



**JSW Steel (USA) Inc.**  
5200 East McKinney Road  
Baytown, Texas 77523  
Phone: (281) 383-2525  
Fax: (281) 383-1803  
Website: www.jswsteel.us

**PUBLIC VERSION:**  
***Business Confidential Information for which  
Confidential Treatment Is Requested Is  
Removed From Pages 1 - 8.***

**VIA Public Version: Email to Steel232@bis.doc.gov and Hand Delivery  
Business Confidential Version: Hand Delivery**

**May 31, 2017**

Mr. 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

**Re: *Section 232 National Security Investigation of Imports of Steel:  
Comments of JSW (USA)***

Dear Director Botwin:

## **I. INTRODUCTION**

JSW Steel (USA) Inc. ("JSW (USA)") files these comments in response to the Request For Public Comments issued by the Department of Commerce, Bureau of Industry and Security.<sup>1</sup> JSW (USA) is located in Baytown, Texas. JSW (USA)'s Baytown Steel Works is a large, strategically located facility that has been in continuous operation for nearly 50 years. Today, JSW (USA) employs nearly [ ] people manufacturing high quality carbon steel plate and large diameter pipe products for an array of global businesses in numerous industries, including petrochemical, energy, shipbuilding (including barge construction), rail car construction, infrastructure (roads and bridges), and towers (communication and wind). We

---

<sup>1</sup> *Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel*, 82 Fed. Reg. 19205 (Apr. 26, 2017).

operate North America's only contiguous plate and pipe mill. The increasing volume of certain low-priced steel imports, however, threatens JSW (USA)'s vitality and, in turn, the entire U.S. steel industry.

JSW (USA) vigorously supports President Trump's multiple efforts to strengthen steel manufacturing in the United States, including the Construction of American Pipelines initiative,<sup>2</sup> in which JSW (USA) is participating,<sup>3</sup> and this Section 232 investigation. JSW applauds the Trump Administration's efforts to secure and expand domestic steel production and employment in the nation's steel mills. Domestic steel making is vital to national security. A robust domestic steel industry supports a strong military; is crucial for needed infrastructure improvements, including roads and bridges and rail and rolling stock; and is necessary for continued and expanded commercial development. The Baytown Steel Works is a longstanding participant in the domestic steel industry and JSW (USA) is about to undertake a significant capital expansion project that will help bring back much needed "hot end" semi-finish steel production and hundreds of high-paying U.S. jobs. The JSW (USA) project is exactly what the Trump Administration hopes to achieve with initiation of this Section 232 National Security investigation.<sup>4</sup> JSW (USA) asks only that the measures adopted at the conclusion of this investigation be narrowly tailored so that they do not carelessly eliminate slab imports that are [ ].

## II. PROPOSED REMEDY

JSW (USA) produces discrete plate and large-diameter line pipe, and its operations are threatened by aggressively low-priced imports. Accordingly, the Section 232 remedy should address imports of these products from all sources.

However, any remedy must not imperil U.S. steel producers that lack capacity to make steel slab. In its 2001 investigation, the U.S. International Trade Commission ("ITC") found that "{v}irtually all U.S.-produced slab is internally consumed by the domestic slab producers in their

---

<sup>2</sup> See January 24, 2017, Presidential Memorandum regarding "Construction of American Pipelines."

<sup>3</sup> On April 7, 2017, JSW submitted comments in response to the Office of Policy and Strategic Planning's Request For Comments. See comment tracking number 1k1-8vo5-wopx, available on [www.regulations.gov](http://www.regulations.gov).

<sup>4</sup> This investigation was initiated by the Secretary of Commerce on April 19, 2017, under section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. § 1862).

production of hot-rolled steel ... .”<sup>5</sup> The ITC’s finding remains true. JSW (USA) and other U.S. producers that do not have their own facilities to manufacture steel slab must rely on imports in order to produce hot-rolled steel in America. Imposing a quota or tariffs on slab imports, therefore, threatens the survival of a number of U.S. steel producers and their workers.

JSW (USA) has announced plans to build a new state-of-the-art electric arc furnace at the Baytown Steel Works, which we anticipate to be operational in 2019. With this expansion, JSW (USA) will be fully integrated and will not need to import slabs. In fact, this expansion is exactly the kind of investment and return of steel-making capacity that the Trump Administration hopes to achieve. Nevertheless, JSW (USA) must survive in the short-term if it is to continue manufacturing in America.

