



June 23, 2017

**VIA ELECTRONIC DELIVERY**

Brad Botwin, Director Industrial Studies  
Office of Technology Evaluation  
Bureau of Industry and Security  
U.S. Department of Commerce  
Room 1093  
14th and Constitution Avenue, NW  
Washington, DC 20230

**PUBLIC VERSION**  
**Business Proprietary Information**  
**Deleted from Pages 3-4**  
**Exempt from Disclosure under FOIA**  
**5 U.S.C. § 552(b)(3) & (4)**

Re: Section 232 Investigation of Global Aluminum Imports

Dear Director Botwin:

JTEKT North America Corporation (“JTEKT America” or “JTEKT”) respectfully submits these comments pursuant to the Department of Commerce’s (“the Department”) investigation under section 232 of the Trade Expansion Act of 1962, as amended, to determine the effects on the U.S. national security of imports of aluminum. These comments are timely filed, pursuant to the Department’s instructions set forth in its *Change in Comment Deadline for Section 232 National Security Investigation of Imports of Aluminum*, 82 Fed. Reg. 25597 (Dep’t Commerce June 2, 2017). See also *Notice of Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Aluminum*, 82 Fed. Reg. 21509 (Dep’t Commerce May 9, 2017).

**I. INTRODUCTION**

JTEKT America is a global manufacturer of bearing technologies, machine tools, and automotive and industrial components. JTEKT America was founded in 2006 and has regional headquarters in Greenville, South Carolina. JTEKT America has 14 manufacturing facilities in



the United States that produce millions of products each year. Located in ten states, JTEKT America employs 5,400 people in the United States.

The products that JTEKT America manufactures that may be affected by this aluminum investigation are used in automotive steering systems. To manufacture these products, JTEKT sources finished aluminum parts from foreign suppliers due to the lack of, or uncompetitive nature of, domestic suppliers.

JTEKT America's suppliers are not readily interchangeable. Because JTEKT produces components used in automobiles, JTEKT abides by very strict safety standards that apply to its individual components through to the finished product. The Automotive Industry Action Group (AIAG) guidelines, which apply to JTEKT's automotive components, require significant validation testing to approve new sources. This means JTEKT's suppliers must complete a lengthy validation and certification process before JTEKT can use their products in its automotive steering systems.

JTEKT America urges the Department not to recommend imposition of blanket import relief in the form of duties or quotas as a result of this investigation. JTEKT imports certain aluminum products for a few reasons: the U.S. domestic industry does not offer the products that we use in our business at terms which are commercially feasible; or OEM customers direct us to use a foreign supplier; or we do not have qualified U.S. suppliers. The imposition of import relief on three aluminum products, in particular, would have an immediate impact on JTEKT's business.<sup>1</sup> As described in the chart below, the principal reason that JTEKT does not purchase

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<sup>1</sup> We do not think these **finished** automotive parts are covered by the scope of the 232 investigation. We believe this investigation is only about primary aluminum imports. But we have filed these comments out of an abundance of caution.



these three aluminum grades in the U.S. is because domestic producers do not offer equal products in terms of quality and cost competitiveness. Increased duties or quotas on the imported grades would increase JTEKT’s costs, which would reflect in increased prices to its customers. Thus, JTEKT requests exclusions from any import relief on the following three aluminum grades:

Grade	Description	Total Usage (Pieces)	Reason for Foreign Supplier
A380	Machined aluminum steering bracket from [ ]	[ ]	JTEKT’s customer, [ ], directs JTEKT to source with this company.
AS9U3	Steering pinion housing casting from [ ]	[ ]	Due to lack of capacity at JTEKT casting facility, this is sourced due to good quality and delivery with the JTEKT facility in [ ].
ADC12	Machined aluminum steering rack, sensor & gear housings from [ ]	[ ]	These are machined complete castings. These suppliers are sourced due to commercial competitiveness as well as a history of good quality and delivery with JTEKT facilities in [ ]. These castings are machined in the region where the castings are made. All parts are safety critical steering system components that have been fully approved by North American automotive customers. JTEKT and our customers funded millions of dollars in part-specific tooling to manufacture these components. It would take significant testing and development to change currently sourced suppliers.

While JTEKT America would welcome increased sourcing from domestic U.S. suppliers, it cannot afford to pose any risk to its business by utilizing products that could negatively impact the quality of JTEKT America's products. As JTEKT America supplies consumer industries, including the automotive sector, the use of anything less than top quality poses threats to safety and such parts might not be approved for use on automotive vehicles. In light of quality and other considerations, JTEKT sources finished aluminum parts from foreign suppliers, as indicated above. Switching to domestic suppliers is not a viable approach given the multi-year validation process for new suppliers to become certified.

JTEKT does not believe that imports of aluminum threaten the national security of the United States. Any trade barriers are certain to have a detrimental effect on JTEKT America's workers, our industry, our customers and consumers. The following facts support our position.

- **Defense applications:** We do not believe the products we import have defense applications.
- **Nature of Imports:** A significant portion of the volume of imports of aluminum products imported by JTEKT America comes from [ ] and other countries that are considered strong U.S. allies. JTEKT considers that imports of aluminum products for use in automotive systems are necessary, as the domestic industry does not appear to have sufficient capacity to meet the needs of the growing demand in the automotive industry for high quality and cost-competitive aluminum.
- **Higher costs to consumers:** Punitive tariffs, quotas or other trade actions will increase the domestic price of automotive components. The increased cost will be

passed through the supply chain to the consumer, which will result in inflation of pricing of the finished product.

- **No displacement:** Imports are not displacing domestic products in any meaningful way.
- **Quality Problems; Inefficiencies; and Product Substitution:** Trade barriers will force JTEKT America to risk supply disruption to our customers or limit the customers with which we can do business. This would reduce the number of employees that we could retain as business declines. The supplier certification process required for consumer safety reasons makes quick substitutions impossible due to the stringent quality certifications that must be obtained to ensure safety for the ultimate consumers. Thus, even if domestic suppliers were available and competitive, JTEKT would be unable to incorporate their components into its supply chain for a period of several years. Moreover, the domestic industry does not appear to have sufficient capacity to meet the needs of the growing demand in the automotive industry for high quality and cost-competitive aluminum.
- **Risk to Jobs and Markets:** A significant disruption to our aluminum product supply chain will increase costs to our customers and might make them consider sourcing our products from foreign sources.



## II. CONCLUSION

We appreciate the Department's consideration of these comments. Please contact the undersigned should you have any questions regarding this submission.

Respectfully submitted,

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## Statement of Non-Disclosure of Business Confidential Information

In accordance with the Department's instructions, business confidential information clearly identified by square brackets (“[ ]”) and is found on **pages 3-4**. A non-confidential submission is also provided. *See Notice of Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Aluminum*, 82 Fed. Reg. 21509 (Dep't Commerce May 9, 2017).

Some of the documents and information attached in this submission includes confidential business information relating to JTEKT North America's operations and purchasing activities. Accordingly, JTEKT North America requests that the Department treat the documents and information attached herein as confidential and not release the information, pursuant to 5 U.S.C. § 552(b)(4) and 28 C.F.R. § 16.7. JTEKT North America requests that the Department not release this information in any request under the Freedom of Information Act (“FOIA”) because its release would cause substantial harm to its competitive position. JTEKT North America conducts business in a highly competitive industry, and the release of this agreement and its terms would cause substantial commercial harm under Exemption 4.