



June 21, 2017

Via Electronic Mail and Federal Express

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

RE: Section 232 of the Trade Expansion Act of 1962 Investigation of Imports of Aluminum – Comments

Dear Director Botwin:

ProAmpac Intermediate, Inc. (“ProAmpac”) respectfully submits these comments in connection with the recently initiated Section 232 investigation (the “Investigation”) to determine the effects of imports of aluminum on the national security of the United States.¹ ProAmpac is writing to respectfully request that the Department of Commerce define the scope of the Section 232 investigation to exclude ultra-thin aluminum foil, and that if the Department of Commerce recommends import relief under Section 232, the import relief should extend only to aluminum products that directly impact our nation’s national security.

Overview of ProAmpac

ProAmpac is a leading global flexible packaging company providing flexible packaging solutions in the food, medical, pharmaceutical and other consumer and industrial markets. ProAmpac is headquartered in Cincinnati, Ohio with executive offices in North Hampton, New Hampshire. The Company has 22 manufacturing facilities worldwide, with 16 United States manufacturing locations in Alabama, Illinois, Massachusetts, New York, Ohio, Oklahoma, Virginia, Washington, and Wisconsin. ProAmpac employs approximately 2000 people in the

¹ Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Aluminum, 82 Fed. Reg. 21,509 (May 9, 2017). In addition to the Section 232 national security investigation, there are two other pending proceedings relating specifically to the importation of aluminum foil from China. The first proceeding is before the International Trade Commission and the second is before the International Trade Administration of the US Department of Commerce (referred to in this letter as the “Trade Cases”). We understand the purpose of these proceedings is to determine whether to impose tariffs and countervailing duties on aluminum foil imported from China. The ITC concluded its preliminary investigation on April 24, 2017 and found that there is a reasonable indication that the aluminum industry in the United States is materially injured by the importation of foil from China. Subsequent proceedings are scheduled in the Fall of 2017. While the comments in this letter are directed to the Section 232 investigation, the arguments made in this letter are applicable to the unfair trade proceedings noted above.

United States, and 3,000 people worldwide. Its flexible packaging is used by a number of customers in applications such as bags, juice or other food pouches, composite cans for snack foods, coffee packaging, lidding, labels, liners, wraps, rollstock, and other flexible products in the food, medical, pharmaceutical and other consumer and commercial industries. Many of those customers are familiar household names. The Company purchases ultra-thin gauge aluminum foil primarily manufactured in China for use in its manufacturing operations. The foil is imported into the United States in large rolls, where it is typically laminated to paper or film before being used in a flexible packaging application. Both the laminating and packaging formation and manufacturing take place here in the United States.

Aluminum Imports to the United States

ProAmpac shares our government's concerns with respect to the importation of aluminum products that have a direct impact on our national security. ProAmpac also believes in the importance of keeping good manufacturing jobs in the United States, and we are concerned about the breadth of aluminum products covered by the Investigation, including products that have no direct nexus to national security. We believe that action taken by the United States Department of Commerce as a result of the Investigation may have unintended negative consequences for ProAmpac, its customers and their ultimate consumers, and the 80,000 people currently employed in the \$30 billion United States flexible packaging industry.

We believe it is critical for the Bureau of Industry and Security (the "Bureau") to focus its analysis in the Investigation on specific aluminum products that are directly related to national security, and determine whether imports of those products threaten to impair United States national security. If the Bureau recommends that any action be taken, we believe the Bureau should narrowly define any action taken pursuant to the Investigation so as not to negatively impact the interests of other United States industries, and United States consumers. Indeed, we believe Section 232, the National Security Industrial Base Regulations (15 C.F.R. Sec 705), applicable legal precedent, and common sense require this narrow analysis and action.