For this reason, if slabs are not excluded from the remedy under Section 232, the Administration should instead impose a tariff rate quota, capping imports of carbon and alloy blooms, billets, and slabs at current levels. This will permit U.S. steel producers such as JSW (USA) to continue to supply products such as cut-to-length plate and large-diameter pipe and tube to the U.S. market. Accordingly, to allow JSW (USA) to continue to operate while the expansion is being constructed, we propose adoption of a tariff rate quota applicable to carbon and alloy blooms, billets, and slabs for a three-year period. The quota should be set at 800,000 metric tons per month, which is the level of imports of these products during 2014.<sup>6</sup> Above that level, additional duties should be set at 25 percent, *ad valorem*.

### III. JSW (USA): HISTORY AND OPERATIONS

JSW (USA)’s Baytown Steel Works is located in the southern Gulf Coast, approximately 30 miles from Houston, Texas. The facility includes over 600 acres of developed industrial land at a location that provides convenient access to the Port of Houston and the Gulf of Mexico, enabling barge/ocean, rail, and truck access. The facility includes a barge dock and a large rail siding. The JSW Group purchased the plate mill/pipe complex in 2007, investing nearly \$[ ] in the purchase and establishing the current entity, JSW Steel (USA) Inc.<sup>7</sup>

<sup>5</sup> *Steel*, Inv. No. TA-201-73, USITC Pub. 3479 at 39 (Dec. 2001) (finding that 99.4% of all slabs produced in the United States were internally consumed).

<sup>6</sup> The **Exhibit** to these comments provides data available from Department of Commerce, U.S. Steel Import Monitor. Those data show the highest average monthly imports occurred in 2104, at 785,678 metric tons.

<sup>7</sup> JSW is an affiliate of the JSW Group, headquartered in Mumbai, India.

Demonstrating its continued commitment to U.S. steel manufacturing, in 2015, JSW (USA) recruited a new president and named a new U.S. board of directors. JSW (USA) has been aggressively improving safety, product quality, productivity and reliability since then and, as noted, JSW (USA) is embarking on an exciting expansion that will pour approximately \$[ ] into the U.S. economy, expand the nation's crucial hot end production capacity, and create hundreds of new manufacturing jobs.

Presently, JSW (USA) is organized into two divisions—a plate division and a pipe division. In 2016 we employed approximately [ ] production workers, down from over [ ] in 2015. Our plate mill has an annual capacity of 1.2 million tons and our pipe mill has an annual capacity of 500,000 tons. The resulting capacity differential means our plate mill can serve outside plate customers, domestic pipe-producer customers, and our on-site pipe mill without supply disruptions. JSW is the only steel mill in America offering small lot deliveries, thus maintaining flexibility for all of our customers. This combination of production scale, versatility, and strategic location makes JSW (USA)'s Baytown Works one of the nation's premier steel-product manufacturing facilities. When the Baytown expansion is completed in 2019, JSW (USA)'s integrated facility will be an even more important participant in the nation's steel industry, including defense applications.

#### **A. JSW (USA) Plate Division**

With one of the widest mills in North America, the JSW (USA) plate division rolls hot-rolled plate widths up to 160 inches (4.1m) and thicknesses ranging from 0.25 to six inches (6.35 to 152.4mm). We service shipyards and rail car manufacturers; oilfields; infrastructure applications, such as bridges; large diameter pipe for energy pipeline applications; fabricators; heavy equipment producers; machinery makers; and many other end users and distributors who need high quality carbon steel plate for structural applications. The plate mill offers thermo-mechanical controlled rolling for multiple, high-strength steel grades and heat-treating facilities to provide higher value-added segments. We are certified to the highest quality standards in the industry, including ISO 9001: 2008, API 2H-0016, API-2MT1-0009, ABS, and Lloyd's Register (PED). In the last four years we have provided steel to 275 different customers. Including Ranger Steel, Valmont, Jeffboat, Trinity Industries, and American Railcar. We produce a wide range of commercial and special grades (ASTM A36, A516-70, A572-50 & -56, A871, API-2H, ABS AH/DH/EH and TC 128) including making plate for pipe grades up to ASTM X70 and X80.



When the expansion is complete the plate mill will serve armor plate applications, strengthening national security.

**B. JSW (USA) Pipe Division**

The JSW (USA) pipe division operates the only North American pipe mill with a contiguous plate mill. This feature allows us to offer the shortest order-to-pipe lead time in the United States. We have the capacity to produce nearly 250,000 40 foot long (12m) sections of “LSAW” pipe. Our premier high capacity longitudinal-seam submerged arc welding mill employs a “UOE” production process (plate is first shaped into a “U” and then into an “O”). The mill is certified to API 5L, API 2B, and ISO 9001:2008 and we are an approved vendor to more than 20 U.S. pipe consumers. We have an advanced line that can apply both interior and exterior coatings, and routinely perform state-of-the-art ultrasonic and X-ray testing. The pipe division is approved by virtually every major U.S. energy transmission entity.

