

Congress of the United States
House of Representatives
Washington, DC 20515-1502

June 9, 2017

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20500

Dear Secretary Mnuchin,

We are writing to urge that the Committee on Foreign Investment in the United States (CFIUS) reject the proposed acquisition of the Aleris Corporation by Zhongwang USA LLC, a subsidiary of China-based Zhongwang International Group.

In November, 2016, a bipartisan group of our colleagues in the U.S. Senate sent your predecessor a letter expressing serious concerns with this acquisition. In February of this year, Aleris filed an 8K report with the Securities Exchange Commission (SEC) that revealed CFIUS had informed them that it had “national security concerns” and had offered an opportunity for Aleris to withdraw and refile a modified request. Aleris indicated in that filing that it would pursue a refiling of the acquisition. After repeated congressional, industry and workforce concerns that the acquisition of this aluminum company by a Chinese firm would be detrimental to our nation’s security, it has become abundantly clear that CFIUS must reject this transaction.

Aluminum is a critical strategic material to our national defense. High-quality, specialized aluminum is increasingly providing a lightweight, high-density option for improving military platform sustainability. According to Aleris, the company operates advanced facilities to produce extensively reviewed and tested specialized alloys with uses ranging from defense-grade armor to aerospace and critical infrastructure applications. This type of production requires specialized technology, advanced research and development (R&D), and extensive training.

It is critical that CFIUS exercise extreme caution when a foreign investment transaction includes the transfer of military proficiencies and sensitive technology to China. Chinese entities, including state-owned or state-controlled enterprises, often maintain relationships with China’s military, compounding the risk that U.S. technologies will fall into the wrong hands. Aleris’ research, development and technology are critical to current and long-term U.S. economic and national security interests given Aleris’ use of advanced research and modeling techniques, development of high-strength alloys, and design of light armor material with increased ballistic performance.

Despite the significant national security importance of our nation's aluminum sector, the industry continues to be devastated by global excess capacity that is largely driven by Chinese state-supported industrial policies. In 2000, there were twenty-three aluminum smelters operating in the U.S. Today, that number has been cut to five. China's overcapacity in aluminum has directly contributed to these reductions in U.S. production and as a result has hollowed out a vital part of our nation's defense industrial base. In April of this year, the Commerce Department initiated a Section 232 investigation regarding the national security effects of aluminum imports. China is a primary subject country to be scrutinized, as Chinese companies, with the support of their government have targeted the U.S. aluminum and steel industries with unfair trade practices. Now, without action by CFIUS, one of the remaining U.S. aluminum companies will be acquired by a Chinese firm that has a track-record of utilizing unfair and illegal trade actions.

Zhongwang is currently under investigation by the U.S. Department of Commerce for allegedly evading U.S. import duties through domestic subsidiaries and has been linked to massive aluminum stockpiling operations. Furthermore, Liu Zhongtian, the founder of Zhongwang has reportedly been under investigation by the U.S. Department of Homeland Security and Department of Justice over allegations of smuggling, conspiracy and wire fraud. While China's aluminum excess capacity put Americans out of work, Zhongwang allegedly sought to circumvent U.S. laws to dump even more subsidized aluminum into the market.

It would be a serious strategic misstep to permit a company like Zhongwang to take control of a U.S. aluminum firm like Aleris. We urge CFIUS to exercise its authority to protect the national security of the American people by rejecting the acquisition of Aleris.



Dave Loeb sack
Member of Congress

Sincerely,



Tom Emmer
Member of Congress



Robert Pittenger
Member of Congress



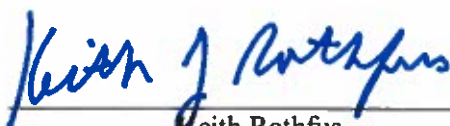
Mike Doyle
Member of Congress



Tom O'Halleran
Member of Congress



Tim Ryan
Member of Congress



Keith Rothfus
Member of Congress



Brenda L. Lawrence
Member of Congress



Seth Moulton
Member of Congress



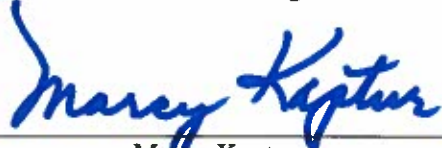
Raúl M. Grijalva
Member of Congress



Grace F. Napolitano
Member of Congress



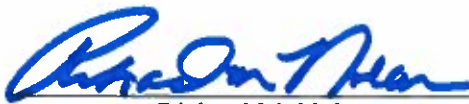
Norma Torres
Member of Congress



Macey Kaptur
Member of Congress



Betty McCollum
Member of Congress



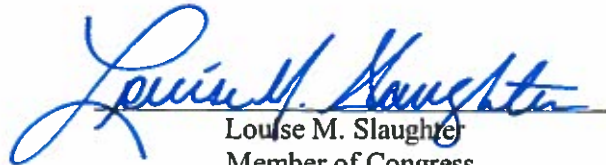
Richard M. Nolan
Member of Congress



Gene Green
Member of Congress



Brian Higgins
Member of Congress



Louise M. Slaughter
Member of Congress



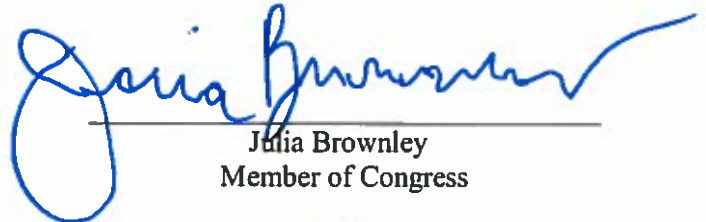
Rosa L. DeLauro
Member of Congress



James Comer
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Julia Brownley
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