Commerce's decision to self-initiate this
7 case has severely limited the already-truncated period
8 available for the Commission's determination. In fact, we
9 only received the first APO release of questionnaire
10 responses yesterday.

11 So to say the least, we're plowing through the
12 data, we'll have a more complete analysis for you in the
13 postconference brief, but we do ask today for your
14 patience.

15 As we note from the initiation memo, the
16 companies in support of this case have known about the
17 proposed self-initiation since at least September of this
18 year. They have had an enormous amount of time to prepare
19 their analysis and their remarks. In a normal
20 investigation, Respondents are working, I always say, with
21 one hand tied behind our back. In this precooked
22 collaboration between industry and the Commerce Department,
23 I would liken our position more to both hands tied behind
24 our back and blindfolded, so bear with us.

25 As I mentioned in my opening remarks, the

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1 Department's self-initiation is a significant departure
2 from the purpose of the self-initiation authority that the
3 Secretary of Commerce himself has identified. In his
4 January 18 confirmation hearing, then-nominee Ross
5 described this authority as a tool for the department to
6 assist small, disparate industries to win relief from
7 unfair imports where they lack the resources and ability to
8 adequately coordinate their data gathering efforts.

9 Here we have a sophisticated, concentrated
10 industry with resources to hire a high-caliber law firm to
11 represent them in this proceeding.

12 The nature of the proceeding has also put the
13 Commission in a unique position, where the usual task is to
14 review in conjunction with its sister agency the legal
15 sufficiency of a claim brought before it by private
16 parties, a self-initiation asks the Commission to rule on
17 the sufficiency of the Department's work.

18 We ask the Commission to hold the Department to
19 the same standard it would a private litigant, and decline
20 to advance this case due to lack of demonstrated injury and
21 lack of causal nexus between Chinese imports and perceived
22 injury.

23 As you heard from the earlier panel, with the
24 exception of certain specialty products, aluminum sheet is
25 a commodity product that is manufactured to narrow

1 specifications.

2 The Department's domestic industry definition
3 states that its strict specifications create a market image
4 the product is interchangeable regardless of source.

5 Aluminum sheet is relatively standardized and
6 has a high degree of interchangeability, not something you
7 usually hear at the top of the Respondents' panel.

8 The key to this case, as you've put your finger
9 on, Mr. Corkran, is third country supply.

10 Unlike in other investigations, where producers
11 in China are one of a limited number of competitors,
12 aluminum sheet is made all over the world. The
13 Department's claims regarding underselling in the
14 initiation memo are based on flawed data. A number of
15 countries have AUVs during one or more periods that run
16 into the thousands. This is either an extremely
17 specialized product or erroneous data.

18 There are also significant portions of the data
19 that return no value. Without the underlying data, it's
20 difficult to know how the Department addressed those
21 issues. Whether it excluded zero values or whether that
22 data was erroneously incorporated into the Department's
23 calculations and included in its analysis, we just don't
24 know.

25 If these calculations were provided by a group

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1 of petitioners, we would expect the Commerce Department to
2 have issued supplemental questions to iron this out. But
3 Commerce has engaged in no apparent vetting of its own work
4 in a rush to start this case.

5 Notwithstanding these data issues, the data
6 collected by the Department shows exports to the United
7 States at AUVs below the Chinese and other significant
8 exporters with prices that undersold the domestic industry.

9 For example, in 2014, imports from Indonesia
10 accounted for 9 percent of all U.S. imports of aluminum
11 sheet and undersold sheet from China.

12 Throughout the POI, Bahrain undersold the market
13 and was between 4 and 7 percent of the U.S. market.

14 We would also note that these statistics only
15 reflect imports to date into the United States. It is
16 possible that there is significant volume that could be
17 diverted to the United States if Chinese shipments were
18 curtailed by these proceedings.

19 The Department found in its antidumping
20 initiation memo that demand was increasing generally for
21 sheet products. They also collected data suggesting that a
22 significant portion of the decline in U.S. market share is
23 filled by nonsubject products.

24 Due to the nature of the product and the
25 prevalence of supply from overseas, the Commission must

1 engage in a robust Bratsk analysis as it considers
2 causation in the preliminary determination in order to meet
3 the standard announced by the Federal Circuit.

4 The Gerald Metals, Bratsk and Mittal line of
5 cases address situations where the Commission considers
6 commodity products at issue that are fairly traded, price
7 competitive and -- that fairly traded price competitive
8 nonsubject imports are in the market. That is exactly the
9 situation here.

10 In these situations, the Commission must
11 undertake the replacement benefit test, which is whether
12 nonsubject imports would have replaced the subject imports
13 without any beneficial effect on the domestic producers.

14 These cases do not instruct the Commission to
15 engage in any particular form of analysis but do require
16 that the Commission give full consideration to the role
17 that nonsubject imports play in this type of market.

18 In certain respects, this investigation bears
19 striking similarities to the aluminum foil investigation
20 that is currently underway. Both products undergo similar
21 production processes and have the same pricing mechanism.
22 Whether you're buying ultra thin aluminum foil for your
23 converter business or aluminum sheet at the National Marine
24 Manufacturers members use for their pontoon boats, the
25 formula is ingot price based on the London Metal Exchange,

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1 or LME, plus a conversion factor.

2 As a result, the price of these products are
3 subject to fluctuations in the metal markets that ingot
4 price is pegged to. In the United States, the aluminum
5 pricing includes a third factor that is not incorporated
6 into the pricing of imports.

7 The Midwest premium is designed to compensate
8 ingot sellers for warehousing and transportation costs but
9 has fluctuated wildly due to speculation by professional
10 investors.

11 The result is an inflation to the U.S. price
12 that is unconnected to the underlying condition of the
13 industry. This Midwest premium is a sunk cost for domestic
14 producers subject to the whim of commodity traders that
15 domestic producers have no control over.

16 Chinese producers and producers in nonsubject
17 countries meanwhile are not subject to this cost component.

18 In another parallel to the foil investigation,
19 it's apparent that U.S. production capacity is limited in
20 volume and the range of specifications it can produce.
21 Specifically, submissions to the Department on scope
22 suggest that widths that the U.S. industry is capable of
23 producing are limited. In its comments submitted to the
24 Department, the Truck Trailer Manufacturers Association
25 notes that its members are "aware of only one domestic

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1 manufacturer of rolled aluminum sheet in wide widths that
2 are wide enough to provide for seamless roof construction
3 on heavy duty trailers. This supplier is Constellium
4 Rolled Products in Ravenswood, West Virginia. TTMA members
5 are not aware of another supplier of comparable aluminum
6 sheet products elsewhere in North or South America or in
7 any location worldwide except for the People's Republic of
8 China.

9 Because of the sole source of domestic supply,
10 TTMA members have located alternative sourcing from
11 suppliers in China.

12 In addition to boats and trucks, the imposition
13 of duties and subsequent shortage of supply will have a
14 devastating effect on the recreational vehicle market. The
15 RVIA opposes this case on behalf of its members, and the
16 recreational vehicle industry supports nearly 300,000 U.S.
17 jobs contributing an estimated \$30 billion to the U.S.
18 economy.

19 We ask the Commission to take all these factors
20 and positions of U.S. manufacturers into account and return
21 a negative determination on present injury. When examining
22 the issue of threat, we also ask the Commission to take
23 into account the impact of the new tax legislation that
24 contains provisions that will drastically improve the
25 business position of domestic manufacturers.

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1 With that, I will turn it over to Mr. McKnight
2 to share a little more about end users.

3 STATEMENT OF JOHN MC KNIGHT

4 MR. MC KNIGHT: Thank you and good afternoon. I
5 am John McKnight, I'm Vice President of Government Affairs
6 for the National Marine Manufacturers Association.