**C. Presently, JSW Cannot Operate Without Importing Slabs**

Like many U.S. steel producers that do not have the furnaces (*i.e.* hot ends) needed for producing semi-finished steel, including blooms, billets, and slabs, JSW (USA) does not presently produce the slab inputs that are required for operation of the plate mill. In addition, the domestic supply of slabs for the commercial market is severely limited. As noted above, the ITC determined in 2001 that “virtually all U.S.-produced slab is internally consumed by the domestic slab producers in their production of hot-rolled steel....”<sup>8</sup> Sixteen years later, domestic supply is still consumed by slab producers for their own products and it therefore remains difficult for many U.S. producers to obtain domestic slabs.

It is difficult for JSW USA to obtain slabs from domestic producers because of issues with [

]

These factors force JSW (USA) to [ ]. JSW (USA) presently is [ ]. Until JSW is able to

<sup>8</sup> *Steel*, USITC Pub. 3479 at 39.



produce its own slabs (discussed below) or the U.S. commercial market is served by additional capacity, our continued operation is forced to rely on imported slabs.

**D. JSW (USA) Has Announced Plans To Complete Installation Of An Electric Arc Furnace In 2019**

In early 2017 JSW (USA) announced plans for a significant expansion of the Baytown Steel Works.<sup>9</sup> JSW (USA), [

].

[

].

[

].

[

]. Finally, the [

].

JSW (USA) does not expect any [

].

<sup>9</sup> See, e.g., D. Yanchunas “JSW to add hot end to Texas mill” American MetalMarket (Mar. 8, 2017).

#### IV. UNFAIRLY TRADED IMPORTS HAVE INJURED JSW AND ITS WORKERS

JSW (USA) was a participant in the ITC's recently concluded investigation of *Carbon and Alloy Steel Cut-to-Length Plate from Austria, et al.*,<sup>10</sup> wherein imports from twelve countries were examined.<sup>11</sup> The ITC found material injury with respect to all countries and the Department of Commerce found combined antidumping and countervailing duty margins ranging from 5.4 to 319 percent.

JSW (USA) presented evidence in those investigations showing that its survival is at stake. Unfairly traded imports have seized market share and depressed prices in the U.S. market.<sup>12</sup> Consequently, JSW (USA)'s plate mill operated at only 37 percent of capacity in 2016.<sup>13</sup> As already noted, JSW (USA)'s employment level dropped to approximately [ ] workers in 2016, down from over [ ] in 2015.<sup>14</sup> Furthermore, JSW (USA)'s [ ] due to lower volumes.<sup>15</sup> Similarly, the lower volumes have resulted in [ ]

[ ].<sup>16</sup> These facts show that unfairly traded imports threaten JSW (USA)'s survival and, in turn the health of the U.S. steel industry.

#### V. QUESTIONS RAISED BY SECRETARY ROSS

In the following discussion JSW (USA) addresses questions raised by Department of Commerce Secretary Wilbur Ross in the Secretary's opening remarks made at the Department's May 24, 2017, public hearing in this investigation.

---

<sup>10</sup> ITC case numbers 701-TA-561 and 731-TA-1317-1328 (final).

<sup>11</sup> The twelve countries and Commerce Department case numbers are: Austria (A-433-812); Belgium (A-423-812); Brazil (A-351-847); China (A-570-047, C-570-048); France (A-427-828); Germany (A-428-844); Italy (A-475-834); Japan (A-588-875); S. Korea (A-580-887, C-580-888 ); S. Africa (A-791-822); Taiwan (A-583-858); and Turkey (A-489-828).

<sup>12</sup> JSW (USA) ITC Producer Questionnaire Response ("*ITC PQR*") at 12.

<sup>13</sup> Testimony of John Hritz at ITC hearing in *Certain Carbon and Alloy Steel Plate from Austria, et al.* 731-TA-1317 – 1328 (final) (Nov. 30, 2016), Transcript at 47.

<sup>14</sup> *ITC PQR* at 19.

<sup>15</sup> *ITC PQR* at 32.

<sup>16</sup> *ITC PQR* at 32.

