

Colorado Springs is a community located in the Rocky Mountains of the United States of America. The population of the metropolitan area includes more than 700,000 people. It is the second largest metro area within the State of Colorado.

There are no aluminium smelters in Colorado Springs. There are no major aluminium production facilities in the metro area.

Yet, it can be argued that this community is one of the major reasons why a 10% tariff was reimposed on the importation of non-alloyed unwrought aluminium from Canada into the USA.

According to statements from the Federal government of the USA, the Section 232 tariff on aluminium was reimposed for reasons of national security.

Colorado Springs is one of the key locales that help protect the national security of the USA. This community includes the headquarters of the joint military command of the United States of America and Canada – the North American Aerospace Defense Command (NORAD). American and Canadian military personnel work together at Peterson Air Force Base, Colorado; Elmendorf Air Force Base, Alaska; Canadian Forces Base, Winnipeg, Manitoba; Tyndall Air Force Base, Florida; and at other facilities in both countries (some of which are unknown to this author) to jointly protect the American and Canadian people.

Literally, Canadian military personnel can be found on American soil protecting both nations, while American military personnel can be found on Canadian soil protecting both nations.

Beyond joint efforts to protect the national security of both nations, Canada and the USA also have strong economic relationships with each other as well as with México. On July 1, 2020, the United States-México-Canada Agreement (USMCA) became effective throughout North America. This trade agreement between the three nations was designed to “support mutually beneficial trade leading to freer markets, fairer trade, and robust economic growth in North America,” according to a statement from the Office of the US Trade Representative. This new trade agreement replaced the previous North American Free Trade Agreement (NAFTA).

Yet less than six weeks after the implementation of the USMCA, President Donald Trump of the USA made the decision to reimpose the 10% tariff on certain aluminium imports into the USA from Canada. The re-imposition of the tariff took effect on August 16, 2020.

In the proclamation reinstating this specific tariff, President Trump cited the national security of the USA as the reason



The re-imposition of The Section 232 Tariff on Canada

for his decision. He stated that “Section 232 of the Trade Expansion Act of 1962, as amended, authorizes the President to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.”

The national security of the USA was also cited by the Office of the US Trade Representative in a statement dated August 6, 2020: “The President exempted Canada from the tariffs he imposed under Section 232 on the basis of an agreement

that imports of steel and aluminium products from Canada would remain at historical levels. Since the President exempted Canada, imports from Canada of the product that accounts for the largest share of Canada’s aluminium exports to the United States have surged above historical levels. The surge has intensified in recent months, despite a contraction in US demand. To ensure the continued integrity and effectiveness of the national security measures the President adopted under Section 232, the United States has reimposed a tariff on the surging imports,



Fig 1. "US Air Force F-15 fighters jets from Massachusetts Air National Guard's 104th Fighter Wing, and Royal Canadian Air Force CF-18 fighter jets from 3rd Wing, Bagotville, Québec fly in formation with a Pennsylvania Air National Guard KC-135 Stratotanker from the 171st Air Refueling Wing during a Continental U S North American Aerospace Defense Command [NORAD] Region and Canadian NORAD Region cross-border demonstration," according to a news statement from NORAD. These joint efforts took place on April 23, 2020. "Aircrew and members of the Air National Guard and Royal Canadian Air Force practiced tactical-intercept skills in an air defence exercise designed to reinforce interoperability across the United States and Canadian border." (The photograph was provided courtesy of NORAD)

