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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

(USTR) PROMOTING SUPPLY CHAIN RESILIENCE

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Great Northern Building
180 East Fifth Street
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Reported by: Jonathan Wonnell, RMR

P R O C E E D I N G S

MR. BAN: Good morning, everyone, and welcome to this public hearing on promoting supply chain resilience convened by the Office of the United States Trade Representative. I'm Victor Ban, Special Counsel at USTR.

MR. GUNDERMANN: I'm Chris Gundermann, Director for Intergovernmental Affairs and Public Engagement.

MR. BAN: On behalf of all of our colleagues at USTR and our partners across the interagency, I want first and foremost to welcome and express our sincere gratitude to all of you. Thank you for taking the time to participate in this public hearing process and for sharing your views at this important inflection point in the development of U.S. trade policy.

For your awareness we are joined remotely today by a few colleagues from USTR and from the Department of Commerce, not members of the public, online via Teams this morning.

I'll offer some brief opening remarks before we get started. First, USTR's Federal Register notice of March 7th provides an overview of how USTR understands supply chain resilience and its significance within a broader shift in U.S. trade and investment policy away from a focus on short-term cost efficiency and tariff liberalization.

As the notice explains, the question of how to enable supply chains to bounce back quickly after crises or disruptions is an important one. But it's only one dimension to resilience. For USTR supply chain resilience is multifaceted, encompassing transparency, diversity, security and sustainability.

So what does this broad resilience mean in practical terms when it comes to trade and investment policy? That's why we're here today. We want to understand from all of you where the challenges and pain points are and where potential solutions may lie, whether through existing trade tools or new ones.

Importantly, we don't want to limit this hearing or the public comment process more generally to USTR's existing trade policy strategies and approaches. That's why our initial notice didn't catalog USTR's many efforts in this space. We certainly welcome any discussion of existing tools. But USTR's invitation was more open-ended and we welcome blue-sky thinking about possibilities for the future. Thank you all for accepting that invitation and for joining us here today.

That brings me to my last point. Amid all of the heightened policy interest in supply chain resilience it's crucially important that we as the Federal Government recognize the fact that the actual building of supply chains isn't the sole work of the government. Rather, supply chains are born through the collective efforts of workers, businesses large and small, communities and civil society, enabled by sound government policy.

We need your partnership and expertise to develop thoughtful and durable policies and to help all Americans prosper and thrive. In this spirit in addition to the hearing held in DC two weeks ago and here in St. Paul we'll have additional hearings later this month in New York City and virtually.

Thank you, once again, for being here and for working with us in this endeavor.

MR. GUNDERMANN: And then just a few process points before we get underway. The agenda for this hearing is posted on the USTR website and you can go to ustr.gov under trade topics and you'll see a tab for supply chain resilience and the agenda is linked off of that page.

The run of show is that we will first

receive all testimony from the three of you in alphabetical order as shown on the agenda and that will ensure that each witness can speak for the allotted ten minutes before we move on to questions afterwards.

In responding to the questions, we ask that you please do try to be concise so that we can proceed through all our questions to hear from every witness. A word about the transcripts. As you can see, we do have a court reporter with us today who will prepare a transcript of today's hearing. USTR intends to post this transcript on our website as soon as possible after the conclusion of this hearing and each public hearing to follow.

Given that we are preparing a transcript I encourage everyone to speak clearly into the microphone and before you begin your testimony please do state your name and introduce yourself.

After the hearing our docket will remain open through June 4th to receive post-hearing comments. Note that as provided in our April 3rd Federal Register notice, USTR will permit any person to submit post-hearing comments so long as the comments respond to testimony provided in any of the four public hearings in this proceeding.

So any person includes not only the testifying witnesses but anyone in the room who isn't testifying. Anyone is welcome to submit comments if you want to respond to anything stated during this hearing or in future public hearings.

If any witnesses are asked questions that require further research or factual information, it's also acceptable to state that you will respond and follow up in a post-hearing comment.

Lastly I want to acknowledge the tremendous contributions of Laurence Reszetar, Director of International Business Strategy at the Minnesota Trade Office in the Department of Employment and Economic Development. Thank you for all of your support and your vision in making this public hearing come together.

MR. BAN: Now with that let's proceed with our panel. Mr. Malan, you have the floor.

MR. MALAN: Thank you very much. I'm Todd Malan. I'm Chief External Affairs Officer and Head of Climate Strategy for Talon Metals, a company based here in Minnesota. And we're thrilled to have the USTR here in the region for these field meetings. I will submit my full testimony for the record, but I just want to extend today for oral presentation and summarize.

Talon Metals is a publicly traded mineral resource company focused on discovery and development of high-grade deposits that contain nickel, copper, cobalt, and iron in the Lake Superior region of the United States. Talon is presently conducting mineral exploration activities in Minnesota and Michigan, is proposing an underground nickel mine in central Minnesota in the state's permitting system and is starting the federal and state permitting process for its proposed Battery Mineral Processing Facility in Mercer County, North Dakota.

In 2023, Talon was selected for $20.6 million in funding from the Department of Defense to support its nickel exploration in the United States. In addition, Talon was selected for $114 million in funding from the Department of Energy to build the Battery Mineral Processing Facility in North Dakota as part of the Bipartisan Infrastructure Law in 2022.

These public-private partnerships greatly enhance America's ability to access its own mineral wealth and allow the U.S. to be competitive in the production of nickel. However, strong U.S. trade policies are needed to combat unfair competition from minerals produced at lower environmental and labor standards.

Critical minerals are essential to our clean energy economy and national security including for batteries used for energy, transportation, industrial, and defense applications. Minerals like nickel are also key ingredients in major defense programs. The HY 80 high-strength submarine qualified steel that is required in a Virginia class nuclear submarine is produced with nickel as a strengthening alloy.

We appreciate the inclusion of critical minerals as a sector of importance in the recent Request for Comment published by USTR and are glad that critical minerals' role in secure supply chains is recognized in U.S. trade and competitiveness policy.

President Biden has articulated a vision for responsible mining of domestic critical minerals that protects the environment, ensures good jobs for working people, respects tribal sovereign governments and reshores manufacturing and production to the United States.

The Talon Metals team shares this vision of responsible mineral production and has taken a different approach to mining, extracting and processing critical minerals in the United States to meet these high standards. For example, in 2021 we agreed to a neutrality agreement and workforce training partnership with the United Steelworkers Union. We have signed commitments to construct our operations in the United States under project labor agreements with the building trades unions in North Dakota and Minnesota.

We have conducted information sharing with proximate tribal sovereign governments and seek to share economic benefits with tribal people in the areas where we operate. We conduct quarterly community meetings and have an open-door policy at all our operations to answer community questions about our plans.

We have shaped our initial mine proposal to respond to some of the feedback that we have heard from the community and will continue to do so as we move through the various permitting processes in Minnesota, North Dakota and Michigan.

One of the things I want to focus on today is China's effort to achieve strategic dominance in critical minerals. Over many decades, China has strategically and systematically built up its capability to produce critical minerals from mining through to recycling. This strategic imperative of the government involves obtaining access to raw materials around the world, investing in refining capability both in China and abroad and investment in recycling systems.

