



May 31, 2017

Mr. Brad Botwin  
Director Industrial Studies Office of Technology Evaluation  
Bureau of Industry and Security  
US Department of Commerce - Room 1093  
14<sup>th</sup> and Constitution Avenue, NW  
Washington, D.C. 20230

Re: Follow Up Comments on **Section 232 National Security Investigation of Imports of Steel**

Dear Director Botwin:

On behalf of every ADI member, it was a distinct honor for me to be asked to present at the recent **Section 232 National Security Investigation of Imports of Steel** hearing on May 24, 2017. Moving forward, ADI would like to summarize our position:

- ADI has sixteen members who are the owners or principals of over thirty-six manufacturing and distribution facilities located throughout the US.
- We also proudly employ over 5,000 full time and 150 part-time workers in the U.S.
- A key product used by ADI members is light-gauged, corrosion-resistant steel ("CORE"). Specifically: Hot Dipped Galvanized Sheet in coil, with 0.01"-0.012" thickness. This type of metal conforms to ASTM A653; Grade CS, Type B; Coating: G-30 with HTSUSA Code of 7210.49.
- The key products we import are not in any way tied to the national defense industry. Our products are not used for armor, defense vehicles, ships, aircrafts or infrastructure.
- The scope of protecting National Security does not apply to restricting light gauge (0.010"-0.012") metals.
- We encourage and support the initiative for domestic mills to have a vibrant, sound industry notwithstanding the need to produce for the national defense industry. Based on information and analyses available in today's marketplace, many domestic mills are performing well with total returns more than the overall US commercial average over the last ten years. This is despite the challenges that include the 'dumping' issues.
- The products we primarily manufacture are utilized for the Heating, Venting and Air Conditioning (HVAC) industry. Our products are used for residential housing and for the construction of light commercial buildings.
- We are dedicated to helping Americans find affordable housing whether it's in single home residences, multi-family housing, senior citizen centers, special needs housing or the like. These housing and light commercial construction options must remain affordable for all.
- Even with domestic steel mills operating at approximately at 70% capacity, the production of light gauge metals continues to be avoided or delayed because the incentive to produce 0.010"-0.012" metal is simply not profitable. The making of light gauge metals is counter-productive to them; domestic mills are more proficient at making thicker materials.
- The most common thickness that domestic mills offer in galvanized metals start from 0.015" and heavier.

The necessary adjustments, added taxation on equipment, and therefore additional run times are all impacted when pressured to run 0.010"-0.012" thicknesses.

- ADI members have a need for multiple widths of steel, including but not limited to 30"-36", 48" and 60" coils. The need for 30"-36" compounds the issue for domestic mills; they would need to Cold Reduce narrow widths in addition to reducing the thickness down to 0.011" to produce 0.012", taxing their equipment.
- To compound the problem, there is only a single source for 60" wide light gauge coils: CSN Mill in Terre Haute, Indiana. This special width is common for some ADI members.
- The 2015 Antidumping lawsuit on seven countries who import to the U.S. has already affected our members. We currently are experiencing higher priced steel for our products, and, therefore, so are our U.S. consumers.
- Added tariffs or restrictions on imported steel will certainly help drive more orders to the domestic mills, but dedicated capacity to produce light gauge (0.010"-0.012") metals will place orders even further down a production schedule causing long lead times and a probable scarcity of product, unless they choose to abandon the orders completely.

As stated in our first response letter: "We, the members of ADI, believe in and support President Trump's initiative to prepare America for adequate readiness in the event of a national security event. We do not want our types of light gauge metals to interfere with domestic mills being able to react quickly if there was a crisis. We are sympathetic to the intent of this investigation, however, U.S. manufactures, like ourselves, are in a unique niche: production of light gauge HVAC ductwork and fittings. If domestic mills were pressured by the U.S. government to provide quality light gauge metals to equal or surpass our needs, they would not only be pushed to overcapacity, but our orders would be the last, if ever, to be filled. This would result in a severe lack of product availability for our customers which would ultimately affect the end user: the housing and light commercial industries. The loss of manufacturing jobs is real if there isn't a demand for our products."

In closing, ADI members need readily accessible as well as reasonably priced steel. We respectfully appeal to the DOC to recommend to President Trump to exclude our industry's needs for light gauge materials (0.010"-0.012" thicknesses) from the 232 Steel Investigation by not imposing additional tariffs, adding restrictions or prohibiting our ability to purchase light gauge metals from foreign markets.

Sincerely,



Suzi Agar, President ADI  
With Cody Company

Cc to ADI Members with US Manufacturing Facilities:

Mr. Gary Moser, Barrington Manufacturing; Mr. Peter Tuggle, Crown Products Co.; Mr. Matthew Alberti, Elgen Manufacturing; Mr. Richard Gray, Jr., Gray Metal Products; Mr. Mark Smith, Green Seam Industries; Mr. Brian Blaushild, Heating & Cooling Products; Mr. Normand Cassie, Imperial Manufacturing Group; Mr. Dan Lukjanczuk, Lukjan Metal Products; Mr. Rob Felton, M&M Manufacturing and Snappy Company; Mrs. Doris Belk, Mitchell Metal Products; Mr. Mike Kelley, Seal-Tite, LLC; Mr. Bill Spiegel, Southwark Metal Mfg.; Mr. Greg Merchant, The Duc-Pac Corporation.