

Motor & Equipment Manufacturers Association

1030 15th Street, NW Suite 500 East Washington, DC 20005
Tel 202.393.6362 Fax 202.737.3742 E-mail info@mema.org



May 31, 2017

VIA ELECTRONIC MAIL: Steel232@bis.doc.gov

Mr. Brad Botwin
Director, Industrial Studies
Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Ave., NW, Room 1093
Washington, DC 20230

**Re: Motor & Equipment Manufacturers Association's Comments on
Section 232 Investigation of Steel Imports**

Dear Director Botwin:

The Motor & Equipment Manufacturers Association (MEMA) is filing these comments in response to the Department of Commerce, Bureau of Industry and Security's request for public comments on the Section 232 National Security Investigation of Imports of Steel.¹

Introduction

MEMA represents 1,000 vehicle suppliers that manufacture and remanufacture components and systems for use in passenger cars and heavy trucks providing original equipment (OE) to new vehicles as well as aftermarket parts to service, maintain and repair over 260 million vehicles on the road today.² Our members lead the way in developing advanced, transformative technologies that enable safer, smarter and more efficient vehicles, all within a rapidly growing global marketplace with increased regulatory and customer demands.

Earlier this year, MEMA released an important economic impact study that clearly defines the critical role motor vehicle parts suppliers play in the U.S. economy.³ Vehicle suppliers are the largest manufacturing sector in the United States directly employing over 871,000 Americans in all 50 states plus the District of Columbia. Together with indirect and

¹ *Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel*, 82 Fed. Reg. 19205 (April 26, 2017).

² MEMA represents its members through four divisions: Automotive Aftermarket Suppliers Association (AASA); Heavy Duty Manufacturers Association (HDMA); Motor & Equipment Remanufacturers Association (MERA); and, Original Equipment Suppliers Association (OESA).

³ "Driving the Future: The Employment and Economic Impact of the Vehicle Supplier Industry in the U.S." MEMA and The Boston Consulting Group, January 2016. https://www.mema.org/sites/default/files/MEMA_ImpactBook.pdf



employment-induced jobs, the total employment impact of the motor vehicle parts manufacturing industry is 4.26 million jobs. Nearly \$435 billion in economic contribution to the U.S. GDP is generated by the motor vehicle parts manufacturers and its supported activity. In total, motor vehicle parts suppliers contribute more than 77 percent of the value in today's vehicles.

No Adjustments to Steel Imports Are Needed for National Security

MEMA member companies operate in a global supply chain with both suppliers and customers outside of the United States. This model has allowed for continued growth in motor vehicle production as well as U.S. employment in our sector. Free and fair trade is imperative for a strong domestic supplier industry. Disruption to supply chains or increases in production costs will not contribute to the national security of the United States.

Our industry is closely associated with the U.S. defense industry. Our member companies provide components and parts to vehicle manufacturers purchased by the defense industry, as well as replacement parts and systems for maintenance and repair. Just like the vehicles purchased by individual consumers, technological and material innovations by our member companies have resulted in safer and more efficient products for the U.S. defense industry. Adjustments to steel imports that prevent our members from obtaining the type of steel they need in a timely manner or increases to production costs would jeopardize our ability to manufacture in the United States and to provide these critical products to the U.S. defense industry.

There is no doubt that disruption to our members' U.S. manufacturing operations would be detrimental to the national security of the United States. Adjustments to steel imports that impact the production of vehicles and equipment provided to the U.S. defense industry would directly and adversely impact the U.S. defense industry by limiting or eliminating the supply of such vehicles and equipment. In addition, MEMA member companies obtain foreign steel from countries which are allies of the United States, and it is in the U.S.'s national security that our allies remain economically stable.

MEMA urges the U.S. government not to make any adjustments to steel imports.

Adjustments to Steel Imports Would Be Detrimental to U.S. Vehicle Suppliers

National security cannot be viewed as solely a defense industry issue. National security also depends on the economic security of the country. Policies that will make U.S. manufacturers more competitive by creating more jobs and cultivating capital investments will allow the U.S. to achieve greater economic stability. Our member companies currently anticipate continued job growth in our industry for workers such as engineers, technicians, and skilled trades and, therefore, expect to contribute heavily to the economic security of the country. However, this growth assumes no adjustments to steel imports.