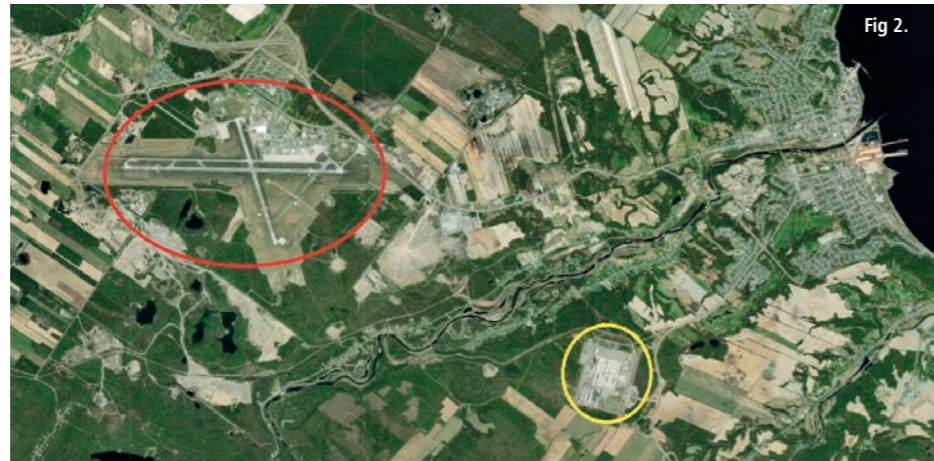


Fig 2. The Royal Canadian Air Force CF-18 fighter jets that are seen in the adjoining photograph – as they protected the national security of the USA and Canada – flew from a Canadian Forces Base highlighted in red in this aerial map of a section of Québec. This province is home to a number of aluminium smelters that serve the American and Canadian markets. The Grande-Baie Smelter of Rio Tinto is highlighted in yellow. Both the base and the smelter are within kilometers of each other in the Saguenay-Lac-Saint-Jean Region of Québec. (Aerial map was provided courtesy of the United States Geological Survey, 2020.)

as provided for in our agreement with Canada."

The Office of the U S Trade Representative specifically cited statistics that indicated that "imports of non-alloyed unwrought aluminium have increased substantially to a level above historical volumes of trade over a prolonged period, including a period during which US aluminium consumption has decreased significantly."

The responses to this action were not unexpected.

Those businesses that advocated for strong action to stem the tide of aluminium imports into the USA from Canada have largely praised the decision to reimpose the 10% tariff on non-alloyed unwrought aluminium imported from Canada into the USA.

A statement from the American Primary Aluminum Association (APAA) on August 6, 2020, indicated that the organisation "is praising the Trump Administration following the reinstatement of Section 232 aluminium tariffs on Canadian imports of primary aluminium. Over the past year, Canadian aluminium imports have surged by over 95% in violation of Canada's commitments to the United States. This surge accelerated in June, hitting 190,798 metric tons, a new high since Canada was granted an exemption to the Section 232 program. Today's action stops this surge from threatening more American jobs."

"The decisive action taken...by the Trump Administration will help save America's primary aluminium industry which has been decimated by an

unprecedented surge of Canadian primary aluminium imports," said Mr. Mark Duffy, Chief Executive Officer of the APAA. "The APAA and our member companies resoundingly applaud President Trump for his bold leadership to protect America's national and economic security, save the US primary aluminium industry, and put thousands of American aluminium workers first."

The American Primary Aluminum Association includes two program partners, Century Aluminum Company and Magnitude 7 Metals.

"President Trump's action demonstrates this administration's continued dedication to restoring the US aluminium industry and American jobs," stated Mr. Michael Bless, President and Chief Executive Officer of Century Aluminum Company. "As policymakers focus on shoring up our manufacturing base and enhancing supply chain resiliency, the President's leadership helps to secure continued domestic production of this vital strategic material and level the playing field for thousands of American aluminium workers."

According to Century Aluminum, the company is the largest producer of primary aluminium in the United States; its smelter in Kentucky is the last smelter in the USA capable of producing high-purity aluminium necessary for defence and military applications.

"The Section 232 program has been instrumental in driving the resurgence of aluminium production in this country," Mr. Bless continued. "I am privileged, on behalf of our employees and the

communities they support, to thank President Trump for his strong leadership and for supporting American workers."

Those businesses that advocated for the status quo – Americans and Canadians working together without an additional tariff – have largely condemned the decision to reimpose the Section 232 tariff on aluminium imported into the USA from Canada.