In some elements China controls much of the world's extraction and processing capacity. Recent reports show that China controls 90 percent of the entire world's ability to produce graphite. For the element gallium, which is used in new high-capacity semiconductors, China enjoys 100 percent control of production and supply.

This position of dominance is planned and strategic. This is not a strategy to secure domestic supply for China. The goal is to achieve global dominance in a particular mineral in order to control supply to ex-China customers. Export bans to restrict supply or flooding global markets to drive down global commodity prices and therefore undermine the economic viability of alternative sources of supply outside of China are the options that China can leverage once a market-dominant position is achieved.

In recent months, global commodity markets for battery minerals such as cobalt, nickel and lithium have been swamped by oversupply from China or Chinese companies operating in third countries like Indonesia. Many experts observe that this is a pattern of behavior that is squarely aimed at undermining efforts to build up secure supply chains in critical minerals currently dominated by this Chinese production.

China uses its state-owned banks to finance critical mineral production outside of China with low to no cost loans and without regard to domestic or global demand. China realizes its goal of market dominance in certain mineral production through this state financing mechanism, which is not required to meet the conventional commercial return expectations of private lenders.

We are witnessing in real time an effort to undermine the security of supply for critical minerals, particularly for those produced according to the high standards set forth by the U.S. and allied nations. This undermines the investments we are making at home to create a secure critical mineral supply chain for critical technologies and creates dependency on China for these minerals that greatly threatens our economic and national security.

USTR should consider using its trade

policy tools to blunt the effects of China's efforts to dominate and control critical mineral supply chains. I would note the announcement today under Section 301, and we very much applaud those actions, particularly the inclusion of critical minerals like nickel and graphite.

In addition we urge the Administration to undertake a new Section 301 study focused on critical mineral supply chains, partnering with the Department of Commerce to pursue Section 201 or Section 232 tariffs, or initiating a review of all HTS codes associated with critical mineral supply chains to ensure that all materials are receiving proper scrutiny for tracking and reporting purposes.

U.S. manufacturers are also fortunate to have access to not only domestically produced critical minerals like nickel but also supply from longstanding allies like Canada and Australia which also have deep reserves of critical minerals in their geology. The U.S. must work closely in collaboration with allies like Australia and Canada to jointly adopt policies that support development of secure supply of critical minerals.

I would note in conclusion that the United States has recently expanded its collaboration with allies, introducing new critical minerals agreements swith nations that share our strong standards and values. It has signed one CMA with Japan and has entered negotiations with the European Union.

While a priority must be given to initiatives that facilitate onshoring of critical mineral supply chains, we encourage USTR to complete CMA negotiations to only enter into those negotiations with select U.S. allies. CMAs and similarly structured free trade agreements with allied countries help develop alternative supply chains rooted in ethical trade practices and international cooperation, providing a sustainable alternative to Chinese producers operating in China and third countries like Indonesia.

However, we understand the USTR has also held talks with Indonesia bilaterally and as part of the Indo-Pacific Economic Framework regarding Indonesia's desire to begin negotiations with the United States on a narrow free trade agreement covering only minerals.

We share concerns raised by organized labor, environmental NGOs and many Members of Congress regarding Indonesia's standards for labor rights, environmental protection, safety and overall respect for human rights. Indonesia also has laws restricting trade in critical minerals and Indonesian officials recently proposed an OPEC-like cartel for nickel-producing countries, policies that are clearly antithetical to the common understanding of free trade agreements.

Due to its decision to partner with China, Indonesia is the world's largest producer of nickel. But the rapid expansion of Sino-Indonesian nickel production has exacerbated the negative environmental impacts, worker safety risks, poor waste disposal practices that impact ocean health, lack of community engagement and significantly higher embedded CO_2 footprint when compared to U.S., Australian, or Canadian nickel production.

Each of these concerns are laid out in a bipartisan Senate letter sent to USTR as well as the Departments of Commerce, Treasury, and Energy last year.

Aside from the dominance of the Indonesian mineral industry by Chinese companies these other issues remain unaddressed. For these reasons the U.S. should not start negotiations with Indonesia on a narrow critical minerals agreement. CMAs should be reserved for countries that have in place strong labor, human rights and environmental standards.

Given the size of the Indonesian market and the many trade barriers faced by U.S. exports to Indonesia, the U.S. should only engage in discussions of a traditional comprehensive free trade agreement that would also open Indonesian markets to U.S. exporters in other sectors.

In sum, we urge USTR and other agencies to continue to promote policies and guardrails that incentivize purchasing materials produced using the highest labor and environmental standards. These materials are essential to our national and economic security and USTR should pursue all available avenues to ensure strong, secure, and resilient domestic and allied critical mineral supply chains. Thank you.

MR. BAN: Thank you, Mr. Malan. Mr. Weber, you have the floor. Excuse me. I think we're going alphabetically. Excuse me. Mr. Greenberg, you have the floor.

MR. GREENBERG: My name is Peter Greenberg and I am a 24-year union member and I currently serve as the Special Assistant to the International President for Trade and Globalization at the International Association of Machinists and Aerospace Workers. I thank Ambassador Tai and USTR for the opportunity to testify today.

Our union represents over 600,000 active and retired members in the United States and Canada across a variety of industries. We have some of our members here today from Minnesota and I thank them for their support. We have a large presence in manufacturing, particularly in aerospace, and our members have seen firsthand the effects of the interruptions to our nation's supply chain, both as consumers and as workers.

Indeed our members who made parts for aerospace, auto and other manufacturing sectors were the reliable U.S. supply chain for decades. The off-shoring of this work to low-wage countries has meant that our nation has lost the ability to make these inputs, which is a significant contribution to the brittle supply chains that we're currently experiencing. Today our members' production work is often interrupted because of a lack of parts now supplied by only one or two producers halfway across the world.

Here in Minnesota the IAM represents several thousand members in diverse sectors such as auto repair, manufacturing, pulp and paper, and airlines. Among our largest employers here are

Eaton, which makes electronic systems, Toro, which is world renown for its snow equipment, headquartered not too far away in Bloomington, Polar Tank, Boise Paper and United Airlines.

Nearly all of these members have been impacted by supply chain weaknesses in recent years. A current example is the more than 500 members here in St. Paul under collective bargaining agreements with the St. Paul Automotive Dealers Association. Our members are not able to complete repairs as quickly due to an ongoing lack of parts as the automotive sector struggles to recover from pandemic-related supply chain failures.

These lead to complications in our work sites including long turnaround times and customers who do not have their vehicles to get to work and to take care of their families. Amplify that across sectors, including the sensitive military production work that our members do, and it is clear why improving U.S. supply chain resilience has been a longstanding goal of the machinists union.

Our organization continues to be encouraged by USTR's robust focus on the interests of all Americans when it comes to the Biden Administration's strategic trade and manufacturing policies. These policies will help revitalizing the communities nationwide hurt by decades of previous presidents repeating the same failed trade policies.

