Section 232 Investigation on the Effect of Imports of Aluminum on U.S. National Security

Trinidad Benham Corporation ("Trinidad"), a 100 percent employee-owned company operating in eight U.S. states, provides the following views and recommendations to the U.S. Department of Commerce, Bureau of Industry and Security, in response to its request for public comments on the Section 232 investigation into the effects on U.S. national security of aluminum imports.

INTRODUCTION & SUMMARY

Trinidad requests that the Department exclude household aluminum foil and container stock aluminum foil from any measures recommended to the President as a result of the Section 232 investigation. Household aluminum foil and container stock aluminum foil are not in any way tied to U.S. national security, however defined. Imposing duties or other import barriers for either product would not contribute to our nation's security. It would, however, be potentially devastating to Trinidad's business and its 790 American employee-owners.

Trinidad requests that the Department exempt all aluminum foil from any proposed action under Section 232. If all aluminum foil cannot be exempted, at a minimum household foil and container stock should be excluded. Specifically, Trinidad respectfully requests that the following products be excluded from any
recommendations for action that the Department of Commerce provides to the
President:

- **Household Foil**: Aluminum foil fabricated from 8000 series alloy in gauges of
  .00039 to .0015 inches, cut to widths of 9, 12, and 18 inches or multiples thereof
  prior to importation. Currently classified under U.S. Harmonized Tariff Schedule
  (USHTS) code 7607.11.6000.

- **Container Stock**: Aluminum foil fabricated from 3000 or 8000 series alloy in
  gauges ranging from .0020 to .0064 inches, cut to widths greater than 14 inches
  and up to 60 inches. Currently classified under USHTS codes 7607.11.6000 and
  7607.11.9090.

**ABOUT TRINIDAD BENHAM CORPORATION**

Trinidad is a U.S. company headquartered in Denver, Colorado with facilities in
California, Georgia, Idaho, Nebraska, North Dakota, Tennessee, and Texas. Trinidad
produces aluminum foil containers and retail packages of household aluminum foil.
Trinidad also packages, trades, and distributes American-grown agricultural products
like dry beans, peas, lentils, rice, and popcorn.

Founded in 1917, Trinidad is celebrating its 100-year anniversary this year. Our
American company is 100 percent employee-owned. None of our products have
military, defense or national security applications; our products are sold in grocery
stores to American consumers. Trinidad has provided for the Department’s reference
sample photographs of some of its aluminum foil and agricultural products as Exhibits 1
and 2, respectively.

Many of Trinidad’s facilities are located in rural farming communities where it has
multi-generational employees. In some cases, Trinidad is the largest employer in these
communities. Trinidad’s goal is to be a good corporate citizen in these communities.
To this end, Trinidad has supported key community partners like area high schools, fire
departments, soup kitchens, and seniors’ centers. Trinidad’s employee-owners
contribute to our nation’s stability and security by advocating for homeless veterans and the boy scouts, and providing critical food and disposable containers, as well as transportation assistance in times of national disaster and emergency.

**TRINIDAD’S ALUMINUM FOIL BUSINESS**

Trinidad has been in the aluminum foil business since 1977. At its state-of-the-art production facility in LaGrange, Georgia, Trinidad produces packages of household aluminum foil for retail sale, and disposable aluminum containers and lids. Nearly 300 Trinidad employee-owners work at the LaGrange facility. Trinidad’s aluminum foil business is critical to the overall success of the company.

Trinidad produces private-label or store-branded aluminum household foil for grocery stores and warehouse clubs. In fact, approximately 40 percent of the household aluminum foil sold to U.S. consumers comes from Trinidad’s LaGrange facility. It is sold under a variety of store-brand and private label trade names. Store-brand and private label products play an important role in the retail environment. Store-brand products allow retailers to offer consumers a choice of aluminum foil products and provide consumers with a value-priced product. Without store-brands and private labels produced by Trinidad, American consumers would have only one option for aluminum foil on their grocery store shelves -- the branded product Reynolds Wrap.

Trinidad’s disposable containers are also largely sold at retail and club warehouses under store-brand or private label brands. While there is greater competition in the container market than in the household foil market, our products still play an important role in ensuring that retailers and consumers have access to high-quality foil products.
IMPACT OF IMPORT RESTRICTIONS

Without access to imported aluminum foil, Trinidad would not be able to continue operations at our LaGrange plant. Household aluminum foil simply is not available from U.S. aluminum foil producers in meaningful quantities. This has been the case for at least 15 years.

The only significant roller of household aluminum foil in the United States is Reynolds, Trinidad’s primary competitor in the household foil business. Reynolds, a foreign-owned global conglomerate, captively consumes virtually all U.S. production of household foil, and it has never been willing to sell any of its production to Trinidad. Currently, there is only one other U.S. roller of household foil that offers household foil to Trinidad. This roller supplies only a small percentage of Trinidad’s needs. Recently, this roller has turned down Trinidad’s requests for additional volume due to capacity constraints. Some of Trinidad’s existing orders have been cut due to production backlogs, as well. In short, Trinidad must rely on imports for its supply of household foil.