Ultra-Thin Aluminum Foil Imports

ProAmpac and other flexible packaging manufacturers import ultra-thin aluminum foil for use in their United States manufacturing operations. For the purposes of this letter, ultra-thin foils are those foil products having a thickness of .0003ga or less. Ultra-thin aluminum foils are a critical input in the flexible packaging industry. Almost all ultra-thin foils are manufactured in China. United States manufacturers have essentially abandoned the manufacture of specialty ultra-thin aluminum foils. To our knowledge, only two aluminum manufacturers in the United States have assets that are capable of producing ultra-thin foils, and both of these manufacturers have chosen to focus their efforts on making thicker gauge material for fin stock and automotive applications, which provide higher profit margins. Moreover, the equipment owned by these manufacturers is not capable of matching the specifications of the foil produced in China and the rest of the world, where manufacturers have invested in newer equipment and facilities. ProAmpac has in the past attempted to source ultra-thin aluminum foils from United States manufacturers, but has been unable to do so, as there are virtually no United States manufacturers making ultra-thin foils.

ProAmpac and other flexible packaging manufacturers import ultra-thin foil into the United States in large rolls. The foil is then converted (in United States factories) by laminating the foil to a paper or other film backing. In many cases, the converted product is then imprinted. Once that is done, the converted product is formed into flexible packaging in plants located in the United States.

Any disruption in the supply of ultra-thin foils, or the imposition of quotas, penalties, tariffs and countervailing duties would have a serious negative impact on ProAmpac and the United States flexible packaging industry, as further discussed below. Moreover, any such actions would inevitably have a negative impact on United States consumers, as prices would rise in the face of increased material costs. These consequences would clearly be unintended, but nevertheless would be very real.

Ultra-Thin Aluminum Foil Does Not Have a Direct National Security Nexus

The Investigation covers all imported aluminum products. We believe the Bureau should focus its analysis on those aluminum products that have a direct national security nexus. In this regard, ProAmpac notes that ultra-thin aluminum foil has no direct relationship to national defense, and its use is not a part of any critical infrastructure directly related to national security.² Ultra-thin foils are used almost exclusively in flexible packaging applications. We are not aware of any other uses that would either directly or indirectly impact national security. Accordingly, we believe the Bureau should differentiate among aluminum products in its analysis, and exclude ultra-thin aluminum foil from the Investigation.

Any Restrictions on the Import of Ultra Thin Foils Will Have Negative Unintended Consequences, Which May Include Loss of United States Manufacturing Jobs

As noted above, ultra-thin aluminum foil is not, for all intents and purposes, manufactured in the United States. Even if United States aluminum producers had the current capacity to manufacture ultra-thin foil, they are not able to supply product in quantities and quality sufficient to meet demand in the United States flexible packaging industry. If the supply of ultra-thin foil from China or other parts of the world is restricted as a result of the Investigation, or if quotas, tariffs and/or penalties are imposed on ultra-thin foils, such actions will only lead to United States companies sourcing aluminum foil from other non-United States manufacturers; United States companies purchasing already converted aluminum foil products from China or other non-United States manufacturers (converted products, such as laminated foil and film backings, are not included in the Investigation or the Trade Proceedings); and/or United States companies moving flexible packaging production outside the United States. Thus, if restrictions are imposed there is no scenario where American workers, American Consumers, or even United States aluminum foil manufacturers benefit, and in most cases, United States flexible packaging jobs (including ProAmpac jobs) will be lost.

ProAmpac shares our government's goal to maintain a strong national security. We also share the same goal of maintaining and increasing American manufacturing jobs. However, we should not sacrifice United States flexible packaging jobs (approximately 80,000 employees in the

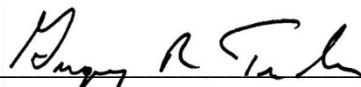
² See Presidential Policy Directive No. 21 (February 12, 2013)

United States) to favor another United States industry, especially where the product in question has no possible direct nexus to United States national security.

For all of the above reasons, ProAmpac urges the Department of Commerce to define the scope of the Section 232 investigation to exclude ultra-thin aluminum foil, and that if the Department of Commerce recommends import relief under Section 232, the import relief should extend only to aluminum products that directly impact our nation's national security.

Respectfully submitted.

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