The Administration's thoughtful approach to building an economy that delivers for working people is a critical aspect of strengthening supply chain resilience. One very recent example of the Administration's strategy in action is the Section 301 investigation launched by USTR into unfair shipbuilding practices by the People's Republic of China.

I'll also add of course yesterday's actions as well to that. My testimony was already typed by that point, but we thank you for that as well.

As a union representing thousands of members in commercial and military shipbuilding, we are very aware of the specialized skills and facilities required to undertake this work. We are especially aware of the critical importance of having a robust domestic shipbuilding industry to meet the needs of America's consumers as well as to ensure our nation is able to maintain a strong national defense.

For the many Americans who, unlike our members, had not previously experienced the downsides of corporate America's off-shoring, the COVID pandemic was their first exposure to the lack of crucial goods caused by outsourcing. All of America learned that for a reliable supply chain, nothing surpasses American workers making these products in the United States and that nothing is riskier than having key goods only produced in one or a few distant locations by too few companies.

We are pleased to see USTR taking the forefront to ensure a coordinated trade policy that is a central part of the Administration's broader strategy to create well-paying jobs, reliable access to affordable goods for American consumers and enhancements to our national security. The IAM is also part of the Labor Advisory Committee that has also submitted detailed written testimony to this topic.

To summarize a few remaining points, the Administration's effort to rebuild U.S. production capacity is a key aspect of improved supply chain resilience. We're seeing the highest level of investment in factory construction here in the United States in decades. This construction boom has been triggered largely by the Biden Administration's policies that are designed to further develop supply chains at home. Key policies such as the Inflation Reduction Act and the CHIPS Act will not only help grow the number of good jobs available for American workers, but will reduce our dependence on other countries to reach our supply chain needs.

Properly focused industrial investment also means providing the necessary financial support for our industrial base. Another important link in our investment policy is the Export-Import Bank which is a key way for American firms to remain competitive while building relationships with overseas partners.

Near-shoring is not a substitute for domestic production capacity. We believe that while having production located in countries that are more closely allied with the United States is beneficial, there is no substitute for having American workers building the products that are needed in our supply chain. Real supply chain resilience requires that as a large country endowed with many natural resources we rebuild production capacity in key sectors.

We must focus on beneficial ownership of production facilities, not just location, when setting rule of origin in trade policy. We are concerned by growing moves by China moving into Mexico using Mexico as an export platform to ship goods into the United States under USMCA. In determining what trade treatments certain goods should be given we must consider not only where the goods were produced, but also the origin of their firms and their investors.

We are particularly concerned with Chinese electric vehicles using Mexico as a production location, undermining the growing U.S. EV industry as well as attempting to circumvent U.S. tariffs on goods made in China.

We must preserve strong defenses against trade cheating. China's producers, particularly again in the EV sector, and also in components, are beginning to expand investment and production in third country markets. We support a vigorous program of tariffs on Chinese EVs with special attention to trans-shipment and circumvention.

Any future trade agreements or critical mineral agreements must include robust ILO convention-based labor provisions that are enforced both nation-to-nation and on a facility-specific level to protect workers and to ensure that our supply chain is free of forced labor. Supply chain resilience requires workers to have a voice in their workplaces. The USMCA set out specific enforcement mechanisms such as the Rapid Response Labor Mechanism which can directly penalize nations for noncompliance.

The Rapid Response Mechanism has shown benefits in the North American automotive supply chain by allowing Mexican workers the freedom to elect unions of their own choosing in their workplaces. As the aerospace industry grows in Mexico, we urge the Administration to use the Rapid Response Mechanism under USMCA to secure the same freedom of association for workers in international aerospace firms.

A strong supply chain means ensuring that American workers are kept safe and forced labor goods are kept out. The de minimis rule allows packages under $800 in valuation to enter the United States with minimal chance of inspection, and they're not required to pay duty and taxes. Foreign producers, particularly those in the People's Republic of China, take advantage of this loophole to skirt Section 301 penalties as well as the ban on Uyghur forced labor goods as well as to import dangerous and fake goods.

Shipments could include counterfeit foreign-made parts that then enter our supply chains. An even greater threat to American workers is the use of this loophole to ship illegal drugs containing fentanyl into the United States where it promptly enters local communities and contributes to the current opioid epidemic. Closing the de minimis loophole would protect our supply chain by keeping both counterfeit items and illegal drugs out of our nation.

Strong Buy America policies are another method to support a powerful supply chain at home. We appreciate the Administration raising the domestic content level for goods to qualify for Buy American preferences, but the Administration must close the trade agreement loophole to buy American. Otherwise it waives the domestic content rules for all contracts above a low threshold.

Finally, while the priority is creating trade and manufacturing policies that create jobs, we also must ensure that the U.S. strengthens its program of trade adjustment assistance to provide support to American workers who, through no fault of their own, have seen their jobs disappear as a result of years of misguided trade policies under previous administrations. Having a strong program of aid to retrain American workers means they will be ready to move into new jobs created due to the Biden

Administration's efforts toward increasing domestic production.

For too long American workers have been the collateral damage for misguided trade policies. Supply chains moved offshore to maximize corporate profits, and these moves were enabled by short-sighted trade policies. USTR has begun to lay the groundwork for a trade policy which focuses on the interests of all Americans. We appreciate the worker-centered trade policy that will strengthen our supply chains, create jobs and improve our national security.

We thank you for the opportunity to testify today.

MR. BAN: Thank you, Mr. Greenberg. Mr. Weber?

MR. WEBER: Good morning. My name is Jason Weber and I am the Vice President for Operations and Government Affairs at the Aluminum Extruders Council, a trade association dedicated to servicing the needs of U.S. extruders. AEC members account for 80 percent of U.S. aluminum extrusion production and have over 80 extrusion operations across 31 U.S. states.

In 2010 several AEC members formed the

AEFTC, an ad hoc coalition of U.S. aluminum extrusions manufactures, to file antidumping and countervailing duty petitions with the U.S. Department of Commerce and the U.S. International Trade Commission in order to curb dumped and/or subsidized imports of aluminum extrusions from China that were crippling our industry.

I would like to start by thanking the Office of the United States Trade Representative for the opportunity to speak today about the ways in which U.S. trade agreements like the United States-Mexico-Canada Agreement and the Dominican Republic Central America Free Trade Agreement are being used as back doors into the U.S. market by non-market economies like China and Russia.

Not only does this backdoor access completely undermine the much-needed protection of trade remedies, it also provides means, motive, and opportunity for producers in non-market economies like China and Russia to target the U.S. industry at increasing levels.

To illustrate how this is happening, consider that the Government of China is providing massive subsidies for Chinese investments in production in countries like the Dominican Republic and Mexico which have proximity to the United States market and preferential access through free trade agreements.

As can be seen in these pictures, which the AEC will provide in its post-hearing submissions, Chinese-owned companies like Kingtom Aluminio have rapidly built up aluminum extrusion finishing and fabrication operations in the Dominican Republic. These operations are used to funnel Chinese-origin aluminum extrusions into the U.S. market under the umbrella of protection of CAFTA-DR.

