

March 28, 2022

Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Ave, NW
Washington, D.C. 20230

RE: [Regulations.gov Docket Number: BIS-2021-0042; Pet Food Institute comments in response to the “Request for Public Comments on the Section 232 Exclusions Process”](#)

The Pet Food Institute (PFI) respectfully submits these comments in response to the U.S. Department of Commerce’s “Request for Public Comments on the Section 232 Exclusions Process,” Docket No. 220204-0041 (the “Request”). See 87 Fed. Reg. 7,777 (February 10, 2022).

About PFI and Current Challenges Affecting the Pet Food Industry

Established in 1958, PFI is the national trade association and the voice of U.S. cat and dog food and treat manufacturers. Our members account for the vast majority of dog and cat food and treats made in the United States. Domestic dog and cat food sales were approximately \$40 billion last year, with about \$2.05 billion in exports to more than 90 countries.

PFI member companies manufacture pet food in 32 states, employ over 25,000 people and generate nearly 400,000 jobs in associated industries. U.S. pet food makers produce more than 9.8 million tons of food a year. A [2020 study](#) found that pet food makers use over 8.6 million tons of animal- and plant-based ingredients a year, representing more than 500 different ingredients, putting \$6.9 billion into the agricultural supply chain.

In providing complete and balanced nutrition for over 180 million dogs and cats in U.S. households, as well as many millions abroad, America’s dog and cat food makers use tinsplate steel for packaging wet pet food, which typically has been an accessible, affordable, and safe packaging solution.

The metal can represents a significant opportunity for pet food makers as they consider high-impact, achievable, and sustainable packaging efforts. According to the Can Manufacturers Institute, U.S. pet food makers use approximately 7 billion metal food cans a year, about 25% of which are steel and normally used for dog food, and about 75% of which are aluminum and normally used for cat food. While there is no official recycling rate for pet food cans, there is related information on steel can recycling. The Environmental Protection Agency reports a 2018 recycling rate of [71%](#) for all steel cans. [Metal recycles forever](#) and adds economic value to the recycling system.

Pet food cans are an important part of the packaging portfolio for pet food makers since pet owners may prefer dog and cat food in cans for a variety of reasons. Some [research](#) suggests this demand may have grown as shoppers changed their pet’s feeding routines during the COVID-19 pandemic, including

increased use of wet pet food. As pet food brands meet this consumer demand for complete and balanced nutrition delivered in cans, pet food makers want to know how pet food cans flow through the recycling system, with an eye towards increasing metal pet food can recycling.

Like other industries, U.S. pet food makers are continuing to experience major supply chain disruptions that began during the COVID-19 pandemic. Unprecedented transportation, labor and infrastructure challenges continue to threaten our members' ability to meet the high demand for finished products. COVID-19 devastated the meat animal production and processing industry, distorting supply chains and causing untold economic ruin and heartache for many in the livestock production industry. These unprecedented circumstances also severely impacted pet food makers, making ingredients harder and more expensive to source, and requiring huge expenditures to ensure facility worker safety. At the same time, demand for pet food and treats has increased due to more Americans working from home and increases in pet ownership. We are still fielding calls weekly from retailers, media and pet owners concerned with shortages of their favorite pet food brands.

Government incentives and mandates promoting renewable fuel growth have also created unintended consequences in supply and demand for animal- and plant-based oils and fats – ingredients critical for pet food recipes. Tax credits favoring fuel production over food production for humans and their four-legged family members have created market distortions. While other industries reap tax credits for their commodity's use in renewable fuel, the feed industry is bearing the brunt of this disadvantaged domestic supply, facing significant burdens of cost and sourcing for these critical ingredients. These challenges, in addition to tariffs on tinsplate steel, have wreaked havoc within the pet food industry and our members now have no other choice than to pass these costs onto consumers.

PFI Urges the Department to Grant the Canned Food Industry's Request for a General Approved Exclusion for Imported Tin Mill Products

The pet food industry supports a strong domestic steel manufacturing industry. We know that it's crucial to our country's national security, and that American steelmakers have been harmed by unfair trading practices. However, the domestic quantity and quality of tinsplate steel is insufficient, and these concerns haven't changed in over three years. On behalf of America's pet food manufacturers, the Pet Food Institute would like to address "the responsiveness of the exclusions process to market demand" for steel cans and the tin mill products that are used to produce steel cans, and in particular topic (7), "assessing the General Approved Exclusions ('GAEs') criteria and identification of specific products."

Over the last few years, since the Section 232 tariffs on steel and aluminum went into effect, the American food industry has faced and is continuing to confront recurring challenges regarding the supply of steel cans in the United States. These challenges can be traced to the struggles of domestic can manufacturers to obtain sufficient volumes of tin mill inputs from the domestic steel industry. Over time, the resulting supply chain disruptions are likely to become more severe, given recent and anticipated closures of additional domestic tin mill lines. Yet U.S. demand for steel cans has increased materially in the last few years, in part because of the COVID-19 pandemic. This combination of increased demand for canned foods and limited supply of steel cans has placed our members in a very difficult situation.

