

United States International Trade Commission

Preliminary phase conference: Tin Mill Products from Canada, China, Germany, Netherlands, South Korea, Taiwan, Turkey, and United Kingdom; Inv. No. 701-TA-685 and 731-TA-1599-1606

Testimony of Tom Madrecki
Vice President of Supply Chain, Consumer Brands Association

Good morning and thank you for the opportunity to provide feedback to the Commission on the petition to impose duties on tin mill products. My name is Tom Madrecki, and I serve as vice president of supply chain for the Consumer Brands Association. We represent America's food, beverage, household, and personal care manufacturers, many of whom depend on packaging and containers manufactured with tinplate.

If duties are imposed as sought in the petition, we anticipate significant negative consequences impacting consumers, packaging manufacturers, our member companies, and even the domestic steel industry itself.

Although we are downstream users of tinplate products and cannot comment directly on the practices of foreign suppliers or domestic steel manufacturers, we possess a deep understanding of the safety, efficacy, and availability requirements sought by industry to meet consumer demand, ensure the safety of products on the shelf, adhere to regulatory requirements, and adequately source packaging materials. We encourage the Commission to take these conditions of competition into account as it makes its injury determination regarding subject imports of tinplate products:

Product specification and quality demands dictate ordering patterns.

Our member companies have myriad different packaging requirements for their diverse product portfolios, which cannot be met through domestic sources alone. Quality, packaging specifications, supply continuity, and quantity are as important as price. Wide drawn and ironed 2-piece or 3-piece cans, EZ-open lids and ends, certain laminate products, and a variety of ounce sizes are in high demand.

Many specifications required for our members' packaging are available only from foreign producers.

Duties could hurt domestic can and CPG manufacturers, and even tinsplate producers.

In the last two years, CPG manufacturers have experienced repeated interruptions and delays in supply of both cans and lids. Our understanding is that this was the result of tinsplate shortages due to demand increases, import quotas, and domestic tinsplate manufacturing lines being off-line. As a result, CPG manufacturers have periodically been forced to shut down their own manufacturing lines. CPGs have also had to "mix and match" cans and lids from different manufacturers, which creates a risk in the manufacturing process of an incomplete seal between lid and can. Packaging supply is normalizing but we are concerned that the imposition of new duties would again destabilize the market and challenge the supply of cans and lids.

Similarly, we are concerned that added duty costs will get passed along to brands and then to end users, as we have seen already with the 232 tariffs. Those downstream effects hurt U.S. can manufacturers, and over the long-term, U.S. tinsplate producers upstream. We anticipate three outcomes of the duties, if imposed:

1. A rise in imports of empty cans not subject to duties;
2. CPG manufacturers' use of packaging alternatives to metal cans, which is already accelerating;
3. And, a rise in imports of canned foods and household products, which will hurt U.S. CPG manufacturers and agricultural producers.

Duties will ultimately hurt consumers and especially vulnerable populations.

Tin-plate costs recently almost doubled. Although considering consumer impact is not the Commission's directive, the rates requested in the petition would gravely impact the availability and affordability of canned products, hurting U.S. families and food banks that rely on them.

Thank you, and please consider the Consumer Brands Association a resource. We encourage you to protect all U.S. manufacturers and ensure access to tinsplate products.