

American Metal Market Highlights Robert DeFrancesco's Speech to Aluminum Extruders Council

American Metal Market

March 21, 2014

Robert E. DeFrancesco III, a partner in Wiley Rein's International Trade Practice, was the subject of an *American Metal Market (AMM)* article about the effects of state-owned entities on global primary aluminum production.

State-controlled entities such as ones in China make business decisions not based on market forces, but rather goals such as employment, Mr. DeFrancesco said in a March 19 speech covered by *AMM*. "There is very little relationship to demand," he told attendees of the Aluminum Extruders Council's annual meeting in Coral Gables, FL. "The only interest in China is to keep these companies running, to keep (people) employed, and to keep expanding capacity."

Last year, primary aluminum production in China increased by 3.4 million tonnes, and now accounts for 50 percent of the global output. In response, other countries have increased state ownership. "Faced with this massive expansion of capacity by the Chinese government, they have to react—and they are expanding, not shrinking capacity, and continuing to push into other markets," Mr. DeFrancesco said.

Most of the primary aluminum produced in China is not directly exported. "Very little of it actually leaves China," he said. "It leaves China in the form of an extrusion, a wheel, or an engine."

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