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June 20, 2017

Mr. Brad Botwin, Director Industrial Studies
Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
Room 1092
14th and Constitution Avenue, NW
Washington, DC 20230

Re: *Section 232 National Security Investigation of Global Aluminum Imports*

Dear Mr. Botwin:

Crown Cork & Seal USA, Inc. ("Crown") is a manufacturer of metal packaging (aluminum and steel) headquartered in Philadelphia, Pennsylvania. We are writing today because we believe that any tariffs or other trade barriers on imported aluminum can sheet, can sheet rolling slabs and/or aluminum primary products imposed through the Section 232 Review will be extremely detrimental to Crown and to our industry at large.

Crown was founded in Baltimore, Maryland in 1892. Crown has 31 manufacturing facilities in the United States that produce billions of products each year. Sixteen of those facilities use aluminum as a raw material. Crown employs 3,846 people in the United States.

The products Crown manufactures that may be affected by the aluminum investigation are Beverage cans used for beer, soda, energy drinks, tea, water and other products, and Food cans. These products are produced from rolled can sheet, which we purchase from our aluminum suppliers. The rolling mills primarily use P1020 aluminum ingot (P1020) as a feedstock for aluminum can sheet. They can also use can sheet rolling slabs, scrap aluminum and other primary aluminum products to make can sheet, but prices in the market are driven by the price of P1020.

Crown's customers are food and beverage producers. The cans are typically the most expensive component for their products.

Crown opposes any trade action involving imported aluminum can sheet for the following reasons:

- **No Defense Applications**: Aluminum can sheet is used solely for the production of aluminum beverage and food cans, ends, and tabs, which are clearly not related to our country's national security.

- **Insufficient US production capacity**: Aluminum can sheet is currently manufactured domestically by only 4 major companies. In the past several years the industry has seen considerable loss of can sheet capacity as producers convert to producing aluminum for automotive products.[1] The American producers have announced further capacity reductions that will be executed in the next 18 months.[2] When these known conversions take place, Crown is concerned that domestic suppliers will not be able to meet the annual needs of the can industry and, more importantly, will not be able to satisfy the industry's demand during its peak season. If that is the case, imported can sheet will be the only alternative to making certain there is enough supply to meet demand.
- **Unavailability of Certain Can Sheet Products**: The combination of trade sanctions on imported aluminum and the ongoing conversion of can sheet capacity to other aluminum rolled products (e.g., automotive applications) will cause the remaining US aluminum can sheet suppliers to be unable to meet certain specification requirements. Specifically, the remaining suppliers may not have the ability to produce enough wide-width can sheet coils to supply Crown's requirements. This will require us to use narrower coil, which forces us to produce less cans per stroke of the press during production. In a commodity business such as ours, this change creates major production inefficiencies and greatly increases our production costs. Cans compete with plastic and glass bottles in the beverage space and with several other substrates in the food business (plastic, foil pouches, glass, etc.). Since the costs of the trade sanctions imposed by this Section 232 investigation will affect only metal packaging, we expect that metal packaging will lose market share to these other materials.
- **Higher Costs to Consumers**: Punitive tariffs, quotas, or other trade actions to limit foreign supply will increase the domestic price of aluminum can sheet. The increased cost will be passed through the supply chain to the consumer which will result in higher prices for canned food and beverages.
- **Risk to Jobs and Markets**: Aluminum accounts for well over half the cost of most of our can products. A significant increase in raw material cost will lead to an erosion of volume and profit for can makers as our customers seek out alternate, less expensive packaging solutions. That will almost certainly cause a loss of U.S. jobs in the metal packaging industry. Also, the shift to products not made of aluminum will inevitably cause a decrease in aluminum production, which is the exact opposite result of the stated goals of the Department of Commerce in this Section 232 investigation.
- **Allied Supply**: Much of the can sheet currently imported into the US comes from countries that are considered US allies (e.g., NATO countries, Saudi Arabia, Japan, Thailand).

Crown opposes any trade action involving imported <u>can sheet rolling slab</u> for the following reasons:

[1] See Novelis Press Release at Exhibit A.
[2] See Arconic Press Release at Exhibit B.