"We're incredibly disappointed that the administration failed to listen to the vast majority of domestic aluminium companies and users by reinstating Section 232 tariffs on Canadian aluminium," stated Mr. Tom Dobbins, President and CEO of The Aluminum Association in a news statement. "After years of complex negotiations and hard work by government, industry and other leaders across North America to make the United States-Mexico-Canada Agreement (USMCA) a reality, this ill-advised action on a key trading partner undermines the deal's benefits at a time when US businesses and consumers can least afford it."

According to The Aluminum Association, the trade group represents aluminium production and jobs in the United States, ranging from primary production to value added products to recycling, as well as suppliers to the industry; the organisation indicates it represents companies that make 70 percent of the aluminium and aluminium products shipped in North America.

"As The Aluminum Association has extensively documented, reports of a

'surge' of primary aluminium imports from Canada are grossly exaggerated," the news statement from the trade association detailed. "Data [in the first week of August of 2020]...by the US Census Bureau showed that overall primary aluminium imports to the US from Canada declined about 2.6 percent from May to June and are below levels seen as recently as 2017. The few companies that stand to benefit from reinstated 232 tariffs on aluminium have cherry-picked government data and omitted important context to build their case, which unfortunately won the day."

The Aluminium Association of Canada issued similar sentiments on August 6, 2020. "Canadian aluminium has been a key competitive advantage for US manufacturers since the beginning of the 20th century and is recognised in United States law as a contribution to the nation's defence and an important component of its industrial base," noted the statement from the Aluminium Association of Canada. "While the US produces, at best, one million metric tons a year of primary metal, it consumes six times that amount. Re-imposing tariffs only raises costs for US consumers and businesses in the middle of economic recovery efforts."

"Year in and year out, Canada has been the most reliable source of primary aluminium for the US, providing low carbon, responsibly produced metal at world prices," stated Mr. Jean Simard, President and CEO of the Aluminium Association of Canada. "This US focus on Canada only distracts from the real problem facing the aluminium industry: unfairly subsidised Chinese aluminium production leading to global overcapacity."

The two major trade unions representing workers in the aluminium industry in Canada have also condemned the action of the USA as has the major trade union representing aluminium workers in the USA.

"Tariffs on Canadian-made aluminium are [President] Trump's 'solution' to a problem that doesn't exist," said Mr. Jerry Dias, Unifor National President. "The Trump administration has gifted billions of dollars worth of tariff exemptions, allowing countries like China to flood the US market with aluminium, but has the audacity to paint Canadian workers as the villain. It's totally absurd."

Unifor represents about 4,000 workers in the aluminium industry in Québec and British Columbia. This union is one of two

major trade unions that represent workers in the aluminium industry in Canada.

"Without any direct evidence to support their claim, the American Primary Aluminum Association (APAA) – which represents only two aluminium companies – claims a 'surge' in Canadian aluminium imports has caused aluminium prices to collapse," according to a statement from Unifor issued on August 6, 2020. "In reality, the Canadian share of US primary aluminium imports has been falling. Canada's share of domestic US consumption of primary non-alloyed aluminium has fallen from nearly 50 per cent in 2010 to 43 per cent in 2019, while the share of non-Canadian foreign imports has skyrocketed."

The union had issued a previous news statement on June 23, 2020, stating that "The 'surge' claim is entirely arbitrary, and based on trade flows over a short period. The APAA's claim also fails to account for headwinds facing the industry, including the economic downswing caused by COVID-19 along with a dramatic rise in non-Canadian foreign imports from places like China and Russia over the past decade."

Unifor says that global economic



Fig 3. "U S Air Force General Lori Robinson, Commander of the North American Aerospace Defense Command and U S Northern Command and Canadian Lt. Gen. Pierre St-Amand, the NORAD Deputy Commander salute during the playing of the Last Post and missing-man formation flyover by the Royal Canadian Air Force's Snowbirds aerial demonstration team on Peterson Air Force Base, Colorado, May 11, [2018]," according to a news statement from NORAD. "The ceremony was part of the placement and dedication of a cairn to honor the Canadian service men and women who passed away while serving NORAD. The placement of the cairn was conducted in conjunction with the 60th Anniversary of NORAD and the U S Canadian binational NORAD agreement."