7 I can't reiterate enough what Kristin just said,
8 from the standpoint of we found out about this two weeks
9 ago, and I've been calling around to other industries that
10 are similar to ours. They have no idea that this is
11 happening. And I think it's really important with this
12 group that you take a hard look at the downstream effect of
13 end users, because decisions that you can make could affect
14 U.S. business in a much greater way than just the impact to
15 the aluminum, which has been very well organized today.

16 Anyway, again, I'm John McKnight. I'm going to
17 talk about who we are, learn a little bit about the boating
18 industry, and why we're here. Obviously because aluminum
19 is critical to the boating industry.

20 The National Marine Manufacturers Association is
21 the leading marine industry trade association in North
22 America, representing 1400 U.S.-based boat engine and
23 accessory manufacturers. MMA members collectively produce
24 more than 80 percent of the recreational marine products
25 sold in the United States. Recreational boating is a

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1 uniquely American activity reaching 142 million people, and
2 it's uniquely American made, with 95 percent of the boats
3 sold in the United States are made right here in the United
4 States.

5 Recreational boating is a significant driver of
6 the country's economy, employing 650,000 people across more
7 than 34,000 boating businesses. We represent 37 billion in
8 direct spending by Americans every year on recreational
9 boating.

10 The vast majority of marine businesses, and
11 these are our members, are small, family-owned operations
12 doing business throughout the United States, while the
13 marine industry is uniquely American made for the U.S.
14 market, U.S. manufacturers also supply product globally
15 with Canada, western Europe, Mexico being the top three
16 export destinations, with a 1.2 billion total boat export
17 value.

18 In short, we are a substantial employer of
19 high-quality manufacturing jobs, and we also are a
20 generator of great economic growth, especially in a lot of
21 small towns around the country.

22 We obviously bring families together and people
23 love to go boating and enjoy outdoor activity. And also,
24 our exports are contributing positively to the U.S. -- our
25 country's trade balance.

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1 I'm going to talk a little bit about aluminum
2 and what we know about aluminum. And that's been a growth
3 industry in the boating industry, the use of aluminum with
4 pontoon boats and just recent years they have really taken
5 off. So I'll talk a little bit about it.

6 Aluminum is a critical raw material for the
7 marine industry. It's used in component parts like
8 aluminum fuel tanks, it's used in boat lifts, it's used in
9 boat trailers, and in the structural design of aluminum
10 fishing boats and like I mentioned, pontoon boats.

11 Aluminum is essential to many facets of
12 recreational boating.

13 Within the National Marine Manufacturers
14 Association, over 100 members primarily depend on aluminum
15 for their product design. These products are manufactured
16 throughout the United States with heavy concentration in
17 states like Washington, Indiana, Minnesota, Michigan,
18 Missouri and Florida. In 2016, approximately 111,000
19 aluminum power boats were sold, being an average of 19
20 feet, comprising of 43 percent of the total market.

21 For pontoon boats with substantial structure
22 aluminum composition, we have 35,500 units sold in 2016,
23 comprising 14 percent of the market share.

24 Boat trailers and other essential product line
25 for our industry sold over 205,000 units with over \$350

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1 million in sales. The total sales for aluminum boats is
2 estimated to be over 2.2 billion for 2016.

3 Also, we did like a lot of other industries is
4 we had to go into the great recession in 2007 when gas
5 prices went up and the housing market collapsed. And we
6 always say in the boating industry, we're the first to go
7 into a recession and the last to come out. So we're very
8 sensitive to the economy.

9 And one of the things that we have seen is over
10 the past six years, we've seen about a 5 percent annual
11 growth. And we've been starting to come out of the
12 recession now. Things are starting to look good again for
13 us.

14 So we get back to such a -- our industry having
15 such a positive contribution to our nation's economy. I'm
16 kind of unclear as to why it is that the Commerce
17 Department would actively try to threaten our industry by
18 cutting off the supply of a critical raw material.

19 I've spoken with our members, and they are very
20 concerned about the impact this case may have on their
21 ability to maintain current levels of production, much less
22 fulfill the growing need they have to meet projected growth
23 2018 and beyond.

24 Although the Commerce Department has taken this
25 unusual step of self-initiation, I'm here to ask the

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1 International Trade Commission to stop this case in its
2 tracks.

3 In particular, my members have discussed the
4 critical need for a wide width product, that would be a
5 sheet that is 72 inches wide and wider.

6 It's my understanding that there are only two
7 mills in the United States that can produce this width, and
8 even they are unable to fulfill U.S. demand. These mills
9 are Constellium and Novelis, and while these mills do
10 service some of our larger high volume members for the
11 72-inch sheet and wider, many members that have smaller
12 volume needs are simply not big enough to get the attention
13 or the output of these mills.

14 These smaller producers are compelled to import
15 wide width sheet overseas from such countries as Greece,
16 South Korea, China and others.

17 Based on other discussions I'm having with my
18 members, that the need for wide width material, I am told
19 there's simply not enough U.S. supply to meet demand. If
20 China is to cut off its source of supply, it is my
21 understanding that this material would be sourced from
22 other countries and not from U.S. mills because the U.S.
23 mills don't have the capacity to supply the material.

24 That's really all I have. I want to thank you
25 for the opportunity to come out here, and speak this

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1 afternoon. I'll try to answer your questions, if you want
2 to talk about boating, I can certainly talk about that.
3 But, you know, like I say, we just found out about this two
4 weeks ago, and we want to really make sure that we're part
5 of this discussion. As you guys move forward to make a
6 decision.

7 Because there are people like us, you know. I
8 think of truck trailers, I think of the recreational
9 vehicle industry, I think of, of course, the industry I
10 represent, could be damaged by this. We just want to make
11 sure we do this right, you know. So thank you again for
12 your time. We will be available to answer any questions
13 that we can answer.

14 STATEMENT OF DAN CANNISTRA

15 MR. CANNISTRA: Thank you. Good afternoon. My
16 name is Dan Cannistra, I am here today on behalf of Valeo
17 North America.

18 Valeo North America has 6000 U.S. employees
19 engaged as a tier 1 auto parts producer focusing on tier 1
20 application such as radiators for automobiles. I am joined
21 by Rogelio Garcia of Valeo and Albert Wang of Yinbang, one
22 of Valeo's suppliers.

23 This afternoon we are providing testimony on
24 brazing sheet. I understand there was actually a question
25 on brazing sheet earlier. We are here to answer those

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1 questions. Brazing sheet is a type of aluminum used in
2 automotive heat exchange applications such as radiators.

3 As a preliminary matter, we note that the vast
4 majority of brazing sheet is already excluded from the
5 scope of this case, and presumably already a separate like
6 product.

7 Brazing sheet is sold pursuant to proprietary
8 grades and does not meet the 3000 series specifications of
9 the aluminum association.

10 Specifically, the copper content, a necessary
11 alloy in heat exchange applications, is two to five times
12 higher than that for 3000 aluminum alloy specifications.

13 At issue, then, is the small slice of brazing
14 sheet that may overlap with the 3000 specifications.
15 Should they be aligned with the already excluded brazing
16 sheet? Or treated as a common alloy? That is what we are
17 here to present testimony on today.

18 We believe the proper answer is that all brazing
19 sheet should be similarly situated and treated as a
20 distinct like product.

21 We also ask as we go through the testimony today
22 to bear in mind the factors that were presented earlier
23 today with respect to can sheet and whether or not those
24 exact same elements apply even more so to brazing sheet and
25 therefore distinguish it as a separate like product.