To be sure, over the past year or so, we appreciate the fact that many exclusion requests for tin mill imports have been granted by the Department's Bureau of Industry and Security ("BIS"). These BIS exclusions have helped can manufacturers supply America's food industry with the steel cans we need to meet the increased demand for canned foods. At the same time, however, the exclusions process creates uncertainty and risk for our members. As a result, and as explained further below, we strongly support the request of the Can Manufacturers Institute for a General Approved Exclusion for imported tin mill products that cannot be sourced in sufficient quantities from U.S. steel manufacturers.

I. The Section 232 Action Has Impacted the Availability of Steel Cans, Creating Operational Risks for America's Food Companies

In recent years, due to the reduced availability of tin mill products from the domestic steel industry, U.S. can manufacturers have been forced to rely more heavily on imports of tinplate to support their production of steel cans. Because most imports are affected by Section 232 tariffs and/or quantitative restrictions, can manufacturers have been forced to file hundreds of exclusion requests for tin mill products that either are made in insufficient volumes domestically or are not made in the United States at all. While many exclusion requests have been granted recently, several others are still being denied. By granting a General Approved Exclusion for tin mill products, the Department would help alleviate the supply shortage faced by domestic can manufacturers and thereby help ensure that a sufficient volume of steel cans is provided to America's food companies.

II. Because Demand for Steel Cans Has Increased During the COVID-19 Pandemic, Tinplate Supply Challenges Threaten U.S. Food Security

Since 2018, the availability of domestic tin mill products has become progressively more limited, with downstream effects on the reliability of the supply of steel cans made in the United States. At the same time, the COVID-19 pandemic has materially increased demand for steel cans. Together these two trends pose a threat to America's food security.

As is widely known, the pandemic caused an increased demand for canned foods, as families sought shelf-stable and affordable foods, not only for themselves but for their furry family members. While companies have worked to increase production levels in response to these trends, suppliers have not been able to cover the full increase in demand for steel food cans. Can shipments were up by double-digit percentages during the pandemic, but still fell short of overall demand.

Challenges to the reliable supply of steel cans have direct implications for U.S. food security. The Department has indicated that "canned goods" support the critical infrastructure sector of "Food and Agriculture."¹ Data from before the pandemic show that 83% of our country's kitchens have canned foods in their pantries. Canned foods provide an affordable, shelf-stable, and nutritious option for American families. These attributes are important for schools, hospitals, and restaurants, but also are especially important for low-income Americans and U.S. food banks, which rely to an even greater degree on canned foods. The COVID-19 pandemic has stretched canned food supply chains to their

¹ See "Effects of Imports of Steel on the National Security," U.S. Department of Commerce (February 16, 2018), Appendix I.

limits. Can makers facing a supply crisis in the availability of domestic tin mill products report to us that they are struggling to meet these needs.

At the same time, we have also faced an increase in imports of packaged foods that enter the U.S. market facing no Section 232 restrictions. Increasing food imports at a time of unreliable or unpredictable steel can supplies for the domestic food industry constitute a clear cause for concern. In our view, food security concerns provide an additional basis for the issuance of new General Approved Exclusions for the tin mill products that are crucial to U.S. production of steel cans for the food industry.

III. To Address the Supply Crisis, the Department Should Issue a New General Approved Exclusion for Tinplate in Support of Domestic Steel Can Production

While we appreciate the Department's recent policy of granting many Section 232 exclusion requests for tin mill products, we believe that additional action is now necessary to address the current crisis, given the significant and worsening shortfall in domestic supply.

The last two years have been extremely difficult for our nation. We believe that the issuance of a new General Approved Exclusion for tin mill products would help establish a reliable supply of steel food cans without the added costs, uncertainties, and delays associated with the submission of countless individual exclusion requests on the 232 Portal. Granting a new general tinplate exclusion would also eliminate the significant and unnecessary burden on the Department of reviewing and resolving hundreds of largely duplicative or overlapping requests.

In our view, this move would balance the needs of American consumers, food companies, and can manufacturers against the legitimate aims of the Section 232 action for the domestic steel industry, whose competitiveness has been enhanced significantly in recent years.

On behalf of PFI members, whose nearly 25,000 employees in 32 states provide safe food for the 180 million pets across the U.S., we urge the Department to grant the canned food industry's request for a General Approved Exclusion for imported tin mill products. The Exclusion will help ensure our nation's canned food industry continues to provide safe, nutritious and sufficient human and pet food to consumers and that the United States continues to compete on the global stage.

We appreciate the attention of the Department to this high-priority issue for America's human and pet food manufacturers, and we would be pleased to provide additional information.

Sincerely,



Dana Brooks
President and CEO
Pet Food Institute