



10200 David Taylor Drive  
Charlotte, North Carolina 28262  
Telephone (980) 236-2000

May 31, 2017

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

Via email: [Steel232@bis.doc.gov](mailto:Steel232@bis.doc.gov)

***Re: 2017-08499 - Request for Public Comments on Section 232 National Security  
Investigation of Imports of Steel***

Dear Mr. Botwin,

Electrolux Home Products, Inc. appreciates the opportunity to submit this position statement and comment on the Section 232 Investigation on the Effect of Imports of Steel on U.S. National Security.

If additional tariffs or quotas are placed on commodity grade steel products, whether in finished or semi-finished steel form, it will further expand the global price spread gap between the U.S. and all other global markets and stimulate an increase in imports of steel intensive goods, like appliances. Further restriction on the availability of competitively priced steel, will make it more difficult for U.S. manufacturers to compete in the market place and create jobs in the United States.

Electrolux is a global leader in household appliances and appliances for professional use. We offer thoughtfully designed, innovative and sustainable solutions, under esteemed brands including Electrolux, Frigidaire, AEG and Zanussi. In the United States Electrolux operates manufacturing facilities in Springfield and Memphis, TN, Kinston, NC, St. Cloud, MN and Anderson, SC. We recently announced a \$200 million spending plan to modernize and eventually expand production at our Anderson, SC facility. Electrolux provides North American customer support out of our Customer Engagement Center in Augusta, GA and operate out of corporate headquarters in Charlotte, NC. Electrolux employs approximately 10,000 fulltime and contract workers across the U.S. who work tirelessly to provide customers and consumers with innovative and quality products.

There is no question that the U.S. Government has an interest in protecting national security. Electrolux strongly supports U.S. national security interests and it offers these comments in the hope that they will aid this investigation in considering the consequences of any resulting adjustments to tariffs and quotas on the millions of jobs that rely on access to competitively priced steel. Electrolux also believes that having a strong downstream manufacturing footprint, including, but not limited to metal fabrication and appliance

manufacturing, is also vital to national security.

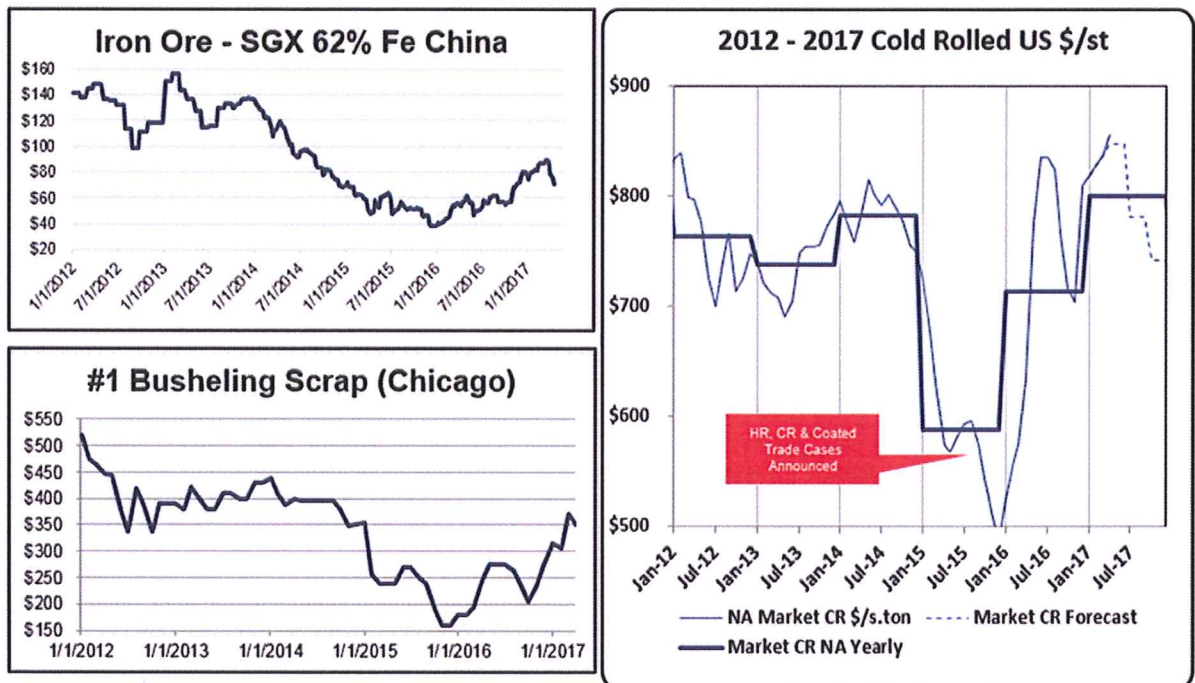
### Steel Use in the U.S. Major Appliance Industry