1 STATEMENT OF ROGELIO GARCIA

2 MR. GARCIA: Good afternoon. My name is Rogelio
3 Garcia. I am the site purchasing director for Valeo Engine
4 Cooling. I've been with the company for 17 years. And the
5 entity that I work for is located in Greensburg, Indiana,
6 just a few figures about what we do. We produce about 3.5
7 million heat exchangers per year for the automotive
8 industry.

9 We employ over 1300 people. And our level of
10 sales in 2016 were approximately \$460 million.

11 Conversely, we use heat exchangers into bigger
12 modules, engine cooling modules, of which we produced over
13 1 million per year, for various different automakers.

14 So Valeo uses brazing sheet that is not
15 interchangeable with the common aluminum sheet. We use
16 this to manufacture components for automotive heat
17 exchangers, and actually I have brought some samples for
18 you to observe and some of them you can keep. This, for
19 example, is an auxiliary radiator, as an example of a heat
20 exchanger. These are devices that are built to efficiently
21 exchange heat between two mediums. So in the case of a
22 radiator, you blow air through the radiator, and the tubes
23 inside are running the coolant from the engine block. And
24 it cools off with the contact of the cooler aluminum.

25 So our components are subject to significant

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1 changes in pressure and temperature and need to have the
2 special and customized thermal resistance properties. When
3 you buy a car, you don't expect to change the radiator
4 every so thousand miles. It has to be there almost for as
5 long as the car is running.

6 So the components are in contact with liquids
7 and gases and corrosion resistance is a key component of
8 what we do.

9 Common alloy sheet cannot be used to replace the
10 sophisticated brazing sheet that we import from China or
11 other markets, for these are specialized applications.

12 This is a diagram that just shows you how the
13 heat exchanger works. I'm not going to go through it. It
14 is basically what I have explained.

15 The pillars that we need to address to meet our
16 customer requirements. First like I said is a corrosion
17 resistance. We need three layer alloys with a sacrificial
18 and multilayer material, whose only function is corrosion
19 resistance.

20 One of the other panelists already addressed
21 what brazing sheet is. And the best way to picture it is
22 like an ice cream sandwich in reverse. In an ice cream
23 sandwich, the ice cream core will melt before the other two
24 layers, what is it, cracker or cookie. We are the
25 opposite.

1 The core alloy has a higher melting point than
2 the other two layers. So when you have a mechanical
3 assembly with multiple joints and you bake it through an
4 oven. When the clad melts, you basically have hundreds of
5 brazing points that need to stay in place for as long as
6 the car is running or as long as the element is in the car.

7 The other one is mechanical resistance. We buy
8 the flat -- the flat-rolled brazing sheet, but we build it
9 into components such as tubes or the headers. So we need
10 the high strength alloys. Otherwise, our equipment would
11 not be able to produce the components in the speed and
12 efficiency we need.

13 We need flux reduction, and recently material
14 consumption reduction. Vehicles need to get lighter, so we
15 need to basically find alloys that allow us to provide the
16 same performance with less weight.

17 So what is so special about the alloys that we
18 use? Like we say, we use proprietary alloys and processes
19 developed by the aluminum manufacturers to meet the
20 demanding requirements of the automotive sector. In nearly
21 all cases, the common 3000 series alloys have been replaced
22 with high strength, highly corrosion-resistant proprietary
23 alloys developed specifically for the automotive market.

24 Like I said before, the two main physical
25 characteristics are the mechanical strength and the

1 corrosion resistance. And the two main elements that allow
2 us to achieve that are copper and manganese.

3 So in terms of processing, the super saturated
4 elements help us develop the special properties, and these
5 unique alloys, they develop a band of dense precipitates
6 and a sacrificial brown band during the brazing process.
7 In our post conference briefing you will see schematics
8 about what the sacrificial layer does and how it enhances
9 the life of the product which allows them to run longer
10 without corroding.

11 This one basically shows you the chemical
12 composition of two of our proprietary alloys. And you can
13 see that the main element is copper. Like Mr. Cannistra
14 mentioned, you can clearly see that the copper content in
15 our alloys is almost 10 times higher than the common 3000
16 alloy. And this is what we use for the core alloy.

17 Our brazing sheet is composed of a proprietary
18 core alloy and one or more layers of braze clad. In
19 general, the thickness of the core alloy can range from
20 0.05 to 1 millimeter and the clad percentage can be from 5
21 to 15 percent. It could be symmetrical or asymmetrical.

22 The clad-layered material is typically a
23 4000/7000 series, and sometimes 3000 series material is
24 used for clad because of a high silicon contents and the
25 low melting temperature compared to the core material.

1 Our long life alloys that develop the brown
2 bands, and I'm sorry I mentioned this again, but this is a
3 cornerstone of our product performance, during the brazing
4 process. And this band protects the core alloy from
5 corrosion in the field. A common 3000 series alloy cannot
6 develop this type of protection.

7 Our alloys provide better mechanical properties,
8 in terms of yield strength, tensile strength and
9 elongation, than the common 3000 materials, both at room
10 temperature and at vehicle operating conditions.

11 We talked earlier about interchangeability. For
12 us developing a new alloy requires several months of
13 developing and testing. The first that you see here is
14 supplier vetting process, which by itself we are compelled
15 to meet the industry standards.

16 But then when we talk about alloy validation, it
17 is -- it is very cumbersome for us to change alloys, even
18 when we change sources with what we can call a comparable
19 alloy. Because once you establish the content in a
20 vehicle, if you change any components of that content, you
21 need to revalidate the product through testing and special
22 runs which involves our customer.

23 This validation can take us from 1 to four
24 months, and the cost is in the tens of thousands of dollars
25 each time.

1 The U.S. industry argues that with respect to
2 price, common alloy sheet is sold within a reasonable range
3 of similar prices, but the official import statistics
4 evidence has a radically different scenario. Here you can
5 see the clear difference between clad and unclad imports.
6 And you can also see that the share of clad import is 3
7 percent of that of unclad if you take in account volume or
8 5 percent if you take account of the value.

9 Clad brazing tubestock as a sophisticated high
10 end product, is even further at the high end of the pricing
11 range for clad aluminum products.

12 Then how we categorize flat rolled products in
13 terms of volume and value.

14 The three main categories, mills focus either on
15 like we said volume or value. So when you have commodity
16 products, you have high value -- high volume and no value,
17 I'm sorry.

18 Then with specialty product, like the brazing
19 sheet, you will have low volume like we saw in the previous
20 slide and high value.

21 And then we created a area for can stock where
22 you can see it's high volume and high value.

23 So for us, the brazing sheet is a separate like
24 product from common aluminum sheet. And here I'm not going
25 to go through this because you have the information

1 available in the postbriefing. It provides the different
2 aspects and how the brazing tube stock, which is what we
3 use, and the common alloy sheet differ.

4 Thank you very much for your time.

5 MR. CANNISTRA: Thank you. That concludes our
6 testimony. We're happy to answer any questions you may
7 have.

8 MR CORKRAN: Thank you very much. We very much
9 appreciate this panel's presentation. It's been very
10 helpful, and it was good to get some elaboration on some of
11 the individual products that we'll be looking at over the
12 course of these next weeks.

13 I will turn first to Mr. Comly to begin
14 questions.

15 MR. COMLY: Nate Comly, Office of
16 Investigations.

17 So I will ask my general questions and probably
18 directed to counsel more than the industry witnesses. And
19 I'm looking at again the HTS statistical reporting numbers
20 that were in the supporting documentation from Commerce,
21 there were eight of them. And do you have a perspective on
22 whether or not those are the best representation of imports
23 in general of the subject product coming into the United
24 States, whether -- I say "subject products."

25 How about products under the scope of this

1 investigation, whether it's from China or from other
2 nonsubject sources?

