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Mr Brad Botwin
Director, Industrial Studies, Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue, NW, Room 1093
Washington, D.C. 20230

Re: Aluminum 232 – Written Submission

Dear Mr. Botwin:

Please find attached the written submission of Bemis Company, Inc. ("Bemis"), prepared by Mr. Steve Casey, Senior Director, Procurement, Bemis.

This submission supplements Mr. Casey's oral testimony on June 22, and addresses specific questions posed by the panel.

Sincerely yours,



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Counsel for Bemis Company, Inc.

June 23, 2017

Section 232 National Security Investigation: Aluminum Imports

**Written Submission by
Steve J. Casey
Senior Director, Procurement
Bemis Company, Inc.**

Introduction

Bemis Company, Inc. (“Bemis”), a manufacturer of packaging headquartered in Neenah, Wisconsin, believes it has a useful perspective to provide to the Secretary of Commerce and the Department of Commerce as they develop their analysis and recommendations for the President pursuant to the Section 232 national security investigation of aluminum imports. Bemis is concerned that potential measures resulting from the aluminum investigation could inadvertently have a negative impact on the supply of aluminum foil we use in manufacturing flexible packaging in the United States (specifically, 7607.11.30, 7607.11.60, 7607.11.90, and especially 7607.19.60 of the Harmonized Tariff Schedule of the United States), with potentially negative consequences for Bemis’ customers, competitive position and employment.

Any import restrictions on aluminum foil, and especially the ultra thin foil used in flexible packaging, could negatively affect our business in the United States, given that (1) there is not adequate capacity in the United States and Canada to meet our quantitative and qualitative needs, and (2) our products compete with imported packaging that would likely not be covered by any measure impacting foil imports. Accordingly, Bemis respectfully submits that aluminum foil should be excluded from any eventual measures recommended to the President pursuant to the investigation of national security effects of aluminum imports.

Bemis, its products and its employment

Bemis manufactures packaging for the largest food, consumer products, and medical device companies in the world. Though we are not a household name, our products are found in virtually every aisle of the grocery store. Our products keep the food you buy safe and fresh through distribution and keep patients safe during surgery. We have 59 facilities in 12 countries and about 17,500 employees worldwide. Within the United States, Bemis has 31 manufacturing plants in 14 states and almost 9,000 employees, 5,000 of those in Wisconsin. The states with the largest number of Bemis employees are Wisconsin, Indiana, Ohio and Pennsylvania.

As a core part of its packaging business, Bemis uses aluminum foil as a barrier to protect the food and medical supplies that go into our packaging. Without aluminum foil many food and medical products would be less safe and subject to higher waste through distribution. While Bemis sources a significant percentage of its aluminum in the United States, there is only one

domestic producer of converter foil, and that firm's entire capacity is not enough to supply Bemis' annual requirements.

A large portion of Bemis' foil requirements are for ultra thin foil of gauges less than 0.0003 inches thick. Such ultra thin foil is used for applications such as ketchup packets, cream cheese packaging, powdered food and beverages, and medical device packages. Bemis' customers such as Kraft/Heinz, McCormick, and Becton Dickinson require this thin converter foil. Bemis sources 31% of its total foil demand from domestic sources and 69% is imported. Bemis sources the majority (81%) of its ultra thin foil (under 0.0003") plus one critical application at 0.0003325" through imports because domestic equipment supplying the packaging market, dating to the 1970's and earlier, is incapable of efficiently producing the quality required for these thinner gauges. The majority (78%) of the remaining foil above 0.0003" is sourced domestically. We are unable to use the thinner gauges from domestic suppliers on our newer, high speed equipment because it results in high waste, significant downtime, and unacceptable throughput. As such, Bemis has been required to source this key material from offshore suppliers.

Measures to restrict imports could negatively impact the U.S. economy and employment

Bemis operates in a highly competitive domestic and international market. Many of Bemis' aluminum foil containing products compete with suppliers of packaging from outside the U.S. Tariffs or quotas for aluminum foil will open the door for imports of finished packaging resulting in a loss of Bemis' market share, profitability and ultimately employment. Our products also compete, at least for some applications, with other materials. Tariffs or quotas could also result in substitution away from our products, with corresponding economic and employment losses. If the increased prices or quotas were to be of considerable duration, productive capacity, including jobs, would move overseas permanently.

Packaging foil is not made from military grade, high purity aluminum. We are not aware of any significant defense production needs for aluminum packaging foil. The only military application we have identified for aluminum packaging foil is for Meals Read to Eat ("MREs"). However, MRE's are typically made with a thicker foil than Bemis uses which can be easily sourced domestically.

Finally, we understand the importance of protecting domestic manufacturers in key industries and ensuring a level playing field. To the extent that the Secretary and the Department are concerned about distortions in the aluminum foil market, we note that the ongoing trade remedy proceedings before the Department of Commerce and the U.S. International Trade Commission provide an appropriate tool to address any needed corrections. Those proceedings are focused on China, the source of concern, and entail thorough, factual market research and analysis. Those proceedings, currently at a preliminary stage, are expected to conclude during the first half of 2018. This schedule for the trade remedies investigation provides the time for foil users such as Bemis to identify and qualify potential alternative sources, thus reducing the potential market disruption and job losses.

We respectfully submit that the Section 232 investigation should not be used to restrict imports of aluminum foil for commercial uses as the result would be grave economic consequences to the domestic manufacturing facilities of Bemis, other packaging producers, and our customers with no increase in defense security. If the Secretary were to determine, however, that some remedy affecting foil is necessary beyond the trade remedies case, we would urge that the remedy be confined to the geographic source of concern, and that there be a phase-in period that would permit foil users to identify and qualify alternative supplies.

Respectfully submitted,

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