

May 31, 2017

By E-mail

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

Steel232@bis.doc.gov

Re: **BSH Home Appliances** Comments on the Department of Commerce's Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel

Dear Mr. Botwin:

BSH Home Appliances respectfully submits the following comments in response to the Department of Commerce's (the Department) 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).

BSH Home Appliance Corporation is headquartered in Irvine, California, and manufactures appliances sold under the Bosch, Thermador and Gaggenau names. BSH has factories in North Carolina and Tennessee, with warehouses, sales offices and show rooms throughout the United States.

BSH respectfully requests that any action the Department takes consider the impact on the appliance industry. If the Department decides that some steel is being imported into the United States in such quantities or under such circumstances as to threaten or impair the national security, BSH requests that steel used for home appliances—light gauge sheet metal, galvanized pre-painted steel, and light gauge stainless steel—be exempt from that determination.

In April, the Secretary of Commerce (Secretary) initiated an investigation to determine the effects on the national security of imports of steel. The Department seeks comments and information directed at the criteria listed in 15 C.F.R. § 705.4. BSH supports the Secretary's objective to protect national security, but we are concerned about the impact of imposing trade remedies such as tariffs and quotas on steel imports on the home appliance industry.

Steel is one of the main materials used by home appliance manufacturers in the construction of their products. In particular, home appliance manufacturers typically use light gauge sheet metal, galvanized pre-painted steel, and light gauge stainless steel in the construction of their products. These materials are critical to the design, function, and durability of home appliances and, should the Department decide to recommend action, we ask that the steel used for home appliances be exempt.

First, we are concerned that any action to ban or limit the quantity of steel imported into the United States will overly burden U.S. steel capacity. U.S. steel capacity is insufficient to meet the demands of industry, including the home appliance industry. Were steel to become more difficult to source, it would hamper the industry's ability to deliver products to consumers. In addition, some manufactures use specialty steel that is simply not available in the U.S. and must be sourced internationally.

Second, foreign competition in the steel industry improves the welfare of the home appliance industry, which is a low margin business. Competition between U.S. steel producers and international steel producers results in lower steel prices. Without this competitive pricing, it is likely that the home appliance industry could become less competitive and/or, in some cases, would need to pass price increases onto consumers.

Moreover, an action to impose a ban or limit on the quantity of steel imported into the United States or a tariff on steel imports is a disincentive to manufacture home appliances in the United States. It is likely that, in response to such actions, companies producing products domestically would be at a disadvantage compared to products produced internationally. Thus, limits on imported steel and/or tariffs on imported steel could result in companies deciding to produce home appliances outside of the United States in an effort to avoid higher steel prices or the unavailability of domestic steel.

The potential loss of American manufacturing is also contrary to the President's goals to promote economic security and to help stimulate economic growth, create good jobs at decent wages, strengthen the middle class, and support the American manufacturing industrial base. The Department and the President must ensure that in assisting one industry, they do not negatively impact others.

For all these reasons, if the Department decides that some steel is being imported into the United States in such quantities or under such circumstances as to threaten or impair the national security, BSH requests that steel used for home appliances—light gauge sheet metal, galvanized pre-painted steel, and light gauge stainless steel—be exempt from that determination.

BSH appreciates the opportunity to submit these comments on the Department's Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel and would be glad to discuss these matters in more detail should you so request.

Respectfully Submitted,

Manfred Staebler.
VP Government Affairs