

## ***Let's focus on the real issue: Chinese overcapacity***

A recent op-ed by a beer maker claims that Alcoa has kept regional premiums for aluminum high, even after the U.S. government lifted tariffs on aluminum imports from Canada and Mexico. (Aluminum Suppliers Kick Our Cans, *The Wall Street Journal*, July 23, 2019)

It's important to note that Alcoa does not set the regional premiums for metal—they are published by independent, third-party agencies, such as S&P Global Platts. Further, the all-in price of primary aluminum, which includes the price of metal on the London Metal Exchange and the regional premium, is down about 10 percent since the tariffs were implemented.

As for the tariffs themselves, we've been clear that we do not believe they are the answer to the aluminum industry's woes, which stem from unfairly subsidized Chinese overcapacity. In fact, China accounts for more than 56 percent of the world's primary aluminum production compared to about 10 percent in 2000. It's why we've objected to can makers' attempts to import Chinese can sheet into the United States.

Tariffs remain in place for aluminum imports from numerous countries, including China. Those tariffs have impacted pricing in the North American market as the region remains in a supply deficit for primary aluminum. So, current metal pricing is simply a matter of supply and demand—the metal's end use doesn't matter. The market is responding to dynamics in North America.

As far as our can sheet products, we price them according to individual contracts that are negotiated and agreed upon by our customers. That said, can sheet prices are about the same as they were 25 years ago. To suggest that there's something untoward in our commercial interactions is simply unfair and inaccurate.

To support a healthy U.S. aluminum industry, Alcoa continues to call for government action to address the Chinese overcapacity that has plagued the industry. We are encouraged by ongoing discussions among the U.S., Japan and European Union governments, and wholeheartedly support the call of global aluminum associations for G7 action to strengthen trade rules governing industrial subsidies and state-owned enterprises.

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