3 MR. CANNISTRA: Dan Cannistra on behalf of Valeo
4 first.

5 Just as a general matter, and I suspect this is
6 going to be the same answer with a wide variety of
7 questions, we don't purport to represent the Chinese
8 industry in any capacity or to speak on behalf of the
9 aluminum industry as a whole at all. We're solely here
10 today to present evidence based on the very specific
11 product used by Valeo, which is brazing sheet. So
12 unfortunately, I have no comment on that question.

13 MS. MOWRY: Thanks. Kristin Mowry.

14 I think you'll be hearing this refrain many
15 times, but we will definitely address it in the
16 postconference brief.

17 The one thing I would point out, though, is
18 when -- when you look -- in that Commerce Department
19 exhibit, when they talk about market share and imports as a
20 percentage of U.S. consumption, it's definitely our
21 position that in the U.S. shipments number, in that
22 denominator, there needs to be the production of can stock.
23 I mean, I hope that much is clear, that you've started to
24 gather some data on can stock, but in terms of market
25 penetration, that definitely needs to be included as well.

1 As well as I think even if I'm remembering
2 correctly, the U.S. shipment data is based only on a
3 limited number of producers, so there are other domestic
4 producers which have filed questionnaire responses with you
5 all, and that data is not included in that Commerce
6 Department exhibit.

7 MR. COMLY: Okay. Thank you.

8 And you may have a similar response to my next
9 question, is looking at the questionnaires that you have
10 received so far, if you have -- if you know of any larger
11 firms that should be responding to these, if you could
12 point those out in your postconference brief, that would be
13 very helpful.

14 So going off the HTS numbers, I'm looking at
15 Valeo's slide number 10, and you are specifically looking
16 at the HTS numbers. Now, do those HTS numbers -- and you
17 point -- there you're looking at clad and unclad.

18 So in the clad numbers, that's for all clad,
19 that's not just the brazing sheet; correct?

20 MR. CANNISTRA: That is -- that is absolutely
21 correct. So we're merely presenting this data to show, and
22 the brazing sheet is exclusively on the clad side. So we
23 just began with a separation between clad and unclad.

24 But as we pointed out, we're at the upper bound
25 of the clad side, just to give you a sense of the range and

1 the feel of the order of magnitude of the price difference.

2 MR. COMLY: Are there -- is there a separate HTS
3 number for the brazing sheet?

4 MR. CANNISTRA: There is -- there is not. It is
5 separated by thickness, alloyed or not alloyed, and clad or
6 not clad. Those are the only degrees of separation.

7 MR. COMLY: So there is -- I'm trying to get at
8 we have no publicly available -- since we did not collect
9 it in the questionnaires, there is no publicly available
10 import data on the specific product which you are
11 requesting to be separated out; is that correct?

12 MR. CANNISTRA: Dan Cannistra again.

13 No. The closest separation is between clad and
14 not clad, us being in the clad category exclusively. And
15 you can see the order of magnitude not only in the prices
16 per kilogram but also in the relative size of the two
17 markets as well. So we felt that it was -- it was
18 representative, but it is certainly not meant to portray
19 brazing sheet specifically. It just exists within the clad
20 numbers.

21 MR. COMLY: So are you able to get brazing sheet
22 from U.S. producers?

23 MR. GARCIA: Rogelio Garcia.

24 Technically, they are able to make it. After
25 the recession, our biggest conundrum in sourcing this type

1 of product was securing the capacity we needed to foster
2 our growth. Valeo is one of the top 10 tier 1 automotive
3 companies in the world, and our company has grown with the
4 automotive market. For us, basically one of the key
5 elements we're looking at in sourcing is long-term
6 contracts and capacity securitization that we can always
7 find locally. Because as I mentioned, changing alloys,
8 it's very painful. It takes a long time, and it requires a
9 full customer approval on many series of testing, of which
10 I'm not going to go into the details, because it makes your
11 head spin, but it's excruciating.

12 MR. CANNISTRA: If I could add on to that point
13 and also may help why we are here as well. We are not
14 making an injury or no injury argument with respect to
15 brazing sheet.

16 Our focus is exclusively on the like product
17 parameters, are we much more aligned, in fact, on the other
18 side of Ghanchi and its own separate unique, distinct
19 industry. That's very much of a secondary question of
20 whether or not there is any injury, because we don't have
21 any access to information nor are we taking any position
22 with respect to that, just specifically the technical
23 distinct product argument.

24 MR. COMLY: Okay. Thank you. I don't want to
25 step on any of my colleagues' toes, so I will stop my

1 questions for now.

2 MR. CORKRAN: Thank you.

3 Let me turn to Mr. Tillman.

4 MR. TILLMAN: Good afternoon.

5 My first question is for the purposes of the
6 preliminary phase of investigations, do you accept the
7 proposed domestic like product definition by the parties in
8 support of the imposition of antidumping duties?

9 MS. MOWRY: Thanks. Kristin Mowry here.

10 We will definitely address the six factors in
11 the postconference brief, but no, we do not accept the
12 domestic like product as coextensive with the scope. And I
13 think it's important to take a step and really look at how
14 petitions -- well, how scopes are crafted.

15 And I think we're seeing increasingly in ADC BD
16 cases that there are exclusions to the scope solely because
17 these are the most profitable elements of the industry's
18 business. And the -- to the extent exclusions in scope are
19 designed to secure a more favorable injury analysis, I
20 think that's something that is worth looking into.

21 Like I said, you've gathered certainly a lot of
22 information on can stock. I would love to see, I think
23 it's table 39A, the financial information, if you could
24 collect that information on can stock as well, that would
25 be great.

1 MR. CANNISTRA: Dan Cannistra.

2 I'm of the same opinion that certainly there's a
3 separation for brazing sheet. And I also just want to
4 raise in the like product context, it's not that different
5 from the question that came up today on body sheet.

6 When we say body sheet and a lot of discussion
7 today about automotive applications are out of this case
8 and not included in this case, you asked a very specific
9 question, is there some body sheet included within the
10 scope of this case. And I think that the answer to that
11 question is going to be similar to the answer that we have
12 for brazing sheet.

13 Yes, some of it is.

14 So does the scope certainly need to be refined
15 and perhaps separated into two individual products? Does
16 it need to be more narrowly tailored?

17 Yes, that is a scope question, but more
18 importantly for you all, it's equally a like product
19 question as well. Can you work from your like product
20 analysis with the parameters that you currently have? We
21 suggest not, and there certainly needs to be more
22 refinement.

23 You take a steel case, for example, there's very
24 precise chemical specifications. Maybe it is in fact the
25 case since this is one of the earlier aluminum cases, but

1 it's not that early aluminum. We got into a lot of
2 chemistry in extrusions as well. But more defined
3 parameters, body sheet, brazing sheet, those are questions
4 that come up throughout this case and are equally important
5 for scope of like product, and can sheet as well.

6 MS. MOWRY: Kristin Mowry.

7 With just one follow-up to that. Please don't
8 take my earlier comments to mean that the petitioners of
9 the domestic industry is not able to define the scope as
10 they want. Of course we have no issue with the scope. Our
11 only issue is when you're looking at again this continuum
12 of products, we hear in so many cases, that you should take
13 into account the entire domestic industry when you look at
14 domestic like product.

15 MR. TILLMAN: That's actually all I have for
16 right now. Thank you.

17 MR. CORKRAN: Thank you very much.

18 We will turn to Ms. Burke, then.

19 MS. BURKE: Good afternoon. So my questions,
20 I'm not sure if you can answer them or not, but if you can,
21 or in the postconference, that would be great.

22 Have you observed any changes in the price of
23 raw materials in the last three years for the sheet that I
24 guess is used in recreational boating or for brazing sheet?

