

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
MINORITY (202) 225-5074
<https://oversight.house.gov>

October 25, 2022

The Honorable Gina M. Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, D.C. 20230

Dear Secretary Raimondo:

Committee on Oversight and Reform Republicans are conducting oversight of the U.S. Department of Commerce (Department) aluminum tariff policies. It is critical that the American people understand how the federal government formulates policies that impact costs and critical supply chain needs. This is particularly necessary when American consumers are covering the cost by paying more for aluminum products, such as canned drinks, while receiving virtually no benefit.¹ Considering comments you made in a June 5, 2022 interview, expressing the Department's unlikeliness to lift aluminum tariffs,² Committee Republicans request information about the Department's posture towards aluminum tariffs and their expected impact on inflation, manufacturing, and trade.³

While aluminum purchasers are paying a tariff price on all aluminum, only the percentage of new aluminum in the product is levied as a required tariff and sent to the Treasury Department.⁴ Price controls upstream in manufacturing allow suppliers to pocket the surplus "tariffs" levied on the recycled portion of the material, adding to the expense of end-user industries and artificially driving up costs for consumers.⁵ In other words, not only are the American people paying more for aluminum products, but the benefit to taxpayers from tariff collection is minimal. Between March 2018 and February 2022, only 8 percent of aluminum

¹ S&P Global, *Platts Aluminum Midwest Premium Explained*, <https://www.spglobal.com/en/perspectives/platts-aluminum-midwest-premium-explained> (last visited Sept. 27, 2022).

² Jake Tapper & Hon. Gina M. Raimondo, *COMMERCE SEC'Y: 'WE WILL GET INFLATION UNDER CONTROL'*, CNN STATE OF THE UNION (Jun. 5, 2022).

³ Ana Swanson, *Biden Reinstates Aluminum Tariffs in One of His First Trade Moves*, N. Y. TIMES (Oct. 31, 2021); Alex Durante, *How the Section 232 Tariffs on Steel and Aluminum Harmed the Economy*, THE TAX FOUND. (Sept. 20, 2022).

⁴ The Editorial Board, *Of Trade War and Prices*, WALL ST. J. (Apr. 13, 2022).

⁵ *Id.*

tariffs were remitted to the U.S. Treasury to benefit taxpayers.⁶ This raises concerns about the rationale for the Biden Administration's continued use of aluminum tariffs.

The current state of American aluminum tariffs is especially concerning due to the Biden Administration's recent trade policy pivots. President Biden invoked the Defense Production Act to pause tariffs on solar panel imports from Asian countries for two years, thereby helping China and harming U.S. solar manufacturers.⁷ This decision comes in the wake of the launch of your Department's investigation into Chinese solar producers' noncompliance with federal trade law. By processing solar panel exports through nearby Asian countries (Cambodia, Malaysia, South Korea, Thailand, and Vietnam), China circumvents American antidumping and countervailing tariffs applied to its exports.⁸ This recent policy raises the question as to why the Biden Administration plans to continue aluminum tariffs with rising inflation while pausing other tariffs to benefit China.⁹

Although you have referred to inflation in the past as a "short-term problem,"¹⁰ the American consumer price index has risen 8.3 percent over the last year.¹¹ Reducing or eliminating tariffs on imported goods may be beneficial to reducing inflation up to 1.3 percentage points and increase GDP by \$3.3 billion.¹² With inflation at record highs and grocery costs up 13.5 percent, Americans are struggling to make ends meet. It is now more important than ever that we hold Biden officials accountable for executive inaction that is detrimental to Americans.

The Biden Administration's different approaches to aluminum and solar panel trade policy make it clear that the Administration is pursuing its "green" climate agenda at the expense of the American taxpayer and at the risk of pricing-out domestic manufacturers. Alleviating tariffs on Chinese solar panel imports but *not* aluminum is cherry picking policies that benefit certain industries. In this case, the Biden climate agenda wins and the American people's pocketbooks lose. For these reasons, Committee Republicans request you provide a briefing about the Department's current assessment of aluminum tariffs, enforcement of exemptions, and inflation. Please make arrangements to schedule this briefing by November 1, 2022.

Thank you for your consideration of this important issue. To schedule a briefing or ask any related follow-up questions, please contact the Republican staff at (202) 225-5704. The

⁶ *Id.*

⁷ Timothy Puko & Phred Dvorak, *Biden Invokes Emergency Power in Bid to Resolve Solar Import Dispute*, WALL ST. J. (June 6, 2022).

⁸ Josh Zumbrun & Katy Stech Ferek, *U.S. to Probe Tariff-Dodging Claim Against Chinese Manufacturers*, WALL ST. J. (Mar. 28, 2022).

⁹ Yuka Hayashi, *Biden Might Soon Ease Chinese Tariffs, in a Decision Fraught with Policy Tensions*, WALL ST. J. (July 4, 2022).

¹⁰ Eric Martin & Jenny Leonard, *Biden's Commerce Chief 'Quite Confident' Inflation Will Peter Out*, FINANCIAL REV. (Dec. 10, 2021).

¹¹ News Release, U.S. Bureau of Labor Statistics, *Consumer Price Index Summary* (Sept. 13, 2022).

¹² Megan Hogan & Yilin Wang, *To Fight Inflation, Cutting Tariffs on China is only the Start*, PETERSON INST. FOR INT'L ECON. (Jun. 3, 2022); Alex Durante, *How the Section 232 Tariffs on Steel and Aluminum Harmed the Economy*, THE TAX FOUND. (Sept. 20, 2022).

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Committee on Oversight and Reform is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. Thank you in advance for your cooperation with this inquiry.

Sincerely,

A handwritten signature in black ink that reads "James Comer". The signature is written in a cursive, flowing style.

James Comer
Ranking Member
Committee on Oversight and Reform

cc: The Honorable Carolyn Maloney, Chairwoman
House Committee on Oversight and Reform