As mentioned above, motor vehicle parts manufacturers provide jobs throughout the nation. Suppliers play a significant role in the research and development of new technologies that provide safer, more fuel-efficient vehicles to all Americans. Currently, vehicle manufacturers and motor vehicle suppliers operate at virtually 100 percent capacity utilization (see Appendix II). At the same time, motor vehicle sales in this country are at an all-time high. Adjustments to steel imports will allow other countries to manufacture finished components at a lower cost thus undercutting U.S. operations. We are at a time when we must encourage future investments in this country. If imports of less expensive finished goods are allowed to rise, production and employment will suffer. Finally, in the face of increased imports of less expensive finished goods, our member companies' ability to invest in U.S. manufacturing will certainly decrease. This scenario will play a significant role in our country's competitiveness and, in turn, our national security.

Adjustments to steel imports will adversely impact MEMA member companies by disrupting U.S. manufacturing operations and increasing costs. Suppliers expect adjustments to steel imports to cause job losses due to a decrease in production if steel is not available in a timely manner or the costs of production increase. Adjustments to steel imports would also be likely to decrease overall U.S. production because production of the downstream products using steel subject to such adjustments would move abroad. Member companies would have to compete with those finished goods imports, which likely would take market share from MEMA member companies. Finally, other countries may retaliate against the U.S. for imposing such restrictions by imposing their own restrictions, which could detrimentally impact exports of MEMA member companies.

Certain Types of Steel Must Be Excluded from Any Adjustments to Steel Imports

For the above reasons, MEMA strongly urges the government not to make any adjustments to steel imports. However, if the government does make such adjustments, MEMA requests that certain products critical to U.S. manufacturing operations of our member companies be excluded from any such adjustments. MEMA member companies need specialized steel that either is not available at all in the U.S. or is not available in sufficient quantities. Certain foreign steel producers worked closely with MEMA member companies to develop the specialized steel and this type of collaboration benefits the U.S. by improving products. Continued access to these types of steel are critical to our industry. Attached to these comments is a non-exhaustive list of steel products that must be excluded from any import adjustments (see Appendix I). Several of our member companies are submitting exclusion requests directly as well.

Future Research is Necessary Before Adjustments to Steel Imports Are Imposed

Uncertainty as to the ability to obtain steel for our industry puts businesses in jeopardy. Companies cannot plan production runs if the timing of steel accessibility is unknown. MEMA requests that the impact of any adjustments to steel imports is carefully researched before such adjustments are imposed. By law, the Secretary of the U.S. Department of

Commerce has 270 days to present the President with its findings and recommendations. The President then has 90 days to determine whether to adjust imports. All of the available time should be used in order to thoroughly examine the impact of any adjustments to steel imports on the entire U.S. economy before such adjustments are recommended and/or imposed. The government should also consider whether a more appropriate remedy is available, such as countervailing duties and/or antidumping duties against specific products from specific countries. The government has the authority to self-initiate such investigations.

MEMA urges the administration to take a country-specific and product-specific approach to this issue rather than imposing blanket quotas or tariffs on all steel imports without due consideration of the impact of such restrictions on the U.S. economy overall. MEMA is available to assist in providing information on the impact of possible adjustments on steel imports, and can survey its members to provide such information.

Conclusion

Motor vehicle component and systems manufacturers are the largest employers of manufacturing jobs in the U.S. and many of these companies import steel of all types, including specialized steel products, to manufacture goods in the U.S. that are then sold to the U.S. defense industry, U.S. government and consumers. Disrupting American manufacturing operations or increasing costs through adjustments to steel imports would not benefit the national security of the United States. Such adjustments to steel imports would, in fact, detrimentally impact U.S. employment, compromising our economic and national security.

MEMA appreciates your consideration of these comments. Please contact me via email awilson@mema.org or call 202-312-9246, if there is any additional information MEMA can provide for this investigation.

Sincerely,

A handwritten signature in black ink that reads "Ann Wilson". The signature is written in a cursive, flowing style.

Ann Wilson

Senior Vice President of Government Affairs

APPENDIX I

This is a non-exhaustive list of examples of steel products where there is either no U.S. supply, insufficient U.S. supply, producer-developed specialty steel, etc.