25 MR. GARCIA: Rogelio Garcia from Valeo.

1 Are you referring to the actual cost of aluminum
2 or the total price?

3 MS. BURKE: I'm referring to the materials that
4 go into making aluminum sheet. So natural gas, energy,
5 scrap, alloys. Have you noticed a change in price for
6 those materials in the last three years?

7 MR. WANG: From our point of view, I don't see
8 anything changed.

9 MS. MOWRY: I don't have anything to add, which
10 I know you are well aware of our view on this, that the
11 Midwest premium only affects the U.S. prices. But we can
12 look at the LME over the POI and provide that in
13 postconference.

14 MS. BURKE: Again, I don't know if you can
15 answer this, but how difficult is it to enter the U.S.
16 aluminum market and what would be barriers limiting entry
17 for new firms?

18 MS. MOWRY: Kristin Mowry here.

19 I can say not only can I not answer that here,
20 but I will not be answering that in the postconference
21 brief. That's just beyond the scope of what our clients
22 are able to comment on.

23 MR. CANNISTRA: Dan Cannistra.

24 I can answer that on behalf of brazing sheet.
25 Within that segment, there is a two-year qualification

1 period that Valeo has. Because of the applications that
2 it's actually used it. And we'd be happy to submit that.
3 I suspect that qualification period is very similar for
4 other auto part producers as well. As a matter of fact,
5 all of the tier 1s, I would suspect, would be within the
6 range of a two-year qualification period.

7 MS. BURKE: Great. So this was kind of
8 mentioned in your testimony, but my understanding is that
9 you have seen an increase in both the automotive and the
10 boating industry and the focus by domestic customers of
11 aluminum sheet in those markets; is that correct?

12 MR. GARCIA: Rogelio Garcia, yes.

13 MR. MC KNIGHT: Yes.

14 MS. BURKE: And I would say this to those in
15 support, if you would also like to provide this in
16 postconference. But if you could submit any sales reports
17 or forecasts for your operations based on the different end
18 use segments.

19 This goes to, I think, the auto body sheet that
20 was mentioned. Has the shift in the Ford F-150 and other
21 automobiles to using aluminum auto body affected the market
22 and production activities of aluminum sheet? And if so, if
23 you could provide any studies your firm has conducted on
24 the aluminum auto body market.

25 MR. GARCIA: Rogelio Garcia, Valeo.

1 From our perspective, yes, it had an impact when
2 we started making those big trucks and those doors are
3 aluminum, it impacts the capacity. We can provide some
4 information in the postconference briefing.

5 MS. MOWRY: Kristin Mowry.

6 Yes, it's my understanding based on discussions
7 with the NMMA members that the Davenport plant, which is
8 now dedicated to the Ford F-150, was one of the few plants
9 that was able to make that wider width material. And once
10 the shift went over to the Ford F-150, that became
11 unavailable to the boat makers.

12 MS. BURKE: And for the different applications
13 that you are aware of, what factors limit the ability to
14 substitute other products for aluminum sheet?

15 MR. MC KNIGHT: If I understand you correctly,
16 you're saying, in other words, don't use aluminum. We have
17 fiberglass boats that we can go back to wood, but
18 basically, I mean, the pontoon boats are aluminum. That's
19 really the only metal we use.

20 MS. BURKE: So your contention is there's not
21 another type of material that could be used other than
22 aluminum?

23 MR. MC KNIGHT: No. Aluminum fishing boats,
24 they are lightweight, you can put them on car top boats,
25 you might have seen them at like a Bass Pro Shop they sell

1 them. And then of course pontoon boats, that's aluminum,
2 and that's really -- I think it was mentioned before, with
3 gutters you could go to copper or something like that.
4 More expensive, and that's -- these boats are affordable,
5 so aluminum is the best material to use.

6 MR. GARCIA: Rogelio Garcia from Valeo.

7 For the automotive industry, the answer would be
8 no. I think the new vehicle market in the U.S., 60 million
9 vehicles, and most of them have radiators and condensers
10 and they all use aluminum. And like I explained before,
11 the alloy is a key characteristic to achieve the product's
12 performance.

13 Now, for example, in the future, we shift to 100
14 percent electrical vehicles, okay, that's different because
15 we don't need radiators, there is no engine to cool off.
16 But as of now, the answer is of course not.

17 MS. BURKE: And also, is U.S.-produced aluminum
18 sheet completely interchangeable with Chinese aluminum
19 sheet? Any answer you can provide on that.

20 MS. MOWRY: We'll talk about it more in the
21 postconference brief, but in our -- in my discussions with
22 the members, yes, it's interchangeable. The only
23 constraint is the availability of the wide widths from
24 domestic producers. But they have been able to produce
25 boats from U.S. sheet, Chinese sheet, especially Greece,

1 South Korea, Canada. It's all interchangeable.

2 I did notice as the panel went on earlier today,
3 they kept talking more and more about niche markets. And
4 I'm not sure which -- which end they want to be on, if it
5 is interchangeable or if there are these niche markets. I
6 was a little unclear on where their testimony was going.

7 But from the majority of the members that I've
8 spoken with, it's completely interchangeable.

9 MS. BURKE: Okay. And my last question is how
10 important is supplier certification for the different uses
11 of aluminum for the customers? Is that a major focus in
12 this market that you're aware of that a purchaser has to
13 certify their supplier? And if you do have any information
14 on that, how long that process might take? Any information
15 you could provide would be great.

16 MR. CANNISTRA: Dan Cannistra on behalf of
17 Valeo.

18 As I mentioned, we will submit our qualification
19 program as well. But it's two years, it is not optional.
20 You cannot be a tier 1 supplier to the OEMs and not be
21 qualified for your vendors. It's just not something that's
22 going to happen.

23 MR. MC KNIGHT: We have absolutely no idea, but
24 we can find that out. That's a good question.

25 MS. BURKE: That's it. Thank you.

1 MR. CORKRAN: Thank you very much.

2 Now we will turn to Ms. Kim.

3 MS. KIM: I have no questions, thank you.

4 MR. CORKRAN: Thank you.

5 And now we will turn to Mr. Matthews.

6 MR. MATTHEWS: Daniel Matthews, Office of
7 Industries. Thank you all for your testimony here today.

8 My first question is regarding raw materials
9 used by Chinese producers. So do Chinese producers also
10 use a combination of both primary and scrap for their
11 inputs? And has secondary shares of raw material increased
12 over time?

13 MR. WANG: We use subscribed material, about 25
14 percent.

15 MR. MATTHEWS: China recently banned imported
16 scrap and waste products. Does this impact the use of
17 scrap at all?

18 MR. WANG: We don't feel that.

19 MR. MATTHEWS: Okay. How widespread is the use
20 of continuous casting technology in directional casting in
21 your manufacturing process?

22 MR. WANG: We use direct chill, because our --
23 it is now 3000, it's modified. And we believe continuous
24 casting is going to have segregation, going to cause
25 problems for high end for heat exchangers, so we are using

1 direct chill, which has better quality.

2 MR. MATTHEWS: Now, regarding costs in China,
3 so, from our 332 investigation, we heard a lot about how
4 the price of primary aluminum in China is based off of the
5 Shanghai Futures Exchange rather than the LME. I was
6 wondering if you could comment on this. And to the extent
7 you are willing to share the impact, are there regional
8 premiums in China that your product is subject to whether
9 it's exported, and what other factors determine the total
10 production cost?

11 MR. WANG: As far as Shanghai Metal Exchange and
12 LME, and I didn't follow that much myself, but I think
13 recent years pretty much match each other.

14 MR. GARCIA: Rogelio Garcia, Valeo.

15 What I have seen throughout the years, the DSHFE
16 pretty much mirrors. The LME. The values are different
17 but the movements in the market are pretty similar. The
18 Midwest index is way more erratic.