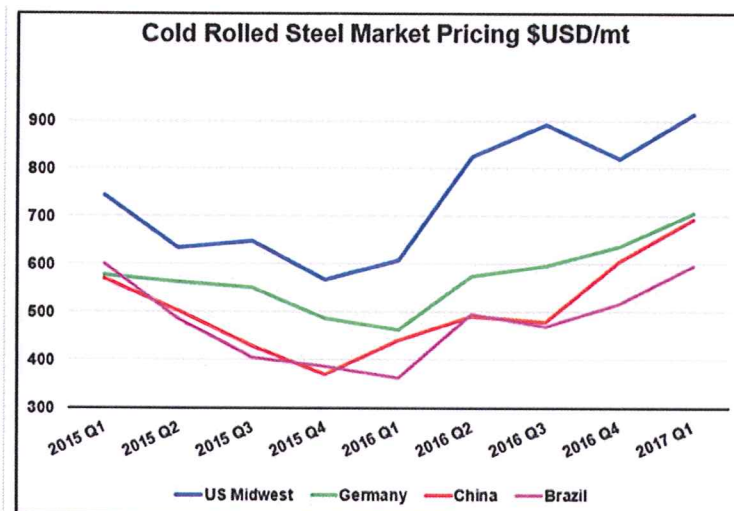
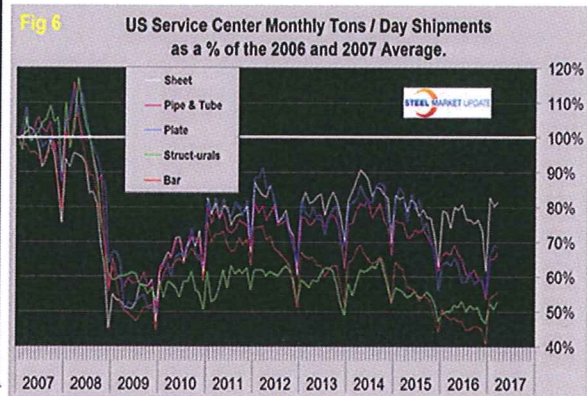
According to the Association for Home Appliance Manufacturers, U.S. appliance manufacturing is a \$30 billion industry creating over 70,000 jobs domestically. Electrolux and the domestic appliance industry as a whole rely upon the availability of competitively priced steel in nearly all product offerings.

Steel is a primary component of appliances and makes up 30% of purchasing for Electrolux in North America and equates to 30% of costs. Electrolux consumes a significant amount of commodity grade steel, including, but not limited to cold rolled steel, galvanized steel & stainless steel. While Electrolux purchases from U.S. suppliers when possible, with respect to cold rolled and galvanized steel finishing, there is not enough domestic capacity to cover demand without imports. Therefore, if additional import restrictions are placed on these commodity grade products, it could lead to major supply shortages and unprecedented market price levels.