NAME	AISI	HTS	Code not provided*
1055Nb strip		7217.10.7000	
18CrNiMo7-6 wire		7223.00.5000	
310 Stainless Steel			*
436 Stainless Steel			*
440B wire		7223.00.1061	
501C wire		7223.00.1076	
50CrV4 wire		7217.10.8020	
7140 wire			*
Alloy Steel	41L40		
Alloy Steel Wire Rod and Bar		7215.50.00	*
Austenitic Stainless Steel Wire Rod and Bar		7221.00.00	*
Bead wire		7217.30.4530, 4560, 4590, 7500	
Carbon Steel	11L17		
Carbon Steel	11L44		
Carbon Steel	12L14		
Carbon Steel Wire Rod and Bar		7215.50.00	*
Certain grain-oriented electrical steel (GOES)			*
Circlips/ Snap rings EN 1.4301		7326.90.8587	
Clamp plates	A607	7326.90.8587	
Clamp plates	321	7326.90.8587	
Cold Drawn Mechanical Tubing ASME SA-372 Grade E class 70			*
Cold Rolled Coil (CRC)		7209.15.00 7209.16.00 7209.17.00	*
Cut to length plate (Die Steel)			*
Cut to length plate (Tool Steel)			*
CR Galvanized Steel with surface roughness equal to GMW16823 in Germany (1.1-1.7 μm)		7209-1600	
Dievar Bohler W360			*
Electrical Steel (Grain-Oriented and Non-Grain Oriented)		7225.11.00 7225.19.00	*
Ferritic Stainless Steel Wire Rod and Bar		7221.00.00	*
Flat wire	48		
Free-Machining or Resulfurized Steel Wire Rod and Bar		7213.20.00 7215.10.00	*
Flat rolled, hot stamped, high strength strip, oiled, carbon alloy	AS150	7225.99.0090	
GALFAN® Sheet and Coil		7210.61.00 00	*
Gaskets	321	8484.10.0000	
Heat shields	314/314L	8414.90.4175	

** At time of submission, codes were not available to MEMA. Upon request, code information can be further researched and provided.*

APPENDIX I

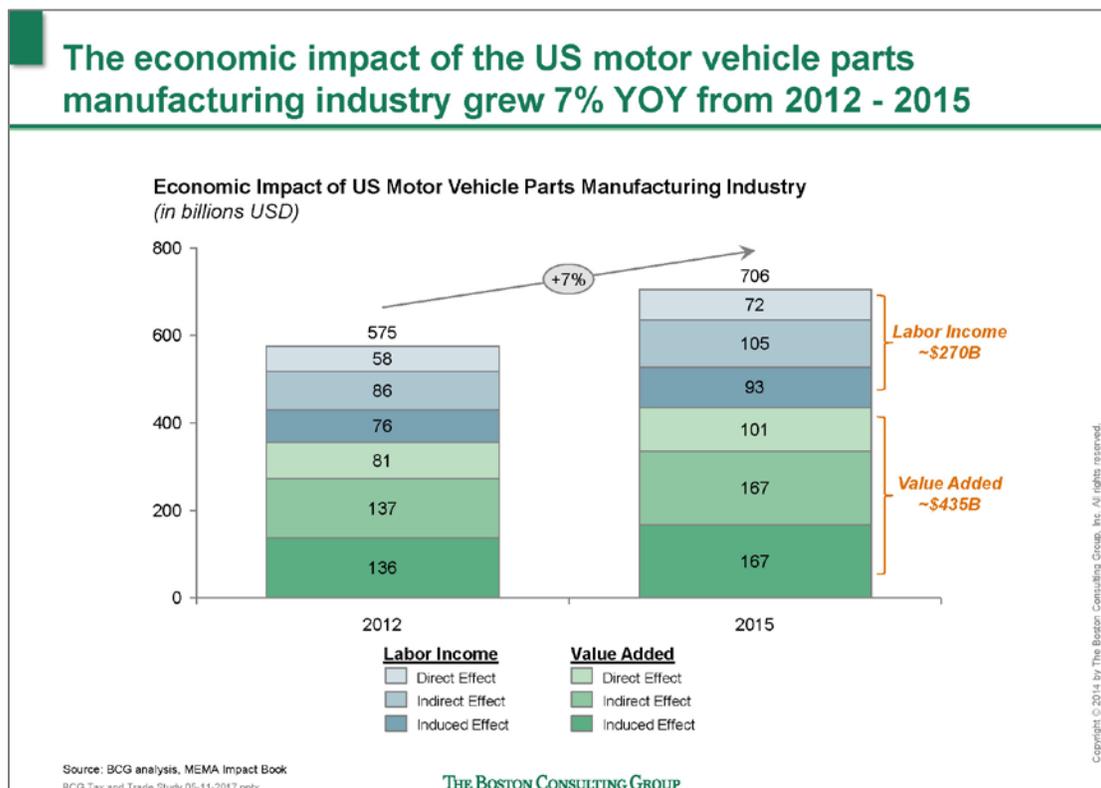
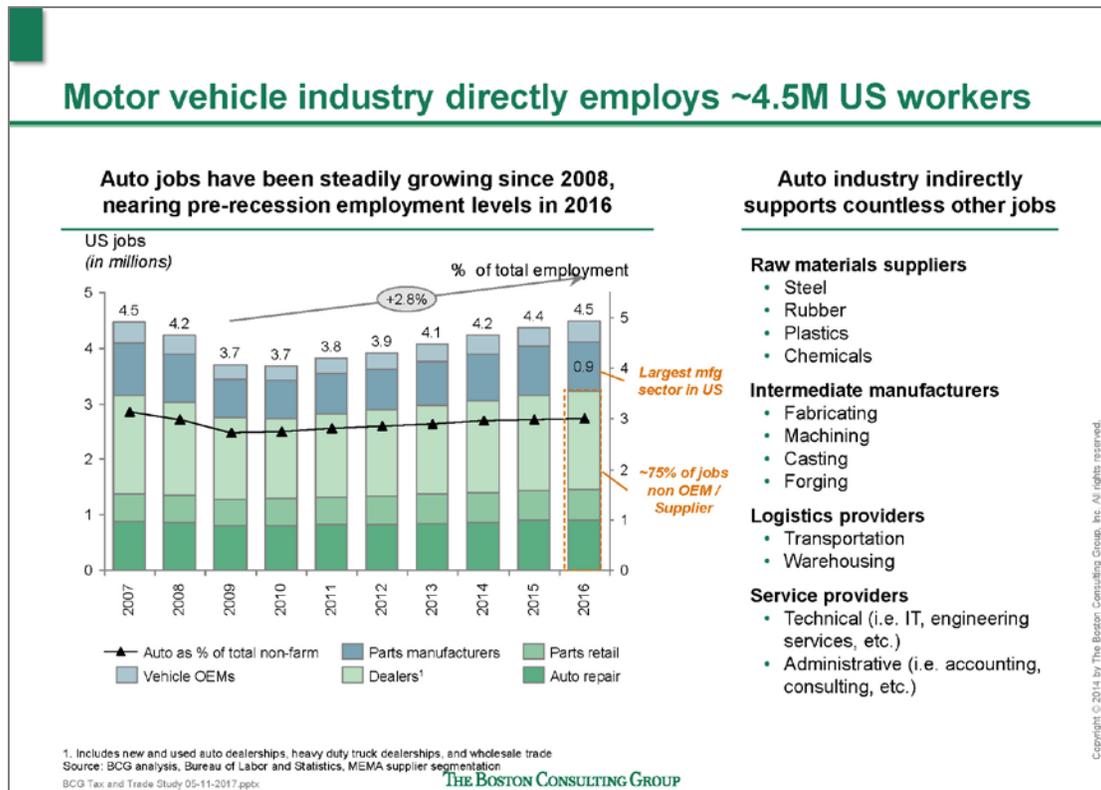
This is a non-exhaustive list of examples of steel products where there is either no U.S. supply, insufficient U.S. supply, producer-developed specialty steel, etc.