In just three years, between 2016 and 2019 Kingtom built a combined 687,000 square foot manufacturing site for finishing and fabricating Chinese-origin extrusions at the location in the Dominican Republic. These are in pictures 1 and then 2.

The company has continued to expand the site over the years as can be seen in these pictures, which would be number 3 and number 4, and as of February 2024 the combined square footage of this site has doubled to almost 1.5 million square feet, pictured here in picture 5. You can see that the construction is underway for an additional expansion.

During this time exports of aluminum

extrusions to the United States from the Dominican Republic have grown rapidly. These duty-free imports under CAFTA-DR have been crushing the same U.S. extruders that worked hard with the U.S. government to secure relief from unfairly traded imports from China, only to have those imports routed through the Dominican Republic completely duty-free.

To make matters worse, the Dominican Republic was recently left out of a fifteen country AD/CVD investigation of imports of aluminum extrusions because of the unique protections afforded the Dominican Republic through CAFTA-DR. Chinese producers are actively exploiting CAFTA-DR and they will not stop unless the trade agreement is amended to close the loopholes and end the perverse incentives.

Similarly, Chinese companies are taking full advantage of preferential import/export treatment under the U.S.-Mexico-Canada Agreement to target the U.S. market in several ways. For example, Chinese companies are using Chinese aluminum to assemble vehicles in Mexico and then export the vehicles to the United States and investing in extrusion presses in Mexico to bypass AD/CVD duties on these Chinese extrusions, and are using highly subsidized Chinese and Russian unwrought aluminum to gain a price advantage when they export their extrusions to the U.S. market.

In light of the numerous ways in which U.S. trade agreements like CAFTA-DR and USMCA are being exploited by non-market economies like China and Russia, the AEC proposed four solutions in its written comments to USTR. I will quickly highlight two of those solutions this morning.

First, USTR should renegotiate aspects of CAFTA-DR to close the loopholes that are being actively exploited by non-market producers and to impose restrictions that will prevent evasion of U.S. trade remedies.

Under this agreement, the United States currently treats the Dominican Republic as a Caribbean Basin Economic Recovery Act beneficiary country. This preferential status prevents the International Trade Commission from cumulating imports from the Dominican Republic with imports from other countries when assessing injury by reason of Dominican imports.

The upshot is that this provision makes it substantially more difficult to successfully petition for AD/CVD relief from unfairly traded imports from the Dominican Republic even as the country's producers ramp up production.

As I noted earlier, the Dominican Republic was recently let out of a fifteen country AD/CVD investigation of imports of aluminum extrusions because of this unique protection afforded the Dominican Republic through CAFTA-DR. USTR should renegotiate this provision affecting the cumulation of Dominican import volumes with other countries' imports for the purposes of meeting the thresholds required for petitioning for AD/CVD relief.

Furthermore, U.S. Customs and Border Protection has found the Chinese-owned company Kingtom with operations in the Dominican Republic we saw pictured here to be evading the existing AD/CVD on aluminum extrusions from China at least three times. Customs found that Kingtom is a company owned by Chinese nationals, located in the Dominican Republic, run by Chinese workers, using Chinese supplies, Chinese equipment, and Chinese raw materials.

However, Customs and the courts have recently reversed a number of those evasion findings, and as a result, imports from the Dominican Republic have steadily and significantly increased. CAFTA-DR should be renegotiated to prevent this type of abuse.

Second, the USMCA automotive rules of origin should be revised to include a North American smelted and cast provision for aluminum. As part of China's Belt and Road Initiative, Chinese companies are making massive, unprecedented levels of investment in Mexico. The Government of China subsidizes these investments heavily to offload Chinese excess capacity into other countries and evade trade restrictions on Chinese-origin products.

For example, top Chinese electric vehicle manufacturer BYD is setting up a new electric vehicle factory in Mexico which will serve as an export hub to the United States. Chinese companies like BYD should not be able to use USMCA as a back door to push unfairly traded Chinese aluminum into the U.S. market and harm U.S. manufacturers. This disadvantages both U.S. automotive manufacturers that use aluminum that is smelted and cast in North America as well as U.S. aluminum producers and extruders.

Chinese companies have also moved significant numbers of extrusion presses to Mexico to target the U.S. market to avoid AD/CVD duties. For example, Chinese company Minth Group established an extrusion operation in Mexico through its subsidiary Minth Mexico. Customs recently found that imports of extruded aluminum automotive parts from Minth Mexico included transshipped Chinese aluminum extrusions that evaded AD/CVD duties. But Customs also found that Minth Mexico did produce some aluminum extrusions in Mexico.

This illustrates two aspects of the problem. The U.S. aluminum extrusions industry is harmed by both Chinese aluminum extrusions being illegally transshipped through Mexico and by aluminum extrusions produced in Mexico through massive Chinese government subsidies.

Adding a requirement to the USMCA automotive rules of origin that aluminum extrusion parts and components for automotives entering the U.S. from Mexico must be both smelted and cast in North America in order to receive preferential treatment under the USMCA would help remedy both aspects of this problem. In fact, the USMCA automotive rules of origin already contains a requirement that steel be melted and poured in North America to avoid similar problems.

The lack of such a requirement for aluminum allows Chinese companies to produce automotive vehicles and parts in Mexico using unfairly traded Chinese aluminum simply by processing or assembling the parts in Mexico and then export to the U.S. market with USMCA benefits. Adding a requirement that the aluminum be smelted and cast in North America would require new investments in Mexico to use North American aluminum.

This would help level the playing field and ensure that U.S. trade agreements like the USMCA support the North American producers that it was designed to benefit instead of the non-market economy producers that are actively injuring the U.S. industry through unfair trade practices.

In conclusion, the Chinese government and other non-market economy countries like Russia are leveraging U.S. trade agreements with other countries against U.S. manufacturers. They are using countries like Mexico and the Dominican Republic as a back door to push unfairly traded products, including excess Chinese aluminum capacity, into the U.S. market duty-free. To fix this problem, U.S. trade policy must be amended to counteract these efforts and close backdoor access to U.S. markets.

The AEC once again thanks the Office of the United States Trade Representative for acknowledging and seeking to solve this critical problem. Thank you for the opportunity to share our industry perspective as a principal representative of the U.S. aluminum extrusion industry upon which so many U.S. supply chains depend.

I am happy to answer any questions you may have.

MR. BAN: Thank you, Mr. Weber, for your testimony and thank you, Mr. Malan, and Mr. Greenberg as well. We will now proceed with questions and I'll turn it over to Mr. Gundermann.

MR. GUNDERMANN: The first one to you, Mr. Malan.

MR. MALAN: Sure.

MR. GUNDERMANN: Something that you all touched on but we're very curious to hear you expand upon, in our work at USTR a very important dimension of what we have been pursuing with supply chain resilience in the critical minerals sector specifically is ensuring that our trade policy supports the work that your company and other domestic producers are doing to develop the U.S. critical mineral resources and the industrial base.

What are your recommendations for how we can do it better expanding on what you've already mentioned and other ideas that you didn't mention in your testimony?