- **No Defense Applications**: Can sheet rolling slab is used solely for the production of aluminum beverage and food cans, ends, and tabs, which are clearly not related to our country's national security.
- **Allied Supply**: Most of the can sheet rolling slab currently imported into the US comes from Canada, a US ally.

Crown opposes any trade action involving imported primary aluminum, such as P1020, for the following reasons:

- **Unintended Consequences Across the Spectrum of Secondary Aluminum-Producing Industries**. The United States imports the vast majority of its aluminum primary ingot requirements, such as P1020. P1020 and other primary aluminum products are used in the production of a myriad of secondary aluminum products. These include rolled aluminum products (such as can sheet) and aluminum wire, rod, foil, extrusions and cast products. At present, domestic aluminum producers cannot satisfy the country's need for primary aluminum. Creating sufficient domestic capacity would take years and cost billions of dollars, and even then, the American producers may not be competitive with foreign sources due to higher US power and labor costs. The damage that could be done to our economy by tariffs, quotas, or other trade actions on aluminum primary products like P1020 is incalculable as it would grind production to a halt in many sectors. This would certainly result in lost American jobs, lost markets for American secondary aluminum products and higher costs to American consumers for aluminum-based products.
- **Effect on Aluminum Can Sheet Pricing**. American can sheet pricing is based in part on the price for P1020 quoted on the London Metal Exchange plus a published delivery premium to the US called the Midwest Premium (MWP). A tariff on imported P1020 is sure to increase the MWP, which would increase the price of can sheet to producers like Crown, the price of the cans to our customers and the prices of food and beverage products to consumers.

Crown encourages the Department not to recommend trade barriers to be implemented on aluminum can sheet, can sheet rolling slabs or primary aluminum products like P1020. Trade barriers have the potential to result in job loss and market loss in the metal packaging industry and inflation for consumer goods.

Very truly yours,

Edward C. Vesey

Edward C. Vesey
Senior Vice President, Sourcing
Crown Cork & Seal USA, Inc.

EXHIBIT A

Novelis Announces $205 Million Investment to Further Expand Global Automotive Aluminum Capacity to 900,000 Tons Annually

New Production Lines in North America and Europe Cement Leadership in Automotive Market

ATLANTA, OSWEGO, N.Y. and NACHTERSTEDT, Germany, Dec. 17, 2013 /PRNewswire/ -- Novelis, the world leader in aluminum rolling and recycling, today announced it will invest an additional $205 million to further expand its global manufacturing operations serving the rapidly growing automotive market. The company will build new finishing lines at its plants in Oswego, N.Y. and Nachterstedt, Germany, dedicated to the production of aluminum automotive sheet.

(Photo: http://photos.prnewswire.com/prnh/20131217/CL34467)

The two new lines will each have a capacity of 120,000 metric tons per year. The latest expansions are in response to the escalating global demand from automakers for aluminum sheet, which the company expects to grow by more than 30 percent per year through the end of the decade. When the new lines are commissioned in late 2015, Novelis' global automotive sheet capacity will reach approximately 900,000 tons per year, a three-fold increase from just a year ago.

Novelis is the world's leading provider of aluminum automotive sheet, which auto manufacturers are turning to at a dramatically increasing rate for structural components and exterior body panels. Novelis aluminum can be found in more than 180 different vehicle models produced by leading automakers around the globe. Aluminum is becoming the sustainable choice for the latest generation of vehicles because of its low weight and recyclability enabling reduced life cycle emissions.

"With the addition of these two new lines, we have invested nearly $550 million to expand Novelis' global automotive capacity in the last two years alone," said Phil Martens, Novelis President and Chief Executive Officer. "This commitment -- backed by our history of automotive technology innovation, volume production experience and unmatched global footprint -- strengthens our recognized leadership position as the partner of choice for world-class automotive manufacturers."

