



Department of Finance Canada
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**RE: ALUMINUM COUNTERMEASURES
CONCERNS WITH APPLYING COUNTERMEASURE TARIFFS TO 7602.00.00 – ALUMINUM WASTE AND
SCRAP**

On behalf of the Canadian Association of Recycling Industries (CARI), thank you for the opportunity to submit comments regarding Canada's countermeasures action against the United States in response to tariffs on Canadian aluminum products.

CARI has been the voice for the recycling industry since 1941, a time when recyclable resources were classified as strategic materials. Today the Association represents over 200 member companies that are involved in commercial recycling activities. Many of these businesses are Small and Medium-sized Enterprises (SMEs), which are vital to the economic health of their communities and of Canada itself. The materials these businesses manage are valuable secondary resources, which are defined as "scrap."

MATERIAL SUPPLY

In its "Guidance on Essential Services and Functions in Canada During the COVID-19 Pandemic," Public Safety Canada lists recyclers as "businesses that ensure global continuity of supply of mining and mineral materials and products, and that support supply chains in Canada." These tariffs come at a time when supply chains and the businesses that support them are particularly vulnerable.

The Canadian and U.S. recycling industries are heavily integrated, with material frequently moving across the border several times throughout processing and production. The trade in aluminum scrap provides a sustainable material source for supply chains in vital sectors in each of our economies. Automotive manufacturers, the construction sector, telecommunications industries, and food and beverage container manufacturers all depend on supplies of secondary aluminum. Nearly all of Canada's imported aluminum scrap originates in the United States.¹

Although both Canadian and American recyclers were declared essential during the economic shutdown, material flow has been significantly impacted by lack of supply from industrial and

¹ Source: Statistics Canada, [Innovation, Science and Economic Development Canada Trade Data](#)



commercial activities. Statistics Canada reports imports of aluminum scrap from the U.S. were cut almost in half during the second quarter of this year, down to 10,822 tonnes from 20,289 tonnes in the first quarter.² Exports from Canada to the U.S. were also affected, dropping from 88,385 tonnes in the first quarter to 66,743 tonnes in the second.³

Scrap material supplies are critical to manufacturing. As an example, with an average of 70% total recycled content⁴, the production of aluminum beverage cans depends greatly on secondary aluminum. While scrap volumes have gradually begun to increase with the reopening of commercial activities, they have not yet returned to capacity. Secondary aluminum producers need access to this material from both domestic and foreign suppliers to meet current demand from manufacturers.

RETALIATORY TARIFFS

More than two-thirds of Canada's exported aluminum scrap is destined for the United States.⁵ Aluminum Waste and Scrap (HS 7602.00.00) does not currently fall under the U.S. Section 232 Duties on Aluminum. CARI members are concerned that including this category of material in the Canadian countermeasures could open the door to the U.S. expanding its tariffs to include Canadian aluminum scrap. In light of the current economic downturn, additional operational costs would be especially detrimental to their businesses.

CONCLUSION

Cost-effective movement of aluminum scrap across the Canada-U.S. border is crucial to the success of North American manufacturing industries. CARI strongly recommends that the Government of Canada excludes 7602.00.00 – Aluminum Waste and Scrap from these countermeasures.

Thank you for your consideration and feel free to contact me with any questions.

Sincerely,

Tracy Shaw
President & CEO

² Source: Statistics Canada, [Canadian International Merchandise Trade Database](#)

³ Source: Statistics Canada, [Canadian International Merchandise Trade Database](#)

⁴ Source: [Can Manufacturing Institute](#)

⁵ Source: Statistics Canada, [Innovation, Science and Economic Development Canada Trade Data](#)