MR. MALAN: As I said in my testimony, I think USTR has shown great care in terms of going out of the agency's way in my experience to really understand the complete supply chain and I think the Administration is to be commended for in particular really getting into the details of the critical minerals supply chain because it is really the beginning and the source of all of the manufacturing capability of the United States.

You know, there's this famous mining saying that if it's not grown it's mined. Everything you look around you has got some context around mining. And so I do think that the Administration has put a lot of effort in USTR particularly into understanding the unique aspects of this beginning part of the supply chain. I think hearings like this are a testament to that.

So more of the same I guess is my recommendation. And certainly I've always had the experience that whenever we wanted to talk about a particular circumstance where we think we're doing something that comports with the values of this Administration, so we're doing it right in the U.S.

or we're doing it right in Canada or Australia, but then there actually is production happening in lower standards of protection for labor or lower standards for protection of the environment.

I think USTR has always been welcome to the industry to come in and talk about those particular circumstances. I think it's particularly pernicious, though, as I tried to point out in my statement what we're seeing about China's strategy, government-led strategy to dominate and control particular elements that are critical, again, not through this very prudent and natural instinct for any nation to want to have security of supply, but to go to this level of dominance and control that affords them then the ability to have different levers to control prices. Those prices then end up undermining the viability of the projects that you're funding. And so I think that's the major point we've got.

I do think that this coordination with countries like Canada and Australia -- I've read about Deputy Prime Minister Freeland's comments recently about coordination between the U.S., Canada, Australia and others on critical minerals and that's vitally important.

My view is you're doing a great job in terms of listening to the industry, digging into the details, coordinating with allies. And I commend you for that effort.

MR. BAN: Thank you. So a follow-up to you, Mr. Malan. We understand that in the critical minerals supply chain one challenge to diversified supply chains is that a lot of the knowledge and knowhow and technology are concentrated not in the United States. And I'm curious about what Talon is thinking about that particular issue as you prepare to build out your processing facility.

MR. MALAN: Yeah. That's not been our experience. We're happy that we have this partnership with the steel workers union. That's really a strategic imperative for us in terms of working with people that know how to mine and can actually help us then to train and recruit American workers who may be working in other types of mining where they can be re-skilled for the underground context that we plan to do in our underground mine here in Minnesota.

And in terms of expertise in the processing, I actually think this is a key area of competitive advantage for the United States. We have some of the best mechanisms of innovation in chemical extraction, in metallurgical processing. Talon has really tried to take advantage of that whether that's participating with startups, whether it's working with the national labs, whether it's working with universities to try and find technologies that can be deployed that allow us to maintain our competitive position vis-a-vis China or even leapfrog over what China is doing with legacy processes.

I'll give you an example. We recently -- Argonne National Lab, who we have a creative partnership with, recently put out a press release about work they're doing with us to not only try to extract more nickel from the waste product that comes out of our concentration process that will be done in North Dakota, but also extract byproducts that also have value.

So if you just keep the legacy process of extracting nickel and copper from polymetallic ores, you actually end up putting the iron compounds into the waste product. So all of that iron then goes just to the waste pile. We need iron in a different type of battery chemistry. So LFP batteries, again, where the Chinese have global leadership on LFP battery production, there's only two proposed LFP battery gigafactories in the United States.

But what we're hoping to do with Argonne is actually be able to supply two battery chemistries from the same ton of rock. And we think that that efficiency of process and having an additional revenue stream again is a way that you can harness American innovation to stay competitive with Chinese suppliers.

So I'm actually quite hopeful on that front, both in terms of that we have the knowledge to do the mining that needs to happen in the United States and we have the knowledge to be able to do the processing. In fact we probably have an advantage in our universities and research labs to be able to do that.

The biggest thing is how do we bring products online without cutting corners in the permitting process, but do it deliberately at pace. That's the bigger snafu in terms of bringing things on in a timely fashion. We don't want to cut corners on permitting. We don't want to have the public feel that their views are not heard in terms of concerns about operations of any type. But we've got to be able to do it in an efficient way.

MR. GUNDERMANN: And just to follow up on the thing you mentioned earlier about your work force re-skilling, your partnership with the USW, that's a big area of priority for USTR. Are there any policies you would recommend to advance the development of the work force and developing a suitable work force here in Minnesota and in the United States to be employed in domestic extraction and processing and recycling of critical minerals as we scale up this industry?

MR. MALAN: I think there's a lot that the Administration is doing. The Department of Labor, the Department of Energy have a lot of support programs out there for companies like ours that were selected for grants. We are expected to do community benefit agreements. We are expected to do project labor agreements and those are things that we've stepped up to.

But I think there needs to be a recognition that that does come with a cost. So producing materials at high standards in which work force training is a key part of it and community consultation and travel discussion are a key part of it, that takes time and it does cost more.

So when we have minerals that we're competing against produced by Chinese companies in lower standard jurisdictions, that just really puts the U.S. supply chain at risk in my view.

So it's not only this awareness of the programs that the U.S. government is doing a good job on to build up the work force, but an awareness of what are we up against. And I think -- I know that the steel workers union was just asked by the State Department to travel to Indonesia and look at the labor practices and environmental practices in Indonesia. And I believe they have given the State Department a briefing on that. I don't know whether they've briefed the USTR about that yet.

But those are the kinds of things that I think you also have to be aware of, not only what can we do practically better in the United States to do work force training, et cetera, but what are those workers up against.

MR. BAN: Thank you very much. Mr. Weber. A few questions for you. So I appreciate your testimony about loopholes and rules of origin. So sort of a two-part question to start. First, I wanted to confirm that your concern about loopholes isn't limited necessarily to the products that your member companies make; it also includes concerns about downstream products that may contain aluminum.

That's the first question.

The second one is about your proposal of working in a smelt and cast requirement to certain rules of origin. You mentioned USMCA as one example. I think you also testified though about a concern about ownership and control of production, and in particular being traced to the PRC or PRC entities. And I think Mr. Greenberg also mentioned some of these issues around how the PRC entities are able to take advantage of rules of origin.

And my question is whether smelt and pour would really solve that because, as I understood your testimony, you're just proposing a requirement that the smelting and pouring happen -- excuse me -- the smelting and casting happen in the territory, right, in the agreement territory.

And so could you speak a bit to how that proposal would intersect with your concern about sort of the entity and its control of the funding?

MR. WEBER: Yeah. I think first of all we saw just a matter of a couple weeks ago at the end of April the Mexican government put a tariff on primary aluminum coming into Mexico and just last week they took it off because the domestic manufacturers in Mexico claimed that there wasn't enough. But in

North America there is enough. And I think but for Mexico having access to the Russian and Chinese material there's plenty of global supply of that particular material.

So I don't know what to say to the political reason why they did that. But what was a concern of ours is that they first did what was a good first step and then, again, they took it off.

Because that also comes back to the import monitoring that the USTR is doing which has been something that at least from the domestic industry we've been pushing for. It is part of the USMCA agreement that they monitor those imports that are coming in and then report them. However, they're not.