19 MR. MATTHEWS: But so the product is not subject
20 to regional premiums in China?

21 MR. GARCIA: Not that I know of.

22 MR. MATTHEWS: Okay. Are any of the Respondents
23 aware of antidumping or countervailing duty orders on
24 common alloy aluminum sheet in third-country markets?

25 MR. CANNISTRA: I am not.

1 MR. MATTHEWS: That's all I have for now, thank
2 you.

3 MR. CORKRAN: Thank you very much. And thank
4 you again to the panel.

5 The first question I have is mainly just to make
6 sure that, as we discussed this case before the briefs come
7 in, that we have a clear view of what is being argued.

8 I'm going to characterize what I believe I've
9 heard, and please correct me if I'm incorrect on this.

10 That on this panel, we have a request that the
11 Commission expand the domestic like product to include can
12 stock on the one hand, and on the other hand, to divide the
13 domestic like product such that brazing sheet is a distinct
14 product from all other forms of aluminum sheet.

15 Have I characterized that part of the argument
16 correctly or incorrectly?

17 MR. CANNISTRA: Dan Cannistra.

18 Yes, with one additional clarification. So as
19 we review the specification for brazing sheet, there is a
20 large percentage that's already excluded.

21 So the nuance that I would add to what you just
22 said is brazing sheet that's currently included should
23 combine -- should be combined with that vast majority
24 that's already excluded, much like, I suspect, body stock,
25 the vast majority which perhaps is already excluded, but

1 there may be some overlap in the 6 -- 5000 product stock
2 overlapping with the specifications that are included, they
3 should all be grouped together as well.

4 MR. CORKRAN: Grouped together for separate
5 analysis of all brazing stock, whether or not currently
6 within the scope?

7 MR. CANNISTRA: Brazing -- Dan Cannistra.
8 Brazing sheet that is currently in should be combined with
9 the vast majority of brazing sheet that is already out.

10 MR. CORKRAN: Thank you. I understand the
11 argument.

12 And Ms. Mowry?

13 MS. MOWRY: I think you have correctly
14 identified our argument. One thing I might just take this
15 opportunity to reiterate my request from earlier this week
16 regarding the postconference brief, so that we may give you
17 as comprehensive a brief as possible.

18 We have asked, it's currently due the 27th of
19 December, and I have conferred with opposing counsel, and
20 they would also support a movement of that -- of that date,
21 preferably to the 2nd of January, but even to the 29th of
22 December. In the spirit of Christmas, it would be very
23 much appreciated.

24 (Laughter.)

25 MR. CORKRAN: I appreciate that. We're not in a

1 position to expand -- to postpone the deadlines, but I'll
2 go further than that, because I will explain the why.

3 We face some of the same timing considerations
4 on our end as we are preparing the report, including a very
5 limited number of days in order to prepare it.

6 I do understand the request, and I also
7 understand the point about this being an afternoon session
8 rather than a morning session.

9 So I'm not trying to be a Grinch, but I'm also
10 not really in a position to grant the request.

11 My next question goes to Mr. McKnight. Can you
12 explain a little bit further how the aluminum sheet is
13 incorporated into the boat manufacturing, when you have
14 need for more than 48, 72-inch wide sheet, are you welding
15 it? Are you riveting it? How do you join sheets? Is the
16 goal of 72 wide to reduce the number of connections?

17 MR. MC KNIGHT: I'll tell you what I know. Like
18 I say, we haven't done a big study on this. I've been to a
19 number of pontoon plants. They TIG weld it, the aluminum
20 basically and the wide sheets to reduce the number of welds
21 that you have to have. You don't see boats riveted hardly
22 at all anymore. I mean, actually with the pontoons, the
23 way they build them, they put a flange where they mount
24 them to the deck. That's really where the critical joint
25 is right there, because that's where you get the cracks if

1 you're going to, that's where the stress is.

2 So wherever you can limit as much as possible
3 where you put your welds, then you're going to have a more
4 stable pontoon or a more stable fishing boat. So that's
5 where the length comes in. Less joints.

6 MR. CORKRAN: That makes -- I understand the
7 logic behind that. Is this a situation where you are
8 unable to use narrower sheet -- I mean, is this basically
9 an efficiency issue that we're talking about here?

10 MR. MC KNIGHT: I'd have to get back to you on
11 that. I've got to talk to the pontoon guys. Like I say,
12 document the question, go back and give you a real thorough
13 analysis on that. Because to just kind of answer it off
14 the cuff, I understand you could logically see the reason
15 for the limited number of welds on it. I've watched them
16 build these pontoons as they go down the line and the
17 welders are there and things like that.

18 But after that, of could we use the shorter
19 sheet, stuff like that, you know, let me go back and give
20 you a good technical answer to that question.

21 MR. CORKRAN: Thank you. I appreciate that.

22 I'd also like to maybe hear a little bit more
23 about brazing sheet.

24 Are there differences in the performance or any
25 of the other attributes of brazing sheet that relate to

1 this issue of whether the chemistry is within the 3000
2 series or outside of the 3000 series? Are there
3 characteristics that are affected by the chemistry?

4 MR. CANNISTRA: Yes. I'll let both of the
5 industry experts answer. But the alloy elements that
6 create brazing sheet is what give it its heat dispersion
7 properties and corrosion-resistant properties, two things
8 that are incredibly important for a radiator. That's
9 really the function of this is to disburse heat, to spread
10 it out, to pull it away from where it's not supposed to be.
11 And the thing that does that is the alloy elements, but
12 I'll allow them to speak more precisely to that.

13 MR. GARCIA: Rogelio Garcia for Valeo.

14 So as I mentioned before, the two key elements
15 are manganese, which provides you the mechanical
16 properties, without which we wouldn't be able to shape this
17 and assemble it the way you see it.

18 The second element is a copper content, which
19 provides you the corrosion resistance. Both have to be
20 combined so that at the end, when you have mechanically
21 assembled and pass it through an oven, and I forget the
22 temperature, but hundreds of degrees, then everything stays
23 in place and the properties of the alloys remain even after
24 post brazing. So that radiator may be operational for as
25 long as it needs to be.

1 MR. CORKRAN: You indicated that there's only a
2 relatively small portion of brazing sheet that is
3 manufactured to the 3000 series. What -- how would
4 their -- how would the properties of those that are -- that
5 are within the scope differ from those that are outside the
6 scope? I mean, I know you said there's -- there's a range
7 of attributes attributed to the different chemistry, but
8 specifically how would they differ?

9 MR. WANG: Albert Wang from Yinbang.

10 From a mechanical property point of view, it's
11 about 40 percent higher. And from corrosion resistance
12 point of view, we did saltwater testing, it's about four or
13 five times higher. So there's significant difference. And
14 that's also important, if you have a chart, just like I
15 mentioned, the manganese and copper, and that's way
16 different from the 3003. And it come out in performance,
17 just mentioned earlier, stress corrosion is significantly
18 higher, the mechanical properties are 40 percent, 30
19 percent higher.

20 And besides chemical composition, there is an
21 electrical potential. The electrical potential also needed
22 to be designed into it, including various brazing process.

23 So the electrical potential also can cause
24 corrosion. So we have to design in a way that the
25 corrosion not go through the cube, for example. 3003 will

1 go through it. So significant difference.

2 MR. GARCIA: If I may, for us, I know how it is
3 to provide our customers with the cooling performance they
4 need, playing with all the variables. It could be the
5 content of the elements of both the core and the clad, what
6 type of alloy specifically we use for the clad. It really
7 varies depending on the vehicle.

8 You may have a heat exchanger as small as this.
9 We have radiators as big as this table. And the
10 constraints in performance and temperature vary from engine
11 to engine. So really, this is how we play with all these
12 variables to provide the best solution for our customer.