"One of the reasons our arrangement here in Colorado Springs works is the genuine and profound connection between our two countries and the people of them," said Gen. Jonathan H. (Jon) Vance, chief of the Defence Staff of the Canadian Armed Forces. "Yes, we share a continent. Yes, we share values, and those we must defend. But there is a deeper bond as has been mentioned before between Canada and the United States, and it's one that makes us more than friends. We're family."

(The photograph was provided courtesy of NORAD and Northern Command Public Affairs through the U S Department of Defense.)

Fig 4.

"A Royal Canadian Air Force CF-18 Hornet, assigned to the Royal Canadian Air Force, escorts a B-52 Stratofortress during a North American Aerospace Defense Command (NORAD) mission," according to a news statement from NORAD. The statement indicated that this mission took place on June 14, 2020, and was conducted from Joint Base Pearl Harbor-Hickam in Hawaii. "NORAD routinely conducts intercept training in support of its mission to protect the sovereign airspaces of the United States and Canada." (The photograph was provided courtesy of NORAD, 2020.)

conditions have eroded the American capacity to produce aluminium, and massive increases in Russian and Chinese imports have made up the difference.

The United Steelworkers Union (USW) also issued statements in opposition to the re-imposition of the Section 232 tariff on non-alloyed unwrought aluminium imported from Canada into the USA. This union represents thousands of workers in the aluminium industry in both Canada and the USA.

"The Trump administration is flouting the May 2019 agreement between the US and Canada which removed baseless Section 232 'national security' tariffs on Canadian exports at that time," stated Mr. Ken Neumann, USW National Director for Canada on August 6, 2020. "The re-imposition today of these bogus US tariffs on Canadian aluminium is now threatening thousands of Canadian jobs."

"Our union fought for more than a year, on both sides of the border, to oppose those tariffs. Having to fight this same battle again is unconscionable," said Mr. Dominic Lemieux, USW Director in Québec, where the vast majority of aluminium plants in Canada are located. "Canada and the United States benefit from an integrated aluminium market. Canadian aluminium producers engage in fair trade and do not pose any national security threat to the US."

"Our two countries have a strong, longstanding, productive trading relationship. We know that Canada is not the problem facing the US," stated Mr. Thomas Conway, USW International President. "From Day One in the discussion about Section 232 actions on steel and aluminium, we have opposed tariffs on Canada. We continue to advocate for negotiated solutions between our two countries that preclude tariffs and build on our great trading relationship."

Both trade unions encouraged the Canadian government to respond with retaliatory tariffs.

"The Canadian government must respond with retaliatory tariffs on a wide range of US exports, given the Trump administration's disregard for the 2019 agreement and the absence of any justification for 'national security' tariffs on Canadian aluminium," Mr. Neumann of the USW continued. "It is now time for Canada to stand up for Canadian aluminium workers." Unifor concurred: "A policy designed for Russian and Chinese exports has been recklessly applied to Canadian producers," said Mr. Dias of Unifor. "Prime Minister [Justin] Trudeau must respond with severe countermeasures."

Others in the business community in Canada also encouraged the Canadian

government to retaliate against the American decision on the tariff.

The Canadian government moved swiftly to not only condemn the action of the USA, but has also begun efforts to implement new tariffs of its own on a variety of products imported into Canada from the USA. According to a statement from Canada, "These countermeasures will take effect by September 16, 2020, and will remain in place until the US eliminates its tariffs against Canada. The countermeasures will not apply to US goods that are in transit to Canada on the day on which these countermeasures come into force." The value of those imports is estimated to be in the range of \$2.7 billion (US).

It may be useful to look back to 2018 when the USA imposed the Section 232 tariffs on both aluminium and steel imported from many nations into the USA. The name of these specific tariffs come from the "Section 232" of the Trade Expansion Act of 1962 passed by the US Congress and signed into law by President John Kennedy. These tariffs are based on protecting the national security of the USA.

The bulwarks for the imposition of the initial aluminium tariff, in particular, were outlined in a detailed report entitled "The Effect Of Imports Of Aluminum On The National Security." This 240 page report was issued on January 17, 2018, and has been used by President Trump as justification for the tariff on aluminium imports.