Now, that also goes along with the fact that, okay, so you report them, then what. Right? If there's no -- kind of the carrot and stick approach. If there's no penalty for not living up to your end of the agreement then we really don't have I would say an agreement.

So I think that's three parts, or three answers to your question, which is, one, there is enough supply, two, we have to monitor it and, three, there needs to be a penalty when you don't live up to

that agreement.
MR. GUNDERMANN: Do you have a follow-up?
MR. BAN: I think I just wanted to clarify. So the proposal then would be for the location of smelting and cast, but not necessarily in that particular part of the proposal not necessarily solving for the entity that may be doing the smelting and casting? Is that correct?
MR. WEBER: The entity.
MR. BAN: So I think you testified about a concern about PRC entities, right?
MR. WEBER: Mm-hmm.
MR. BAN: Locating within trade agreement regions to take advantage of rules of origin. And I just want to confirm my understanding that the smelt and cast part of the proposal may not solve for that particular concern. Now, there may be other tools that we can discuss, but I just wanted to understand whether the smelt and cast idea was intended to solve for that particular concern of entity control that's able to in your view create this back door.
MR. WEBER: Probably not directly, no. It wouldn't be our intention that the PRC set up smelters in Mexico, although obviously that could happen too. And I would think at the end of the day

that would be -- that would be fine.

To the example, that maybe the bauxite or the end feed products are not subsidized materials coming from China, but I think we all can understand that Mexico itself has no primary smelting capacity. That is in Canada, some in the U.S., but primary in Canada.

MR. BAN: Thank you.

MR. GUNDERMANN: And then switching a little bit to a more offensive question, where do your companies -- where do they export to, where would they like to export to, where should the U.S. -- where should we prioritize promoting exports domestically for your goods, into which markets?

MR. WEBER: So our member companies can export all over the world, but primarily it would be to Mexico and/or Canada, but primary Mexico. And I think as we've seen over the last several years, that the Mexican market has been basically -- it hasn't been closed, but it's become extremely competitive because of what's going on with China between Mexico and China whereas a lot of those extrusions that would have been shipped to Mexico and then come back in finished products from Mexico would have originated in the United States.

MR. GUNDERMANN: So it's mostly North America USMCA, covered by USMCA?

MR. GREENBERG: Yes, correct.

MR. GUNDERMANN: Okay. Thank you.

MR. BAN: So Mr. Weber, you testified a little bit about the evasion of AD/CVD trade remedies and I'm curious as to whether your members have a view of recent regulatory developments where the Commerce Department is now permitting trade remedy actions against transnational subsidization.

I'm just curious. If you don't have a view -- you didn't testify on that, but related somewhat to your concerns about entities that probably benefit from overseas subsidies issues.

MR. WEBER: I don't have any I guess comment on that. We can definitely cover that in our post-hearing submission.

MR. BAN: Thank you. And relatedly, beyond the proposals you testified about, are there any ideas that your members may have beyond existing trade tools to address global nonmarket excess capacity in the sector?

MR. WEBER: So, obviously, we're currently working to the extent that our global arrangement negotiations are still going on -- we're certainly all aware of the 332 investigation that is going on right now at the ITC. So we're definitely supporting those particular activities and engaging with those folks as needed.

As an industry right now we're very much involved in completing the ITC survey for 332 and providing our information as far as the greenhouse gas intensities around the production here in the United States.

MR. BAN: Thank you. Mr. Gundermann?

MR. GUNDERMANN: And Mr. Greenberg I'm excited to hear you talk about the RRM.

MR. GREENBERG: Yes.

MR. GUNDERMANN: We are big fans of the RRM.

MR. GREENBERG: As are we.

MR. GUNDERMANN: And especially Ambassador Tai. So thank you for mentioning that and we view it as a really unique model for instead of a trade agreement driving trade to the lowest common denominator, you can raise the floor. So the first question to you -- and I'm personally also very interested to hear your answer to this -- is what other ideas do you have that we can put in potential trade agreements to promote a virtuous cycle, race to the top on both labor and environment? What would you like to see in addition going forward?

MR. GREENBERG: And I think the RRM is like a starting point.

MR. GUNDERMANN: Yeah.

MR. GREENBERG: I think we would be happier with even more detailed systems that address worker issues. Mexico is a unique example because we had the issue of company unions or government-allied unions that were not properly representing workers. In other places I think we would perhaps have an opportunity to build structures from the very beginning.

Like imagine if RRM or other things had been included in the original NAFTA 30 years ago. We might be in a very different position, especially those Mexican workers who might have enjoyed decades of enhanced or more full rights at work.

So I think starting and thinking, okay, what kind of a model do we want to see going forward. And I think certain organizations like the Solidarity Center, for example, help to build trade union capacity in other countries. And not specifically citing like let's put them in a trade agreement, but to have participation of NGOs or even American unions to help develop relationships.

For example, we brought some Mexican union organizers to the States to take our organizing training. So things like that, again, having deep relationships would be a good starting point.

In terms of specific action, I think, you know, I want to say more penalties, but that we obviously know that's not always feasible. But I think sending a clear message to American businesses that as part of a free trade agreement you are welcome to invest in this other country, whatever country it might be, but that the workers should be treated similarly to how you treat your workers in North America.

MR. GUNDERMANN: So just as a follow-up, RRM or something like it in future trade arrangements, if you have any other ideas about other structures we'd be very curious about it.

MR. GREENBERG: Yes.

MR. GUNDERMANN: And then also I know environment -- I know you're not in environment, that's not your focus, but anything you have to say on the environmental side.

MR. GREENBERG: And definitely I will reach out to some other people who are more involved in the international, you know, boots on the ground type of things, who probably do have suggestions on what they would like in the RRM or something similar in the future.

The environmental honestly is something that we wrestle with as a union because our members do a lot of production involving a lot of metals and things that can be challenging. And we in fact passed a resolution at our last union convention in 2022 that we were going to come up with climate change statements that we want to advance.

I do think the Administration is moving in a good direction because we are saying, all right, we want good jobs, but we also want green jobs here at home. And it is trying to find the right balance. And extractive industries also many times have environmental consequences, but also provide a lot of well-paying middle class jobs.

And I was refreshed to hear a metal company talking about their partnership with the steel workers unions. And I think working together in those environments we can put our heads together and say, all right, how do we come up with a manufacturing strategy that also has an environmental focus.

MR. GUNDERMANN: Great. Thank you.

MR. GREENBERG: Sure.

MR. BAN: Thank you, Mr. Greenberg. You testified earlier about the construction boom that you see happening across the U.S. and you also mentioned the importance of strengthening TAA. So could you speak a bit to the re-skilling or work force development landscape you see? Do you see TAA sort of as needing to be focused more on that buildout of the public work force as opposed to necessarily re-skilling or changing the skill set of workers? We'd love to hear your thoughts on that.

MR. GREENBERG: Yeah. I mean, I think the trade adjustment assistance is a valuable tool to attempt to re-skill workers, but what we're seeing is, you know, there might be a bit of a mismatch as to where the workers losing their jobs are versus where some of this industrial development is going on.