13 MR. CANNISTRA: Just quickly, one more thing,
14 because I think the question related to what makes brazing
15 sheet brazing sheet in the manufacturing process beyond the
16 chemistry. What we haven't touched on is tempering as
17 well, which is the other manufacturing process that makes
18 brazing sheet brazing sheet.

19 MR. CORKRAN: Now, I understand that you would
20 be dealing primarily with radiators. I thought I heard
21 from this morning's panel that brazing sheet might be used
22 in other nonradiator applications. Is that your
23 understanding as well?

24 MR. CANNISTRA: The experts can certainly
25 elaborate, but the commonality is heat exchange.

1 MR. GARCIA: Yes. Rogelio Garcia. A radiator
2 is just one heat exchanger. We also have condensers,
3 charger coolers. And the number of applications in the
4 industry keeps growing. A heat exchanger is generically as
5 we know component, not just radiators.

6 MR. CORKRAN: One of the things that I would, I
7 believe, ask for elaboration on, I believe, I believe
8 earlier in the presentation, there was a request to have
9 this agency rule on the sufficiency of the Commerce
10 material. You are welcome to elaborate on that statement
11 now, but if not, if you would in your postconference brief,
12 what you're asking.

13 MS. MOWRY: Certainly, no problem.

14 MR. CORKRAN: I believe for me that concludes my
15 questions. Let me turn to my colleagues, though.

16 Mr. Comly.

17 MR. COMLY: This is Nate Comly.

18 Mr. Cannistra, in your posthearing brief, can
19 you be very specific in the definition of brazing sheet
20 that you'd like excluded?

21 MR. CANNISTRAS: I will.

22 MR. COMLY: Thank you.

23 Can you give me an idea of what the
24 transportation cost is from China to the U.S. for the
25 subject product?

1 MR. CANNISTRA: Dan Cannistra.

2 If we know offhand, happy to share that. If
3 not -- cost per ton?

4 MR. GARCIA: It's about \$300 per ton.

5 MR. COMLY: Sorry. Is that short ton or metric
6 ton?

7 MR. CANNISTRA: Dan Cannistra.

8 You may in fact be the last agency that uses
9 short ton. So metric ton.

10 MR. COMLY: It's metric.

11 This is a question for Mr. Wang.

12 Mr. Wang, do you produce other clad products in
13 your facilities, other than what we're talking about here,
14 brazing sheet?

15 MR. WANG: Majority of automotive, yes. Some of
16 them minor for the chemical plant, for example, using heat
17 exchangers. But the majority, automotive.

18 MR. COMLY: So that would be this specific
19 product we're talking about now, the brazing sheet?

20 MR. WANG: The product we are talking about,
21 brazing sheet, yes.

22 MR. COMLY: So that's the vast majority?

23 MR. WANG: Right, yeah.

24 MR. COMLY: But you do produce other, for lack
25 of a better word, nonbrazing sheet?

1 MR. WANG: We also produce some of those
2 so-called fin stocks, also for the material.

3 MR. CANNISTRA: Dan Cannistra.

4 If I may, fin stock is in the lower-gauge
5 aluminum foil, but it's the exact same thing that we're
6 talking about here. Fin stock, they are all heat exchange
7 aluminums.

8 So the answer, if they're common alloys, is no.
9 Nonsubject products, yes, but they're all the heat exchange
10 aluminum.

11 MR. COMLY: Thank you.

12 Then my final question would be, as I asked the
13 earlier panel about the recent ITC publication on aluminum,
14 the 332 publication, noting that there is an effort by the
15 Chinese central government to curb overcapacity in the
16 Chinese aluminum industry, has this ever had any impact on
17 the common alloy aluminum sheet industry in China, to your
18 knowledge?

19 MR. CANNISTRA: Dan Cannistra.

20 Not that we're aware.

21 MR. COMLY: Thank you. That's all the questions
22 I have, and thank you for coming here.

23 MR. CORKRAN: Let me turn to my other
24 colleagues. No other questions.

25 Again, I would like to very much thank the panel

1 for your presentations today. It's been very helpful to
2 us. And with that, I will dismiss this panel and we will
3 turn -- we have about three minutes to switch up and we'll
4 give final comments at that time, closing arguments.

5 (Recess.)

6 MR. CORKRAN: Thank you. And we will now begin
7 closing arguments.

8 Mr. Rosenthal, when you are ready.

9 MR. ROSENTHAL: Thank you, Mr. Corkran.

10 First, I want to thank the Staff for all your
11 hard work, and I know this is not the best time of the year
12 to be launching into investigation, but appreciate your
13 dedication to the mission of the Commission.

14 I also want to thank Ms. Mowry for the nice
15 compliment, and I've been struggling to find something else
16 that I can agree with her on this afternoon. In all
17 seriousness, I do agree with something very important, and
18 that is the independence of this Commission and the job
19 that you've got to do.

20 We are obviously very grateful that the
21 administration self-initiated this case, but as Ms. Mowry
22 points out, you are an independent agency, you have a job
23 to do, you have got a record to create, and we want you to
24 exercise that independence and do your job. It does no one
25 any good to have a process that is not deemed to be full,

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1 fair and resulting in a record that can be defended by the
2 Commission when it has to defend it to any body, whether
3 it's a court or another reviewing body, whether it's the
4 WTO. So I do agree with Ms. Mowry on that, and we're
5 confident this Commission is going to act like it always
6 has, in a professional and independent way.

7 By the way, I don't agree with her about the
8 standards for self-initiation. It's not just for
9 mom-and-pop companies. It's for any company. And this
10 industry no less than any other is entitled to relief in
11 this case.

12 As you've heard, until this year, the Aluminum
13 Association had never filed a dumping or countervailing
14 duty case before, I'm not sure why it is. Perhaps it's
15 because some of these companies had this quaint notion that
16 if they innovated and were efficient and cut costs, that
17 they could compete with anyone.

18 They didn't reckon with competition that did not
19 abide by the same rules, or were operated in a comparable
20 economic system. Unfortunately, they have learned over
21 time that they can compete against other companies but they
22 can't compete against other governments.

23 These companies have done everything they can to
24 make themselves efficient and maintain production in the
25 U.S. and earn enough profits to continue to innovate and

1 supply the market.

2 The imports of common alloy sheet from China,
3 however, have made that impossible. That's why they're
4 here today, and that's why they unanimously responded to
5 your question, Mr. Corkran, and said absolutely they
6 support.

7 Stepping back and with some somewhat objective
8 perspective, the domestic producers aren't perfect, and
9 they made one obvious mistake. They should have filed in
10 case a number of years ago. It's important for you to
11 understand this context as we've talked about.

12 They had started this period of investigation in
13 an injured condition and things have only gotten worse.

14 Now, I'm not suggesting that you go back prior
15 to the period of the investigation to investigate further,
16 but I think it's important for you to recognize that as you
17 analyze the data within the period of investigation.

18 By the way, with respect to Ms. Mowry's comments
19 about self-initiation, it has no effect on the timing of
20 the Commission's job. You still have 45 days after
21 self-initiation to make your determination as preliminary.
22 It doesn't affect the Commerce Department's preliminary
23 determination either.

24 Perhaps it's the holidays, perhaps I'm getting
25 sentimental in my old age, but I actually feel sorry for

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1 the Respondents in this case. They have not had a lot of
2 time to prepare, they obviously have scrambled, as you've
3 heard, to put together some arguments, and they have thrown
4 up a lot of arguments, and maybe I shouldn't use that word,
5 maybe I should say thrown out, the other formulation might
6 make you go more for the Pepto-Bismol at the end,
7 Mr. Corkran.