### Effect of Across the Board Upward Adjustment in Foreign Steel Tariffs

The recent trade cases on hot rolled, cold rolled and corrosion resistant steels, which led to significant antidumping and countervailing duties on several countries across four continents, have had a dramatic impact on the pricing of steel in NA, sending cold rolled and galvanized steel pricing to five year highs. However, relative to raw material costs, historical price spread between hot rolled and cold rolled/galvanized steel, steel demand and global steel pricing in all markets, pricing in NA is already higher than the fundamentals justify. The charts below are illustrative.

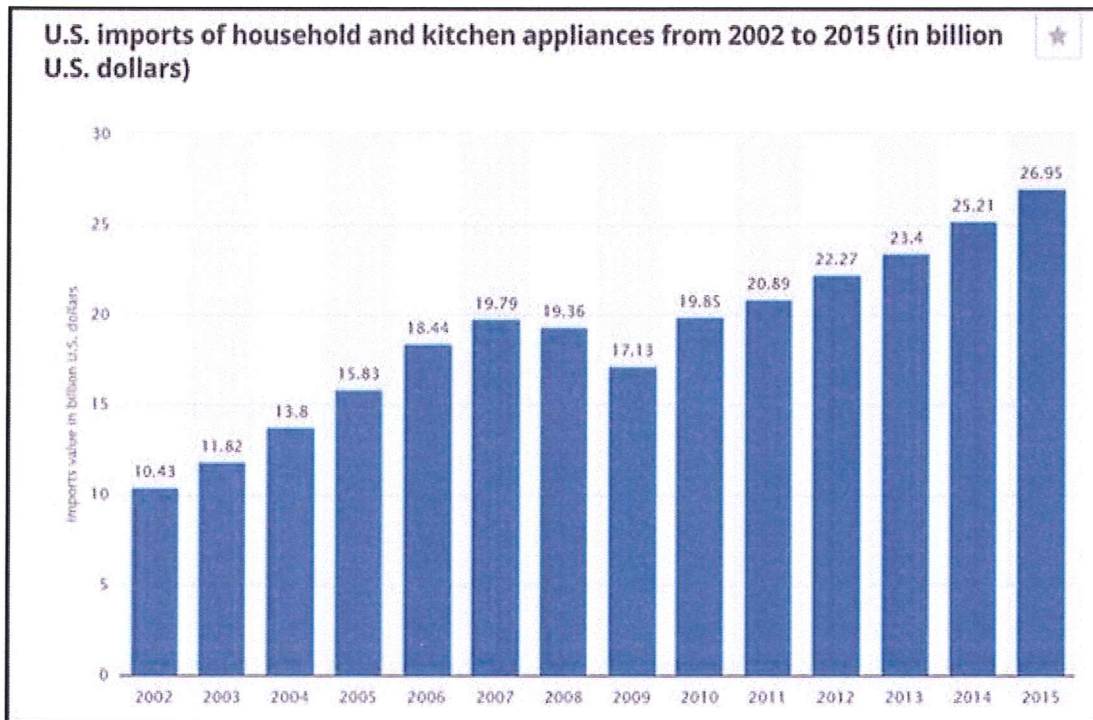




Sources: AMM, CRU, SMU, SBB, MSCI, CME

Since steel is typically the largest direct material commodity input for major appliances, it can have a major impact on the cost of the product. While U.S. manufacturers are limited in access to foreign steel due to existing tariffs, our foreign competitors are not so burdened. The result is that foreign manufacturers can make a lower cost appliance because the input materials are lower in cost. This places U.S. manufacturers at a great pricing disadvantage that results in greater inroads into U.S. sales by foreign producers.





Source: US Census Bureau, Statista

As the chart above shows, U.S. imports of appliances continues to rise. It is our belief that if additional steel tariffs or quotas are implemented, it will simply stimulate an increase in the rate of imports. Without access to competitively priced steel U.S. manufacturers may struggle to compete in the market place, innovate and create new jobs in the United States.

Very truly yours,

Alan Shaw  
President and CEO  
Electrolux  
Major Appliances North America

Lucio Bicalho  
VP Purchasing  
Electrolux  
Major Appliances North America

Cc: Don J. Market