Particularly a lot of the green jobs focus is happening in the South, electric vehicle supply chain and battery manufacturing is largely being concentrated in Georgia, Alabama, those areas. I think one reason is we're seeing particularly investment from South Korean companies who have auto manufacturing in those areas.

And I think that goes into a whole different argument about labor mobility and people being tied to their homes and unable to go to areas where there are good jobs or growing industries. However, I do think that structural mismatch can be overcome because I do think there are chips plants going into places like Upstate New York which has been historically an economically disadvantaged area lately.

So to try and get to the heart of your question, I think for some people unfortunately it might be too late to participate in this profound economic transformation. I think people who are baby boomers who might have left employment during the COVID pandemic or decided, you know, this place closed where I worked and I have enough to retire, I'll be okay.

So that might be a time where we focus energies on making sure that the next generation of workers is trained. And I think -- you'd asked a question of Mr. Weber here about the work force and how did he envision things going there. And I think we still believe very strongly in apprenticeships to develop the capacity to fill jobs.

And we have thousands of aerospace jobs where we don't have people with the right skill set to fill them. And I think TAA, if we could get the right training programs out there, might be a tool to say, hey, there's a great job for you in Wichita, Kansas, in a union aerospace factory. You might have to pack up and move but these are secure jobs with good pay and benefits and we want to make sure that there are skilled workers out there to fill those.

MR. BAN: Thank you, Mr. Greenberg. More generally do you have any additional suggestions for how the U.S. Government can better incorporate worker voices and community voices into its supply chain policies? I know that you mentioned your involvement with the LAC and your contribution there through our public process, but I'm also curious about any suggestions you have for a more inclusive approach to worker input?

MR. GREENBERG: I think what is really interesting is our members live these supply chain difficulties in their work places, but they don't necessarily understand why they're going on. They just know that the company is waiting on a part coming from South America or some other part of the world. So I think some education would be really useful.

Some of it -- we do have various training programs where we talk about labor history and international affairs to our members. And I would like to see more of that and I will have to talk to some of our training department folks to see if we can get some fair trade worked into there because I do think there is not as much understanding as I would like of the supply chain amongst the American public in general.

And that was why in my testimony I mentioned COVID was the first time that people in this country went into the store and the shelves were bare or they could not get what they wanted because the product couldn't come from another country when those supply chains were shut down.

So I think education we as a union certainly I think really do feel involved thanks to the efforts of the current Administration, Ambassador Tai, the USTR staff right now, at a level that we have not seen in the past. And I think that is really beneficial to let workers voices be amplified in your area and I think we have to do our part as worker organizations, be it the AFL-CIO, other unions, to inform our members of all that's going on.

MR. MALAN: I actually have one suggestion that is responsive to that question, if it's okay.

MR. BAN: Of course.

MR. MALAN: So I think one of the things that we think is one way for the voice of the worker or the community that have benefited by high standards of production in which they have a seat at the table in permitting, et cetera, is some sort of mechanism in which the government adopts a preference.

The steel workers have led a very innovative campaign around buy clean government procurement policies in which particular inputs that are manufactured at low CO2 levels are favored in government procurement. We're seeing a little bit at the federal level, but really at the state level.

And as I think about things like the IRA Section 30D requirements around the minerals that are in eligible batteries, that had basically the U.S. Government, Congress, Administration setting a preference around minerals or a part of the supply chain that are produced or assured to be produced at high standards.

And I think continuing that thought through into other parts where the U.S. Government makes major purchases, particularly the Department of Defense, where you had some sort of structure of privilege, preference, or buy secure -- I mentioned it in my testimony. I didn't have a chance to fit it into the ten minutes -- but that could be an area where, again, you would see the workers who benefit from high standards benefiting from a preference scheme in which the U.S. Government is using and leveraging its purchasing power to favor minerals produced at high standards.

MR. BAN: Thank you for that suggestion, Mr. Malan.

MR. WEBER: Could I add just a couple things?

MR. BAN: Sure.

MR. WEBER: I think just from the association perspective coming along with the training we have an active membership program for apprenticeships within our industry, because as you were questioning before about kind of the brain leak of what's going on right now as far as with baby boomers retiring and all of that, is that is a big push for us from the industry perspective, is to train, not only the next production workers, but also the next leaders for these companies.

Because there's no doubt that it's the draining of the work force right now that's really one of the things that we're concerned about as we move forward. So we're very active in doing that and taking those actions to ensure sustainability along the way.

And going a little bit more into what Todd was just talking about in changing kind of U.S. policy, one of the things we've seen, again from the association perspective, is when IRA, when that was passed, once it gets down to the departmental levels there are preferential U.S. products, but once it gets down to kind of that subcomponent level for extrusions, we're not -- we're in this building, right?

We're on the windows, we're the conduit that's running through the walls, different things that you don't necessarily see. At that point that U.S. production preference gets eliminated.

And that's one of the things that we've also been working hard at from the association level is to kind of push that agenda forward, is that those -- they're not high tech -- it's not high tech production, but these are the pieces and parts that go in your cars, that go in your trailers, that take the goods from the port to the store and that are in the buildings.

And it's not more important than the other things, but it's part of the sum and the whole and being able to incentivize that production is very important.

MR. BAN: Just a few follow-ups for Mr. Malan specifically about the plant facility in North Dakota. Do you expect that the processed material produced there would be mostly consumed domestically or would a portion be exported? Can you speak to that?

MR. MALAN: Yeah. We're fortunate enough to have an off-take agreement with Tesla. So Tesla will be the primary customer or foundation customer for about 75 percent of the estimated production of both the mine and the processing facility in North Dakota. And so our agreement with Tesla is that we will be providing them 75,000 metric tons of nickel in concentrate. That's the product that comes out of that facility.

Now, there's also copper with these other byproducts I mentioned earlier. Those are not yet contracted. But our assumption is that we will be sending the copper concentrate to one of the two smelters in the United States and then any of the other byproducts that are extracted. The goal is to put that into the U.S. supply chain. But we don't have contracts in place for those yet.

MR. BAN: Thank you. And then another follow-up, I noted that the plant facility in North Dakota is some distance from the mine in Minnesota, and we're wondering generally within the industry if you could speak to the factors that play into location of the processing operations.

MR. MALAN: Yeah. I think I mentioned in my testimony that we've done quite a bit of community engagement. We have an open door policy and we have quarterly meetings with community, regular information-sharing level meetings with tribal sovereign governments in our area.

So the area where we discovered the high grade nickel deposit is in central Minnesota about an hour west of Duluth in the town of Tamarack and in the county of Becker Country so in central Minnesota and in the Mississippi River watershed. That area is very water rich and basically the deposit is the old plumbing system of an ancient volcano that has been worn down over time. Very flat up there now.

But you can't help where Mother Nature

puts the deposits. But we did hear from the community and from tribal sovereign governments that they're highly concerned about the type of deposit -- and not to get too far into a geology lesson here, but the type of deposit we're in is a sulfide ore. And the great thing about sulfide ores is that they are very high grade.