The sourcing of household foil from foreign suppliers is far from a new phenomenon. Trinidad has consistently purchased the majority of its supply from foreign sources for at least 15 years. Historically, our needs have been primarily sourced from Russian and Brazilian companies. Beginning in 2014, instability in both of those markets forced Trinidad to shift its sourcing toward China. U.S. rollers have never been a supplier of significant household foil volume to Trinidad, and historically U.S. rollers have not sought our household foil business. Domestic rolling mills have little to no interest in producing low margin household foil.
Trinidad sources most of its container stock from U.S. suppliers. However, recent public statements by various U.S. rollers suggest they may not have a long term interest in producing container stock. Rather, they are more interested in growing markets for high technology/high margin products, such as beverage can sheet, aerospace and automotive products. Indeed, rarely do U.S. rollers mention household foil and container stock as strategic markets. Thus, for a portion of container stock needs, Trinidad has recently had to use additional imports to round out supply.

Without a reliable source of household and container foil for its LaGrange plant, Trinidad would not be able to continue producing retail packages of foil or disposable containers in Georgia. As a result, our retail customers would have limited options for offering store brands to American consumers. Consumers would have fewer choices, and the price of a household staple, which is in the grocery budget of every American household, would increase.

The impact of Section 232 trade restrictions on Trinidad’s 790 employee-owners would be devastating. Not only would the jobs of the nearly 300 employees in LaGrange be at risk, but potentially the entire company. At a minimum, value of shares held by our employee-owners would fall, impacting their savings, retirement and family well-being. This would harm all of Trinidad’s employees, including the forklift drivers, machine operators, printing press operators and others from Georgia to California and Texas to Nebraska and North Dakota -- and the rural communities in which they live.

**EFFECT ON NATIONAL SECURITY**

The request for comments specifically sought information on factors related to national security and aluminum imports. Trinidad respectfully submits that for
household aluminum foil and container stock aluminum foil there is no nexus with national security or national defense requirements. Defense is actually a small part of overall aluminum consumption (even high purity alloys). To the best of our knowledge, neither household aluminum foil nor container stock has any national security or national defense application. In any event, to the extent that an adequate domestic supply of either household aluminum foil or container stock is important to U.S. national security, Reynolds, and others, roll more than adequate domestic production to meet those needs.

In addition, to the extent that the Department’s aim is to equate the economic welfare of the aluminum industry to national security, Trinidad believes that import restrictions on aluminum foil would harm consumers and Trinidad’s U.S. employees, without providing any benefit to U.S. aluminum producers. As noted, Trinidad’s household foil needs have not been met by domestic foil producers for at least 15 years. U.S. foil rolling mill have shown no interest in supplying Trinidad’s household foil needs. Domestic foil rolling mills are focused on higher-value market segments, such as automotive and aerospace needs, in light of more rapid projected growth rates for those higher-value products (growth in the mature household foil and container stock market is relatively low). If import restrictions were to be placed on Trinidad’s sources of supply, it would not be able to acquire its necessary inputs in the U.S. merchant market because domestic producers would have a greater incentive to sell higher-value products. Although Trinidad believes it is unlikely that U.S. foil rollers would start supplying household foil in quantity, if they did begin producing the quantities required by Trinidad, they likely would not have capacity to supply U.S. requirements in other
sectors that maybe more closely linked to national security and defense. However, if Section 232 import restrictions are imposed, the more likely outcome is that foreign producers would simply move up the value chain to make retail packages of foil and disposable containers -- essentially driving the jobs of Trinidad’s employee-owners overseas. Simply put, there is no basis for finding that household foil and container stock imports threaten the nation’s economic security. But there is good economic reason not to impose import restrictions on household foil or container stock.

Accordingly, the Department should specifically exclude the following products from any recommendation for action under Section 232:

- **Household Foil**: Aluminum foil fabricated from 8000 series alloy in gauges of .00039 to .0015 inches, cut to widths of 9, 12, and 18 inches or multiples thereof prior to importation. Currently classified under U.S. Harmonized Tariff Schedule (USHTS) code 7607.11.6000.

- **Container Stock**: Aluminum foil fabricated from 3000 or 8000 series alloy in gauges ranging from .0020 to .0064 inches, cut to widths greater than 14 inches and up to 60 inches. Currently classified under USHTS codes 7607.11.6000 and 7607.11.9090.

Finally, to the extent that the Department is concerned not about national security but alleged unfair import competition in the aluminum foil market, Trinidad notes that the Department is currently undertaking antidumping and countervailing duty investigations specifically focused on aluminum foil. In addition, because Trinidad cannot source its needs domestically, placing quantitative restrictions, such as quotas or a tariff-rate quota on aluminum foil would unnecessarily damage our employee-owned business by restricting supply of a product that has long been unavailable from U.S. sources. For these reasons, neither tariffs nor quantitative import restrictions based on Section 232 actions are appropriate or necessary for household aluminum foil or container stock aluminum foil.
CONCLUSION

Trinidad strongly supports a robust national defense and national security for the United States. It also supports fair and open global trade, which is critical to the success of thriving American companies like Trinidad. Any actions taken to protect national security should be narrowly tailored to the national security purpose of Section 232. Remedies that support innovation and improvements in the U.S. aluminum industry would be welcome. But, broad actions to restrict imports of aluminum, particularly foil, will not improve national security, or the economic condition of the U.S. aluminum industry, and will have serious unintended consequences for Trinidad and its 790 employee-owners. Therefore, we respectfully request that any recommendation for action made as a result of this investigation explicitly exclude the aluminum foil imports on which Trinidad relies for its thriving business.
EXHIBIT 1

Sample Trinidad Aluminum Foil Products
EXHIBIT 2

Sample Trinidad Agricultural Products