The company is investing around the world to boost its automotive finishing capabilities. In addition to the two new lines announced today, the company recently commissioned two new finishing lines at its Oswego, N.Y. plant. In addition, a new plant is under construction in Changzhou, China, which is expected to commence production in mid-2014. The company also recently certified automotive production at its Gottingen, Germany, plant that complements the company's existing automotive facilities in Kingston, Ontario, Canada; Sierre, Switzerland and Nachterstedt, Germany.

Both expansions will further the ongoing development of the company's automotive closed-loop business model. Today, as much as 50 percent of automotive sheet sold to automakers is left over after a manufacturing plant stamps out automotive parts. The company is working closely with its customers to return this material directly back to Novelis for recycling, streamlining the materials supply chain while reducing the total carbon footprint of the entire automotive production cycle.

Oswego, New York, Investment At-A-Glance:
The company will invest approximately $120 million to install a third aluminum automotive sheet finishing line at its Oswego, N.Y. plant. In addition, the company will expand its recycling operations for automotive scrap, while also making other system and facility upgrades. This new investment will result in 90 new jobs at the plant and will increase the company's North American automotive sheet capacity to more than 400,000 metric tons in just two years. When

complete, the Oswego facility will devote 80 percent of its total capacity to serving the automotive market.

In addition to incentives from the State of New York and Empire State Development, the County of Oswego Industrial Development Agency is providing additional support for this investment.

Nachterstedt, Germany, Investment At-A-Glance:
The company will invest approximately $85 million to install one new aluminum automotive sheet finishing line at its Nachterstedt, Germany facility. This expansion will create up to 120 new jobs at the plant and increase the company's aluminum automotive sheet capacity in Europe to almost 350,000 metric tons. The expansion will also enhance the developing automotive closed-loop model between the company's recycling operations in Latchford, UK, and what will be the world's largest aluminum recycling center, a $250 million project at Nachterstedt expected to be commissioned in late 2014.

The Federal State of Saxony-Anhalt, Germany is providing support for this investment.

Fact sheets on Novelis, the company's work in automotive, photos and video can be found in the novelis.com media center. Additional images are available upon request.

About Novelis
Novelis Inc. is the global leader in aluminum rolled products and the world's largest recycler of aluminum. The company operates in nine countries, has approximately 11,000 employees and reported revenue of $9.8 billion for its 2013 fiscal year. Novelis supplies premium aluminum sheet and foil products to automotive, transportation, packaging, construction, industrial and consumer electronics markets throughout North America, Europe, Asia and South America. The company is part of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. For more information, visit www.novelis.com and follow us on Twitter at twitter.com/Novelis.

SOURCE Novelis

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EXHIBIT B

ARCONIC
Innovation, engineered.

FOR IMMEDIATE RELEASE

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Arconic Reports First Quarter 2017 Results

Highlights

- **Revenue of $3.2 billion, up 4.5 percent year over year**
- **Net income attributable to Arconic of $322 million, or $0.65 per share, versus $16 million in first quarter 2016**
- **Excluding special items, adjusted income of $169 million, or $0.33 per share**
- **Adjusted EBITDA[1], excluding special items, of $485 million, up 11 percent year over year**
- **Adjusted EBITDA margin, excluding special items, of 15.2 percent, up 90 basis points year over year**
- **Strong net cost savings of 1.9 percent of revenues**
- **Cash balance of $2.6 billion**

NEW YORK, April 25, 2017 – Arconic Inc. (NYSE: ARNC) today reported results for the first quarter 2017, in which the Company reported revenue of $3.2 billion, up 4.5 percent year over year, driven by higher volumes across all segments. The impact of higher aluminum prices was more than offset by the Company's ramp down from the North American packaging business at its Tennessee operations. Excluding the impact of the Tennessee packaging ramp down, revenues were up 8 percent year over year[2].

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[1] Arconic's definition of Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to sales minus the following items: cost of goods sold; selling, general administrative and other expenses; research and development expenses; and provision for depreciation and amortization. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

[2] As previously announced, Arconic expects to fully exit the North America packaging business at its Tennessee operations following the expiration of the toll processing and services agreement with Alcoa Corporation on December 31, 2018, unless sooner terminated by the parties.