

March 13, 2018

The Honorable Wilbur Ross
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Dear Secretary Ross:

As the can-manufacturing and beverage industries, we are writing to you today as end-users of aluminum. We look forward in working with you and the staff to ensure the implementation process of the tariff on March 23rd addresses serious supply, pricing and compliance issues. Set-forth below are a number of process-oriented and implementation questions we are concerned about. Failure to address these issues in a timely manner will undoubtedly cause increased input costs to manufacturers and potential unintended consequences.

1. **Exclusion for Cansheet:** We want to again express our hope that our industries will be excluded from the 10% tariff that was announced by the President last week. We have not received any details about the exclusion process for industries. We would be keenly interested in learning the following:

- Who is the best party to file for exclusion – industries, or industry representatives, such as trade associations?
- What is the timeline for exclusions?
- How does the BIS staff reconcile the 90-day exclusion process with the 15-day trigger of tariffs?

2. **Mid-West Premium price concerns:** We have major concerns about how the 10% tariff could cause price-gouging within aluminum markets. We have met with your staff throughout the year to express our concerns with spikes in the Midwest Premium Price (MWP) for aluminum. As you know, the MWP will include the price of the newly-announced tariff. However, since the tariffs were announced, the MWP has spiked from 9 cents to 19 cents per pound, a more than double increase. Each penny movement in the MWP means hundreds of millions of dollars to the beverage industry. Rather than being a measure of the cost of storing and shipping aluminum, the MWP has become a device to artificially raise the price paid for aluminum by end users, and to enrich producers, traders, and other market participants. We would like to know how the Commerce Department intends to address these spikes in pricing to protect end-users from price gouging in the market.

3. **Ensuring Domestic Excess Supply is Tariff Free:** We know that currently there exists an excess supply of metal in warehouses (dark storage) and in aluminum producer's inventory. How does the Commerce Department intend to help ensure that stockpiled aluminum isn't subject to the new tariffs?

4. **Protecting Made in America smelting operations:** We also know that some aluminum producers have been touting for years their investments in aluminum smelting facilities in other

countries, like Iceland and Saudi Arabia. The 10% tariff has the effect of rewarding those off-shore companies by raising the prices of their products and passing those costs on through the value chain as they are exported into the United States. We oppose the 10% tariff on aluminum, and would be very concerned about companies benefitting from the tariff and then investing dollars abroad. We are sure that the President doesn't intend to reward companies who have chosen over the past decade to invest outside of the U.S. What steps is the Commerce Department taking to ensure that those companies aren't rewarded by these tariffs and ensure that they will indeed invest in U.S. facilities instead of investing elsewhere?

5. **TAA Assistance:** Finally, many downstream users of aluminum have been concerned that these tariffs will result in job losses that would eclipse by many times the jobs created by the tariffs. How does the Commerce Department intend to help the industries that are harmed by tariffs? We know that several programs, like Trade Adjustment Assistance exist to help businesses and employees of businesses that have been harmed by trade. Will the Commerce Department be facilitating the use of those programs for those industries impacted by the 10% tariff?

You have said that you believe tariffs will bring back aluminum smelting jobs to the U.S., and will have minimal effect on downstream users, and will have minimal effect on consumer prices. We want to offer our assistance to ensure that is the case. We hope that excluding cansheet from the 10% tariff, coupled with protections against price gouging, warehousing, and off-shoring will go a long way toward protecting the 97% of the aluminum industry that are downstream users. We look forward to your responses to these questions, and hope to work together moving forward.

Sincerely,



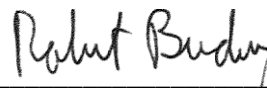
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President & CEO
American Beverage Association



Bob Pease
President & CEO
Brewers Association



Jim McGreevy
President & CEO
Beer Institute



Robert Budway
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