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## A Chinese billionaire may have hidden 6% of the world's aluminum in the Mexican desert



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It's not every day that Mr. Bean makes an appearance in the *Wall Street Journal's* commodities coverage.

And that might not even be the strangest finding in the *Journal's* investigation into a massive pile of aluminum that allegedly just sat there, unused, in the Mexican desert for years.

To start, some background: China's growing industrial sector has been hard on the aluminum producers in the United States. In 2000 there were 23 smelters operating nationwide, now [there are only five](#).

So when an aluminum executive named Jeff Henderson got wind of a giant stockpile of Chinese aluminum just below the U.S border with Mexico, he decided to commission a plane to check it out.

What did they find?

Six percent of the world's aluminum, worth some \$2 billion and enough to make 77 billion beer cans, according to the *Journal's* fascinating report.

The revelation led to tensions between U.S. trade authorities and China, as U.S. industry executives insist that the metal is linked to Liu Zhongtian, who runs China Zhongwang Holdings, an enormous industrial aluminum company.

U.S. industry officials allege the metal got there as part of a scheme to evade trade restrictions. The idea was to move aluminum through Mexico into the U.S. where it could benefit from provisions in the North American Free Trade Agreement.

"These things have nothing to do with me," Liu told the *Journal*, although the results of the investigation cast doubt on that claim.

Aluminum manufacturing is subsidized in China, and so Chinese firms were able to undercut U.S. producers; the United States responded by setting up tariffs to make domestic aluminum more attractive.

Routing Chinese aluminum through Mexico was a way to get around those tariffs.

Things went awry when a one of Liu's alleged business partners Po-Chi "Eric" Shen, started to gain attention over some of his erratic practices, which the *Journal* report highlighted and included spending fortunes on dubious



Images

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expenses like \$70 million worth of red diamonds and rare Ferraris.

The relationship allegedly deteriorated quickly — Shen made headlines in 2014 when he wrecked Liu's sports car while vacationing in Italy, and was rescued by Rowan Atkinson, of *Mr. Bean* fame.

The metal may never make it to the United States, in fact there are currently plans to ship it back to Asia, this time Vietnam.

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