The concepts outlined in this report can be summarised in two major ways: 1. The USA needs to have high-purity aluminium produced within the USA for use by the military in its defence of the USA; and 2. The USA needs to make sure that the aluminium industry overall is healthy enough in the USA so that businesses will be able to economically and efficiently produce the high-purity aluminium. Without both elements, the argument goes, the military of the USA may become dependent on adversaries or potential adversaries for high-purity aluminium.

There is a certain logic behind the idea. If the aluminium industry overall is not efficient, it will not likely be economical. If the aluminium industry overall is not economical, it will not likely be profitable. If the aluminium industry overall is not profitable, investments in the aluminium industry will decrease. Eventually, the aluminium industry could further wither in size. At some point, the aluminium industry would not be able to produce the aluminium products needed for the national security of the United States of America. Therefore, the Federal government of the USA must take

steps to assure the efficiency, economics, investment potential, and profitability of the aluminium industry to assure the availability of the aluminium products needed by the military to protect the USA.

Canada is mentioned 109 times in this report. One mention of this nation noted that "Canada, which is highly integrated with the US defence industrial base and considered a reliable supplier, is the leading source of imports."

This report also includes testimony of Mr. Michael Bless of Century Aluminum Company in a public hearing held by the US Department of Commerce on June 22, 2017. In his testimony, Mr. Bless detailed the serious threats from China and others within the aluminium industry. In this same testimony, Mr. Bless also stated that "As a contiguous, friendly neighbor, Canada is a safe and reliable source of supply. In Century's view, Section 232 relief can be effective without applying it to Canada."

The sentiment of Century Aluminum Company at that time was joined by others in the aluminium industry. For example, Mr. Marco Palmieri, Senior Vice President and President of Novelis North America, testified at the same hearing that "Novelis believes it is important for the Department [of Commerce] to recognize that the aluminium industries of the United States and Canada are intertwined, with Canada playing a vital role in support of US aluminium manufacturing efforts... Therefore, to ensure the viability of the US aluminium industry, the Department should exclude Canada from any remedy recommendation made in its final report."

While Mr. Bob Prusak, then the Chief Executive Officer of Magnitude 7 Metals, did not explicitly state that a Section 232 tariff should not be applied to imports of aluminium from Canada, he did offer the following testimony: "Finally, I would stress that excluding any import sources other than Canada from Section 232 relief would undermine any relief granted to the point where the US industry would see virtually no benefits."

The 218 mentions of "China" in the report and the accompanying public testimonies were far less complimentary than the kind words expressed by almost all within the aluminium industry regarding Canada: "Chinese overproduction [has] suppressed global aluminium prices and flooded into world markets."; "China's aluminium production is largely unresponsive to market forces."; and "A major factor contributing to the decline in domestic aluminium production and loss of domestic production capacity has been excess production and capacity in China, which now accounts for over half of global aluminium production."

While the USA temporarily exempted

Canada initially from any Section 232 tariffs, the USA did impose Section 232 tariffs on aluminium and steel imports from Canada into the USA as of June of 2018. Those tariffs remained in force through May of 2019.

At that time, the USA indicated that it would “snapback” tariffs if certain conditions occurred. It is the view of the USA that those conditions occurred; it is the view of Canada, most of the aluminium industry in both nations, and the two major trade unions representing aluminium workers that nothing has materially changed to warrant the re-imposition of tariffs that almost all of them initially opposed anyway.

All of the statements regarding the imposition and re-imposition of the Section 232 tariff on aluminium are couched in terms of securing the national defence of the USA.

But that logic misses several key facts.

The Congressional Research Service issued its “Section 232 Investigations: Overview and Issues for Congress” updated as of April 7, 2020. In this report, this service that is part of the US Congress stated that “Canada is considered part of the US defence industrial base according to US law and is also a top source of US imports of steel and aluminium.”

