

United States Senate

WASHINGTON, DC 20510

March 8, 2018

President Donald J. Trump
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500

Dear President Trump:

Thank you for your committed support for our nation's steel industry. From submarines to skyscrapers to superhighways to the electric grid, steel has been a critical part of the country's national security and economic achievement.

As steel state Senators, we know firsthand how important steel is to the economy and success of our states and our country. We also know the usefulness of trade enforcement. Our bipartisan work on the Senate Finance Committee helped lead to three major wins for American steel companies and their workers in 2016, when the International Trade Commission (ITC) announced duties on cold-rolled, corrosion resistant, and hot-rolled steel from countries such as China, Korea, and Turkey.

We write you today to share our concerns that your proposed section 232 remedy is incomplete when it comes to electrical steel. We write on behalf of a constituent company, AK Steel, which is the last domestic producer of grain-oriented electrical steel (GOES). Since the remedy, as currently constructed, does not include electrical cores and core parts, the remedy will not be effective for the domestic electrical steel market. GOES is the type of specialty steel used in the cores of power transformers, which are key components of the country's critical power grid infrastructure.

We were pleased to see that your proposed remedy includes grain-oriented electrical steel. However, we are concerned that unless you include a handful of additional tariff lines, for products that are essentially just electrical steel sheets stacked, wound and slit, as a part of the scope of the remedy, the remedy will be ineffective for electrical steel. This is because foreign countries will simply set up production of cores, which requires very little capital. They will use foreign GOES to produce the core parts or cores of transformers, and export those products to the United States. In this way, the proposed section 232 remedy actually creates an opportunity for foreign producers to easily bypass the steel tariff and continue to undermine domestic production of electrical steel and cores which are of national security significance.

Therefore, we would ask that you add the following Harmonized Tariff Schedule (HTS) codes to your remedy:

- 8504.90.9634 (Laminations)
- 8504.90.9638 (Cores)
- 8504.90.9642 (Core assemblies)

We urge you to consider the concerns we have raised and work with us as you finalize the section 232 remedy. Thank you for your attention to this matter.

Sincerely,



Robert P. Casey, Jr.
United States Senator



Rob Portman
United States Senator



Sherrod Brown
United States Senator