So we have grades as high as 9 percent nickel and 16 percent copper. Globally you would say 1 percent would be high grade. So what's great about this is you can do a very discrete surgical mining operation. The problem is that sulfide ores do have risk that when they're exposed for a long period of time to oxygen and water they can create acid through a natural reaction. And so people do worry about acid rock drainage.

And so because the community was concerned about that we decided that we would do the processing and waste management in a drier environment. And so the decision to locate in North Dakota -- and we were fortunate enough to -- we did a search of over 18 different sites both in Minnesota and in North Dakota and we found a really good site that is an industrial site, a former coal mine site. We're repurposing that sort of coal country context industrial site and bringing what we would say is clean energy jobs to coal country which we see as a benefit.

But ultimately it really didn't add that much cost to our plans over -- the only operating nickel mine in the United States is the Eagle Mine in the Upper Peninsula of Michigan. Their concentrating facility is about 75 miles away from the mine and so they had to truck their material. So it's about the same cost basis.

But that's what I meant when I said earlier that we're taking a different approach to mining. If you just took the mine operation plan book off the shelf you would want to locate things as proximate to the mine as you possibly could. In this case there were significant community concerns and we tried to be responsive.

MR. BAN: Thank you for that context, Mr. Malan. I'll turn to Mr. Gundermann for the last question.

MR. GUNDERMANN: And this is one of Ambassador Tai's questions to wrap up the meetings with too, so it's directed to you both. We're just curious what lessons you have learned or your companies have learned about how to survive COVID supply chain issues. What did they take away from that, what did they integrate going forward, how has that changed your thinking?

MR. MALAN: You know, it's the old don't let a crisis go to waste lesson. We ended up -- we're primarily focused on mineral exploration. That requires people to go out in drill rigs and geophysicists and actually do drilling that helps you discover what's in the ground. During COVID a lot of outside contracting firms that would normally do that drilling shut down for a variety of different reasons.

We decided that we were going to actually buy some of the those drill rigs, bring that activity in-house. And what we learned from that activity of bringing it in-house is that we dramatically improved our rate of drilling, our latency of timing between understanding what was in the ore body and what was coming back from the lab improved dramatically.

So not every crisis is -- you can be forced into some decisions that are actually quite positive. And we've ended up bringing that -- we have our own in-house drill rigs and teams so our employment now is up to about 100 people. Many of those are in drilling.

And so, yeah, not all crises are negative experiences.

MR. GUNDERMANN: That's great.

MR. WEBER: I think for us within the aluminum extrusion industry it was flexibility which comes along with training. Also automation in the production facilities themselves. I mean, although there's only a certain level of automation we can do just because of the nature of the process, that was a big part of what our members implemented, was being able to automate their processes as far as possible, not just to reduce the amount of labor, but to basically be able to continue to operate through COVID and come out of basically the lock-downs and everything and just be able to have a facility that would run on a day-to-day basis.

So from the association level, again, that's where we've come up with a lot of member programs that we have in training and apprenticeship programs to make sure that we're helping them building robust operations.

MR. BAN: Thank you. Mr. Greenberg did you want to have the last word?

MR. GREENBERG: Well, I will say from a union perspective we also had to take a different focus on things as a result of the pandemic where we had our two largest sectors are aerospace manufacturing and airlines. So we had thousands of our members out of work.

We had Boeing aircraft stacked on runways, both new ones that the airlines did not want to take delivery of, as well as the existing fleets of airplanes just parked everywhere. And we had it brought into sharp relief, okay, where are we going as an organization and how are we going to get to the other side, and when we do, what do we want to look like.

And some of the things I think that have been mentioned through the testimony today have been strategies used by various organizations. Like, for example, I've mentioned we do training for our members and I would like to have more discussion of trade. Our training used to be done in a central location. Now training is delivered to the members across the country.

Our instructors travel across the U.S. and Canada to meet with our members. That didn't happen before. So they can take advantage of learning opportunities. We have -- also we have more remote work forces now which as a union has been a challenge because if you're a remote worker, you don't see your union representative or your steward every day and don't have an opportunity to interact or build some of the solidarity that we are fond of as a union.

So we've had to take on new challenges in social media and outreach to our members and also in the organizations that we partner with, NGOs, other unions, government agencies. And again the Biden Administration was clear in its goals to support American workers during that time, not specifically in a trade capacity, but ensuring that we were able to get through it.

And I think on the trade level we also see now more worker-centered trade policy and I hope that that will continue going forward.

MR. BAN: Thank you all very much for the robust discussion. This concludes today's hearing. As a reminder to all, our regulations.gov docket will remain open through June the 4th to receive post-hearing comments as provided in our April 3rd Federal Register Notice.

Before we adjourn the hearing I want to offer some very brief closing remarks. First and foremost on behalf of USTR and all of our interagency partners I once again want to thank all of our witnesses for taking the time to be here.

Supply chain resilience is a challenging and wide-ranging area of trade policy activity and inquiry. And as I mentioned in my open remarks we as the Federal Government can't go it alone. Thank you for sharing your stories, your concerns and your expertise.

Over the coming days and weeks, I expect that we'll all begin to reflect on this hearing and the insights and questions that it may have raised. As we begin this process I first invite you to consider the proposition that supply chain resilience represents a new paradigm in trade and investment policy.

The U.S. and other like-minded trading partners around the world are increasingly interested in understanding where and how goods are produced for a wide range of policy regions. Within this new paradigm we then need to confront and rethink important questions. How can trade policy complement our domestic economic policy? How can the U.S. and its like-minded partners deepen and evolve our trade and investment linkages? How can we imagine new ways of expanding not only the quantity of trade, but also the quality of that trade?

These aren't fundamentally new questions to be sure, but when viewed through the lens of supply chain resilience it may call for new answers. How best to promote supply chain resilience isn't an easy question to tackle. Solutions may vary by sector or even by product and will take time to formulate.

But by convening here and participating in this hearing today, we've all demonstrated our common commitment to those basic questions themselves and to better serving all parts of the American economy.

USTR and our interagency partners look forward to continued engagement with all of you. Thank you, once again.

MR. MALAN: Thank you.

MR. WEBER: Thank you.

MR. GREENBERG: Thank you.

MR. BAN: And that concludes our hearing. I think we're now off the record.

(Whereupon, at 11:26 a.m. CDT the public hearing concluded.)

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REPORTER'S CERTIFICATE

STATE OF MINNESOTA)

ss.

COUNTY OF RAMSEY)

I, JONATHAN WONNELL, do hereby certify that I was present at the time and location indicated in the within transcript and produced a stenographic record of the proceedings in the above-entitled matter; and that I have transcribed the within transcript from my stenographic record; and that the within transcript is a true and accurate record of the proceedings.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties involved in this matter; and that I have no contract with the parties or persons with an interest in the proceedings that affects or has a substantial tendency to affect my impartiality.

WITNESS MY HAND AND SEAL THIS 23rd day of May, 2024.

____

Jonathan Wonnell
Notary Public, Hennepin County, Minnesota
My Commission expires January 31, 2027