By Federal law of the USA, the aluminium facilities in Canada are regarded as if they were aluminium facilities within the actual territory of the USA. The specific law is “10 USC Ch. 148: National Defense Technology and Industrial Base, Defense Reinvestment, and Defense Conversion.” This law explicitly states that “The term ‘national technology and industrial base’ means the persons and organisations that are engaged in research, development, production, integration, services, or information technology activities conducted within the United States, the United Kingdom of Great Britain and Northern Ireland, Australia, and Canada.”

(Yes, the same US law applies to facilities in the UK and Australia.)

Beyond the fact that aluminium facilities in both Canada and the USA are considered, for national defence purposes of the USA, to be part of the same “national technology and industrial base,” the USA and Canada jointly protect each other’s territory through treaty agreements. There is no light between the two nations when it comes to mutual defence of North America.

The argument that Canada is a threat to the national security of the USA is an argument that is difficult to make. But it is an argument made by the Administration of President Donald Trump when it comes to the aluminium industry.

The logic of the Section 232 tariff on Canada is further diminished considerably given the exclusions approved by the US Department of Commerce in the past more than two years. Businesses are able to be “excluded” from having to pay the 10% tariff on imported aluminium if a request is made to and granted by the US Department of Commerce.

Those requests have borne fruit. The vast majority of requests made to be excluded from the Section 232 tariff on imported aluminium have been approved by the US Department of Commerce.

According to a report of The Aluminum Association, as of August 4, 2020, a total of 19,336 exclusion requests – requests by businesses to not pay the Section 232 tariff on aluminium imported into the USA – have been made since March 29, 2018. Of that total, The Aluminum Association indicated that 13,395 were granted, 3,171 were denied, and 2,760 remain to be decided.

Overall, using the statistics from The Aluminum Association, the approval rate is 80.9% for all exclusion requests decided by the US Department of Commerce as of August 4, 2020.

Among the businesses granted exclusions from the Section 232 tariff were ones given permission to import aluminium from such nations as France (216 requests granted to businesses to import aluminium from France itself; 399 additional requests to import aluminium from France and other nations together), Russia (10 requests granted to businesses to import aluminium from Russia itself; 7 additional requests granted to import aluminium from Russia and other nations together), and Sweden (361 requests granted to businesses to import aluminium from Sweden itself), among many other nations.

Of the requests granted, 1,584 involved approvals granted to businesses to import aluminium from Canada itself; 26 additional approvals were granted to import aluminium from Canada and other nations together.

Overall, the USA granted approvals for 1,610 requests from businesses to not pay the 10% tariff on aluminium imported

from Canada.

The requests granted also included approvals to businesses to import aluminium from China. A total of 802 approvals were granted to businesses to not pay the 10% tariff for aluminium imported from China itself, 366 additional approvals granted for aluminium imported from Hong Kong (part of China), and 1,117 additional approvals granted for aluminium imported from China and other nations together.

Overall, the US Department of Commerce granted approvals for 2,285 requests from businesses to not pay the 10% tariff on aluminium imported from China (including Hong Kong).

Today, as you read this news column, please be aware that regardless of whether the Section 232 tariff is being applied to imports of aluminium into the USA from Canada, both nations continue to work together in their national defence.

For the people of Colorado Springs and many other communities in both Canada and the USA, nothing has changed. American and Canadian military personnel continue to jointly work together to defend the people of the United States of America and Canada. Citizens of both nations continue to serve as members of a joint command to protect the national security of the USA and the national security of Canada. There is no difference between the protections provided by these individuals to people living in Kentucky or in Québec. All are protected as part of the joint efforts for the national security of Canada and the USA.

This news column ends with quotes from the two men who lead these two nations. The quotes were included in a news release dated May 14, 2018, celebrating the 60th anniversary of the North American Aerospace Defense Command (NORAD):

“This unique binational military command is an enduring symbol of the important partnership between Canada and the United States – one that is essential to us both,” Canadian Prime Minister Justin Trudeau said in a statement.

US President Donald Trump also lauded NORAD for its success. The President said: “The valued partnership we share will help our militaries to counter emerging threats and pass on a legacy of peace and prosperity to future generations.” ■

Do you have questions about the aluminium industry? Governmental regulations? Company operations? Your questions may be used in a future news column.

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