8 But they have thrown out a lot of arguments that
9 don't make sense either legally or factually. One of the
10 arguments that Ms. Mowry made with respect to Bratsk and
11 other countries supplying this market. Bratsk has been
12 overturned, Bratsk is not good law. You are not using the
13 replacement benefit test that Bratsk annunciated. We know
14 that because my firm was involved in the case that
15 overturned that, the Mittal Lisas Point case.

16 What you need to do to make sure that injury to
17 domestic industry as a result of subject imports, or they
18 have contributed to it but they are not -- you don't have
19 to worry about other imports coming in and denying relief
20 or making it unnecessary because of the so-called
21 replacement benefit test.

22 So that's not the standard you use. And there's
23 no question here that the imports from China have been the
24 most egregious. We didn't initiate this case, or the
25 industry did not. But this industry is not unconscious.

1 There were other subject import sources, whether they were
2 China or Greece or Korea or whatever, something would have
3 been done. But that's not the source of the problem.
4 That's not why we're here.

5 Interestingly enough, the gentleman for the
6 Marine Manufacturers Association noted that his members can
7 get the requisite product from the U.S. from a couple
8 producers, actually it's the third one he didn't mention,
9 but they also can get that product from Korea and Greece as
10 well as China. Not only does that indicate that the
11 product is pretty I think interchangeable, but it shows
12 that they are not going to be without an ability to get
13 materials, because they can go to Korea or they can go to
14 Greece, they can go to the other U.S. producer, and by the
15 way, they can also go to China. This case doesn't stop
16 them from going to China. All it does is say if you're
17 importing from China, pay a fair price.

18 By the way, much of the testimony, as you know,
19 had to do with the impact of this case on downstream users.
20 That's legally irrelevant. We understand and we sympathize
21 with any company, manufacturing or otherwise, that has to
22 pay higher costs. We have that issue all the time.

23 The Commission knows and you know that that is
24 legally irrelevant.

25 When we talk about the Commission doing its job,

1 the most important thing is to focus on what the statutory
2 standards are. What are the elements that you're supposed
3 to be looking at?

4 There are volume, price and impact. I don't
5 think we've heard a word about that from the Respondents
6 today.

7 Well, look at the volume. You see a rapid
8 increase in imports from China, 91 percent increase over
9 the course of the period of investigation, and a large
10 increase in market share for the imports from China. And a
11 corresponding decline in the market share for the domestic
12 producers.

13 So we have satisfied the volume standard.

14 Second, price. You see widespread underselling
15 in the data you've gotten so far. You've got purchasers
16 telling you that they have bought the Chinese product at a
17 lower price and because it's a lower price and we can talk
18 more about what the data show. But they will tell you too
19 that they have required the domestic producers to lower
20 their prices in order to compete with the Chinese.

21 That's all in the slides and that's all in your
22 record. So there's no question that it's higher volumes at
23 lower prices which satisfies the second part of your
24 criteria.

25 And the third is impact. If you look at the

1 slides that we presented to you, in very summary fashion,
2 slides 12 and 13, you will see that every indicator of
3 injury is down. Every trade indicator and every financial
4 indicator is down.

5 If you look at the profitability numbers, you
6 can see that they have been anemic throughout the entire
7 period of investigation. And while there's been a slight
8 fluctuation, it's been a fluctuation at a terrible and
9 unsustainable level throughout this period of
10 investigation.

11 They came into this period of investigation
12 injured, and today they are injured. And it's not going to
13 get better until and unless the Commission makes an
14 affirmative determination.

15 So we ask you, as the supporters of this case,
16 not the Petitioners, to look at the record and have the
17 Commission do its job, and that is to reach an affirmative
18 determination in this case. Thank you.

19 MR. CORKRAN: Thank you very much.

20 And Mr. Cannistra, when you are ready, you may
21 begin.

22 MR. CANNISTRA: Thank you.

23 I have only one brief point to make, and it
24 concerns the interplay between scope and like product.
25 It's probably an issue that hasn't gotten enough attention

1 over the years. But it's a critically important one.

2 You know, there's really -- there's really only
3 one of three reasons why you take a product and exclude it
4 from a case. What would otherwise look like a continuum of
5 products, and then there's one carved out in the middle.

6 Reason number 1 is it's a highly profitable
7 segment of the industry. And so by removing it from the
8 scope of the case, and hopefully from the like product as
9 well, the remainder of the industry looks much worse than
10 it actually is. That's reason number 1.

11 Reason number 2 for excluding products that
12 should otherwise perhaps be included from a particular
13 scope is that U.S. producers happen to import that product
14 and would ideally like to not pay an antidumping duty on
15 the product that they happen to be importing. That's why,
16 for example, you see footnotes that span four pages with
17 very specific exceptions, for perhaps reason number 2.

18 Or there's reason number 3. It is truly a
19 different, distinct like product. Now, let's just assume
20 that that's correct with respect to can stock in this case.
21 It is, indeed, a separate and distinct like industry.

22 Well, that actually provides a very helpful
23 framework for analyzing the industry as a whole. What are
24 the parameters that distinguish can stock from other
25 segments of this industry, and can we use those same

1 parameters to apply it to other products within this
2 industry, so that we're consistently applying it?

3 So I heard with respect to can stock today
4 specific and unique quality considerations associated with
5 can stock distinguishing it from other common alloys.
6 Single end uses, not interchangeable with other individual
7 alloys, specialized production, higher and distinct pricing
8 patterns, all of those things distinguish can stock.

9 Well, okay. All we seek in this case with
10 respect to other products is if those are the factors,
11 those are the ones that are defining a like product within
12 this broader aluminum industry, all we seek going forward
13 is the common application of those same standards to other
14 products as well.

15 We offered one example, and certainly the case
16 that we've spent our time discussing today, was brazing
17 sheet. It, too, is produced exclusively using proprietary
18 alloys. It, too, has a single end use. It, too, is
19 produced in facilities that are distinct from facilities
20 that produce common alloys.

21 If you produce a heat exchange aluminum, you do
22 not produce commodity aluminum sheet. You don't have the
23 facilities, you don't have the volume, it's not
24 continuously cast. There's nobody making heat exchange in
25 China using a continuous casting process. They're separate

1 and distinct facilities, just like can stock.

2 How about pricing levels? Well, if can stock is
3 at a premium for other commodity products, what about heat
4 exchange? Well, we're actually about two or three times
5 beyond that as well.

6 So all we seek as we move through this case is a
7 common application of a like product analysis, setting
8 aside the scope that either petitioners or U.S. mills
9 admittedly get to choose themselves, but the Commission is
10 obliged to define for themselves what the proper like
11 product is.

12 Thank you for your time this afternoon, and
13 happy holidays.

14 MR. CORKRAN: Thank you.

15 And again, thank you to all the participants in
16 this proceeding.

17 On behalf of the Commission and the Staff, I
18 would like to thank the witnesses who came here today, as
19 well as the counsel, for helping us gain a better
20 understanding of the product and conditions of competition
21 in the common alloy aluminum sheet industry.

22 Before concluding, please let me mention a few
23 dates to keep in mind. The deadline for submission of
24 corrections to the transcript and for submission of
25 postconference briefs is Wednesday, December 27.

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1 If briefs contain business proprietary
2 information, a public version is due on Thursday, December
3 28. The Commission has tentatively scheduled its vote in
4 these investigations on Friday, January 12, and it will
5 report its determinations to the Secretary to the
6 Department of Commerce Tuesday, January 16. Commissioners
7 opinions will be issued on Tuesday, January 23. Thank you
8 all for coming, and with that, the conference is adjourned.

9 (Whereupon, at 4:30 p.m., the hearing was
10 concluded.)

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from China

INVESTIGATION NOS: 701-TA-591 and 731-TA-1399 (Preliminary)

HEARING DATE: 12-21-17

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