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May 8, 2014

Ms. Margaret Cummisky
Assistant Secretary of Legislative Affairs
U.S. Department of Commerce
Room 5421
Fourteenth Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Assistant Secretary Cummisky:

I write on behalf of constituents at Kentucky's Cardinal Aluminum. Cardinal, an aluminum extruder, employs over 500 people in Louisville and plays a vital economic role in the community. My constituents have informed me that unfair trade practices from China are once again threatening Kentucky jobs.

In 2012, I introduced legislation with my Senate colleagues that—once enacted into law—allowed the Department of Commerce (DOC) to impose important countervailing duties on certain imports from communist and non-market countries. This law and DOC's subsequent implementation of countervailing duties and anti-dumping measures on a number of U.S. imports subsidized by foreign governments—including on certain aluminum products—helped protect over a thousand Kentucky jobs.

Unfortunately, my constituents have informed me that Chinese exporters are now circumventing existing U.S. import duties using 5000-series aluminum alloy not covered under previous DOC anti-dumping measures. I am told that unfair trade practices involving 5000-series aluminum alloy from China have already led to a reduction in Cardinal's workforce and will likely threaten additional Kentucky jobs if no action is taken by DOC.

Enclosed is a copy of correspondence from my constituents. I ask that you give full and fair consideration of their request to include 5000-series aluminum alloy with similar products covered by existing DOC anti-dumping measures and to designate the surrogate country value to Thailand, rather than the Philippines. I am told that designating the surrogate country value to Thailand may reflect a more accurate benchmark for these countervailing duties. Please direct any inquiries and all relevant information to Phil Maxson in my Washington, D.C. office.

Thank you again for your time and assistance. I look forward to receiving your response.

Sincerely,



MITCH McCONNELL
UNITED STATES SENATOR

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Cardinal Aluminum Co.

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Honorable Senator McConnell;

There have been some recent developments regarding the current Department of Commerce anti-dumping and countervailing duties on aluminum extrusions from the Peoples Republic of China. You were so helpful in the effort in Congress regarding this initiative I felt an update regarding the issues that have diminished the practical effectiveness of these duties. I have attached a recent article from the American Metal Market that describes the methods that Chinese producers have been using to circumvent these duties.

The duties are under their second annual review now and the Department of Commerce has selected the Philippines as the surrogate country value. We believe this is an inaccurate selection and that Thailand represents a more accurate benchmark.

We have determined that at least three of our largest customers have been approached by Chinese producers to purchase products at anti-dumping price levels if they will accept these products produced in 5000 series alloy. Since the appearance of these offers we have reduced our workforce by 70 workers due to diminished order levels. My subsequent investigation has revealed the Chinese see this technicality as the opening they need to dominate the market again. Our former customers have corroborated the facts concerning their purchase of 5000 series alloys from China to circumvent the current standing duties. Their diminished purchases from us continue to be specified as 6000 series alloys which only substantiates the circumvention purpose of the alloy change for those purchases originating in China.

This is clear circumvention of both anti-dumping and countervailing duties. The Aluminum Extruders Council is considering a legal strategy at this moment. Your leadership regarding this issue specifically was of great assistance and your support of job creating small businesses lead me to reach out. Please forward your concerns to the Department of Commerce and anyone else who you think might be of material assistance when we approach the Department of Commerce.

Thank you for your continued support.

Best Regards

A handwritten signature in black ink, appearing to read 'William E. Edwards III', is written over a horizontal line.

William E (Chip) Edwards III
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AmmAluminumDuties.pdf



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Tue, Apr 29, 2014 at 11:39 AM

Chinese extruders said skirting US import duties

Apr 28, 2014 | 03:24 PM | Nathan Laliberte

Tags aluminum extrusions, 5000-series alloy, 6000-series alloy, 2000-series alloy, anti-dumping, countervailing, China, Jeff Henderson Aluminum Extruders Council

NEW YORK — U.S. aluminum extruders are increasingly concerned over what some are calling a deliberate tactic by Chinese aluminum extruders to sidestep import duties, sources told *AMM*.

The tactic involves large shipments of 5000-series aluminum alloy extrusions, which were omitted from the U.S. Commerce Department's anti-dumping and countervailing duty orders issued in mid-2011. The orders placed duties on 1000-series, 3000-series and 6000-series aluminum alloy extrusions.

"5000-series was not covered by the original scope because nobody in their right mind would consider extruding 5000-series alloys for traditional 6000-series alloy applications," Jeff Henderson, director of operations at the Wauconda, Ill.-based Aluminum Extruders Council, told *AMM*. "The only time it has been used as a substitution has been after the order by the Commerce Department went into effect. Clearly, the only motivation a Chinese extruder would have to use 5000-series alloy would be to avoid duties."

Commerce's anti-dumping and countervailing duties on Chinese-origin aluminum extrusions are 33 percent and 10.6 percent, respectively, of the declared value of the imported aluminum.

According to numerous extruder sources, the imported 5000-series alloy extrusions—shipped mostly with bright-dip, anodized or painted finishes—are consumed largely by companies selling shower and bath enclosures and for some architectural applications, including aluminum frames, commonly called curtain walls, used in the construction of commercial buildings.

The 5000-series alloys are not considered ideal material for applications that typically utilize 6000-series alloys, largely because it does not respond as well to anodizing and bright-dipping, sources said.

"From a purchaser or use standpoint, the only motivation is price," one extruder source told *AMM*. "I have yet to see a business case or mechanical or performance spec that requires the properties of an alloy that has never been used as an extrusion before."

Duncan Crowdis, a metallurgical engineer and former president of Kentland, Ind.-based **Bonnell Aluminum Extrusion Co.**, told *AMM* that 5000-series is "a lot stronger but slower to extrude" and more expensive to produce. "Even if you could use it, we would never do it because it's overkill from a strength perspective; it extrudes at 50 percent the rate of 6000-series."

Crowdis said that typical uses for 5000-series include marine and military applications where high-strength and corrosion resistance are required. "This whole thing is just another way for (Chinese extruders) to circumvent the duties," he said.

The industry as a whole has been aware of the 5000-series import issue for quite some time, a second extruder source said, but added that the situation has become "dramatically worse" in recent months. "It's developing into a big story. They are entering back into markets using 5000-series alloys. If it's being done strictly to circumvent the tariffs, the Commerce Department would

be very interested in investigating that further."

"Four years ago we heard it talked about as a possible way of circumvention," a third extruder source said. "What we are seeing now is actual purchase and consumption. There is now definite evidence of this type of activity."

Henderson agreed with the extruders. "At first the reports were not substantiated, but those reports have increased over the past 12 months and it seems to be gaining some momentum," he said. "Our next step is to take a look at it, gather data and develop a legal strategy. There are legal remedies available and it's up to the fair trade committee to make a decision."

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