High quality drawing quality steel - 18ga up to 1/4" drawing quality steel			*
High Strength Low Alloy steel SAEJ2340			*
Hot Dipped Galvanized Coil (HDG)		7210.49.00.91	*
Intermediate			*
Leaded Steel Wire Rod and Bar		7213.20.00 7215.10.00	*
Long Steel (Wire Rod, Bar)			*
Low carbon diffusion annealed nickel-plated steel sheet		7212.50	
Low carbon diffusion annealed nickel-plated steel strip		7210.90	
Martensitic Stainless Steel Wire Rod and Bar		7221.00.00	*
Martensitic Steel			*
Misc semi-finished	430 / 431	8414.90.0000	
Non-oriented electrical steel (NOES)			*
Pin	314	7318.29.0000	
Spacers	A286, 660	7318.29.0000	
Spring wire	48		
Stainless Steel Coil		7319	*
Strip Cold Rolled	37		
Structural Shapes, Fabricated	38		
Super Nickel			*
Thin Gauge Stainless			*
Tire cord		7312.10.1030, 3045	
Tire cord-quality steel wire rod		7213.91.3011	
ZAM® Sheet and Coil		7210.61.00 00	*
		7208.26.0030	
		7208.27.0030	
		7210.11.0000	
		7210.49.0091	
		7211.29.2030, 2090, 6030	
		7213.99.0030	
		7217.10.5030, 5090	
		7222.20.0043	
		7223.00.1031	
		7225.11.0000	
		7225.50.8080	
		7225.92.0000	
		7225.99.0090	
		7226.11.1000, 9030, 9060	
		7227.90.1030, 6040	
		7228.30.8015	

* At time of submission, codes were not available to MEMA.
Upon request, code information can be further researched and provided.

APPENDIX II

The following slides are excerpts from a larger study commissioned by MEMA and recently conducted by the Boston Consulting Group that evaluated the economic impact of changes in trade policies on vehicle suppliers.



APPENDIX II

The following slides are excerpts from a larger study commissioned by MEMA and recently conducted by the Boston Consulting Group that evaluated the economic impact of changes in trade policies on vehicle suppliers.

