**Secretary Ross,**

**BWAY Corporation (BWAY) is one of the largest industrial container manufacturers in the United States. Headquartered in Chicago, it employs 5,811 U.S. workers at 68 facilities across the country.** BWAY manufactures steel and plastic containers ranging from one-quarter pint paint cans to 330 gallon Intermediate Bulk Containers. We manufacture our steel containers with tinplate steel and cold-rolled steel.

**We request that the administration refrain from new import restrictions on steel products under Section 232** and instead focus on more strictly enforcing existing protections and creating expedited mechanisms for firms to resolve specific trade violations.

If the administration does adopt new import restrictions, **we request that imports of tinplate steel be excluded,** based on the following considerations:

1. **Tinplate is not a core component of any U.S. defense or national-security related product.**

2. **Tinplate is not a core or necessary component of a vibrant and sustainable American steel industry.** It accounts for less than 3 percent of all steel produced domestically in the United States.

3. **Overall U.S. domestic tinplate production capacity is insufficient to satisfy domestic market demand.** Demand in the U.S. is approximately 2.4 million tons per year. The **two domestic integrated** tinplate producers have a total of 9 tinplate lines, and their total capacity is 2.25 million tons, leaving a shortfall in the market that must be filled by other sources. Additional U.S. sources would either be Ohio Coatings—which at the 24 May 2017 hearing indicated it was constrained by the availability of substrate—or USS Posco in California, which is in a poor position from a logistical perspective to service the eastern United States. This leaves imports as the only viable option for our company.

4. **Most tinplate imports come from close U.S. allies that have fair trade practices and produce very high-quality tinplate.** In 2016, 76 percent of tinplate imports originated in Canada and Western Europe.

5. **There are inadequate U.S. substitutes for imported tinplate steel.** We have made a good-faith effort to source our tinplate from U.S. domestic producers, but the quality of U.S. domestic tinplate is inconsistent, making it poorly suited for many modern high-speed can-manufacturing processes. The main U.S. domestic producers of tinplate have not made significant investments in their tin mills in over 20 years.

6. **Higher steel prices will hurt our global competitiveness, reduce long-term demand for our products, and may ultimately reduce domestic steel demand.** As a producer of both steel and plastic containers, BWAY has directly observed a shift among our customers away from steel toward plastic products. More broadly, a September 2016 report on the metal can- and package-manufacturing industry estimated that the shift to alternative packaging materials has contributed to a 2.3 percent annual reduction of industry revenue since 2011. If new import restrictions cause the price of steel to rise further relative to alternative materials such as plastic, the customer shift to plastic will accelerate, permanently destroying demand for the steel products BWAY produces. Additionally, if our global competitiveness is weakened because we are forced to pay more for steel, the supply chain in which we are embedded will face economic pressure to move its downstream production offshore, further exacerbating job losses in the U.S. steel industry.

**<u>We further request that imports of cold-rolled coil (CRC) steel be excluded,</u>** based on the following considerations:

1. **CRC is not a core component of any U.S. defense or national-security related product**.

2. **CRC imports are already minimal due to extensive existing import restrictions.** Significant antidumping and countervailing duties of over 500 percent are already imposed on CRC; imports of CRC account for less than two percent of total U.S. domestic demand and only seven percent of total steel imports. Specific countries of concern—including China, Japan, and South Korea—have virtually halted exports into the United States because of existing measures.

3. **High inland transportation costs make domestic U.S. CRC suppliers more expensive than overseas sources, hindering our efforts to source CRC domestically.** Higher supply chain costs increase the overall cost of BWAY's products, hurting our global competitiveness, and we have made long-term capital investments to lower our supply chain costs that we cannot modify quickly or easily in response to new import restrictions. For example, our biggest CRC usage steel drum plant is in Houston, Texas, and from a total-cost perspective is most easily supplied via port. Only one domestic plant—the ArcelorMittal/Nippon Steel joint venture in Calvert, Alabama—is close enough to our Houston plant to provide the quality CRC we need at competitive prices.

4. **Many domestic CRC suppliers are less efficient and provide lower quality material than foreign suppliers.** Our foreign suppliers use newer mills and more advanced technology to achieve higher efficiency and quality.

5. **New import restrictions would lead to price hikes for CRC that will reduce long-term demand for our products and those of similar U.S. firms, and may ultimately reduce overall domestic steel demand.** Higher prices will accelerate the shift among our customers away from steel to products that use alternative, cheaper materials, like plastic, destroying demand for American steel and undercutting the core policy justification for import restrictions under Section 232.

**New import restrictions on tinplate and CRC would directly harm BWAY and other U.S. downstream producers. They would be counterproductive, destroying American jobs rather than creating them. <u>On behalf of BWAY's 5,811 U.S. employees, I respectfully ask the administration to provide exemptions for imports of tinplate and CRC.</u>**

**Respectfully,**

**Kenneth M. Roessler**
**President and Chief Executive Officer**
**BWAY Corporation**