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Aluminum Foil Trade Actions Threaten the Flexible Packaging Industry

*The flexible packaging industry is once again unfairly targeted with
unwarranted trade actions on aluminum foil*

Annapolis, MD: January 17, 2023 – The Department of Commerce (DOC) shouldn't be picking winners and losers in U.S. manufacturing markets, but that is exactly what they are doing in the case of aluminum foil imports. A "self-initiated" case by the DOC against suppliers of aluminum foil from South Korea and Thailand threatens manufacturers of flexible packaging with unwarranted duties on necessary aluminum foil for food, pharmaceuticals, and medical device packaging. These duties are not appropriate as the foil used in these applications is not manufactured in the United States in the quantity and quality needed. In fact, this foil—which creates the ideal barrier to bacteria, odor, sunlight, and contamination—is essential to protect the domestic food, health, and medical product supply.

In 2017, the U.S. government imposed duties on aluminum products coming from China, including aluminum foil. In 2018, yet another administrative action was taken under Section 232 of the Trade Expansion Act and additional worldwide tariffs were imposed on aluminum products, including foil. Now, the DOC is initiating (not at the request of the domestic industry, but of its own volition) an investigation for potential additional fees on imports of aluminum foil from South Korea and Thailand. These continued actions and costs to FPA members threaten domestic jobs and the availability of products that American consumers use every day. What makes these actions even more destructive is that the foil targeted by these duties and tariffs is not manufactured in the U.S. Flexible packaging manufacturers have no choice but to import. The DOC already stipulated this truth by granting hundreds of exemptions to these manufacturers from the Section 232 tariffs. This same exclusionary process, however, does not apply to the initial Chinese duties, nor duties on Thai and Korean foil if enacted.

Aluminum foil is used as a barrier to provide sterility and shelf-stability for a host of food, beverage, nutraceuticals, pharmaceuticals, and medical devices. This includes food and beverage applications such as yogurt, spices, juices, pet food, and candy; health applications, such as over the counter drugs, supplements, and COVID-19 testing kits; medical device packaging, such as vaccinations, absorbable sutures, and surgery kits. They also manufacture the systems and packaging for institutional food delivery for hospitals, universities, and retail. And, aluminum foil is used for the delivery of Meals, Ready-to-Eat, for the U.S. military. When it comes to packaging for medical devices, food, and health care, sterility is critical – literally a matter of life and death. There is no ideal substitution for the barrier protection aluminum foil provides. And, unfortunately, this aluminum foil is not made in the quantity or quality needed in the U.S. Thus, packaging and product manufacturers have no choice but to import it.

This has not changed in almost 5 years since duties were imposed on aluminum foil from China. Adding Thailand and South Korea to the list of countries with duties on foil will not solve the problem of the lack of U.S. investment in this segment, so will not benefit the U.S. aluminum industry, but will greatly damage the U.S. flexible packaging industry as well as the product manufacturers who utilize our packaging. An increase in costs of this foil, if duties are imposed, would mean higher costs to these companies and their customers and could mean the loss of jobs to offshore competitors. While vital, aluminum foil is generally only one substrate of many that go into packaging and is not interchangeable with other substrates for a myriad of merchandise and services. Thus, moving aluminum foil packaging offshore will also result in the loss of jobs for paper, film, adhesives, fitments, inks, and other packaging components.

In addition to job loss, there are the unintended consequences to the U.S. supply of food and medical goods and services should the DOC move forward with new duties, and ultimately the higher costs to consumers for essential goods and services. DOC must right the wrong they have self-initiated and protect all U.S. manufacturing sectors, not just aluminum companies who choose not to service U.S. packaging companies.

For more information, please visit FPA's website at www.flexpack.org.

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About the Flexible Packaging Association (FPA)

The [Flexible Packaging Association](http://www.flexpack.org) is the voice of the U.S. manufacturers of flexible packaging and their suppliers. The association's mission is connecting, advancing, and leading the flexible packaging industry. Flexible packaging represents approximately \$39 billion in annual sales in the U.S. and is the second-largest and one of the fastest-growing segments of the packaging industry. Flexible packaging is produced from paper, plastic, film, aluminum foil, or any combination of those materials, and includes bags, pouches, labels, liners, wraps, rollstock, and other flexible products.