**1. Does a national security problem created by steel imports rise to the level of crisis warranting action beyond existing countervailing duty/antidumping duty remedies?**

Yes. For JSW (USA), “crisis” is an apt description. Our cut-to-length plate mill is operating at less than 40 percent capacity. We lost [ ] tons in sales of large-diameter line pipe to an Indian pipe producer using cut-to-length plate made in China to supply a pipeline being built in Texas—our back yard. Without sufficient sales to fill our capacity and cover fixed costs, we cannot continue operations.

**2. If so, should the action cover all steel from everywhere?**

JSW (USA) produces discrete plate and large-diameter line pipe. The Section 232 remedy should address imports of these products from all sources.

**3. What should the administration do about the 20% of steel imports from NAFTA partners?**

[ ], NAFTA countries should be excluded to enable U.S. rolling mills to obtain [ ] in the U.S. market .

**4. Should all products be covered?**

For the reasons set forth above, JSW (USA) supports the imposition of tariffs or a tariff-rate quota on imports of cut-to-length carbon and alloy plate and on imports of large-diameter welded pipe. JSW (USA) does not support the imposition of tariffs or quotas on imports of slabs, at least to the extent needed by U.S. steel mills that do not have an integrated source of semi-finished steel.

**5. Is some sort of tariff rate-quota appropriate or another kind of tariff?**

Tariffs will be most effective in causing price levels to rise and stimulating investment in facilities and jobs in the United States.

**6. Are there products or countries that should be excluded?**

See response to question 4, above.

**7. Is there some other more innovative solution?**

No.



**8. If the administration goes the tariff route, should it be broadly applied? Or should there be a specific schedule for groups of products?**

As noted above, JSW (USA) supports the imposition of tariffs on imports of cut-to-length plate and large-diameter welded line pipe. JSW (USA) opposes the imposition of tariffs only insofar as the domestic industry cannot supply the full volume of steel slab needed by U.S. industry. Hence, slab imports reasonably sufficient to supply non-integrated U.S. producers should be excluded. JSW (USA) does not have a position regarding other steel mill products.

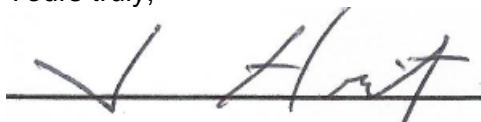
---

**Statement Concerning Business Confidential Information**

Confidential treatment should be granted with respect to the business confidential information designated as such, pursuant to 5 U.S.C. § 552(b)(4). The information for which confidential treatment is requested is found on pages 1 - 8 and is: (a) commercial or financial information, (b) obtained from a person, and (c) confidential. This information is not publicly available. Public disclosure of this information would cause substantial competitive harm to JSW (USA). Moreover, such disclosure would have a negative impact on the ability of the Department to obtain similar information from JSW (USA) or other sources, similarly situated, in the future.

The information for which JSW (USA) is requesting confidential treatment has been deleted from the public version of these comments. To the extent that the Department considers releasing any of the confidential information enclosed in brackets under FOIA, JSW (USA) requests an opportunity to review a redacted version before it is released, and reserves the right to withdraw these comments.

Yours truly,



John G. Hritz  
President & CEO  
JSW Steel (USA) Inc.

# **Exhibit**

## U.S. Imports of Steel Mill Products

FOR Blooms, Billets and Slabs -- C & A

Quantity in Metric Tons

[Same Table - Monthly Average U.S. Dollars](#)

[Same Table - Average Unit Value](#)

[Same Table - Annual Total Metric Tons](#)

[Same Table - Annual Total U.S. Dollars](#)

'C & A' = Carbon and Alloy products, 'S' = Stainless products

[Back to Homepage](#)

Country	Census Data									
	Monthly Average Quantity 2009	Monthly Average Quantity 2010	Monthly Average Quantity 2011	Monthly Average Quantity 2012	Monthly Average Quantity 2013	Monthly Average Quantity 2014	Monthly Average Quantity 2015	Monthly Average Quantity 2016	Monthly Average Quantity YTD Jan through Mar 2016	Monthly Average Quantity YTD Jan through Mar 2017
<a href="#">WORLD</a>	147,051	371,446	492,060	562,675	541,809	785,678	540,007	494,113	322,039	591,132
<a href="#">BRAZIL</a>	25,120	50,129	208,630	264,649	291,483	319,058	293,789	267,747	184,285	298,101
<a href="#">RUSSIA</a>	31,689	79,396	65,108	136,783	121,982	247,386	132,952	132,429	65,305	160,571
<a href="#">MEXICO</a>	23,364	66,378	56,417	45,210	58,874	84,716	54,707	51,769	32,847	73,442
<a href="#">JAPAN</a>	18,235	11,877	40,295	50,933	45,534	43,721	29,818	26,218	21,297	36,858
<a href="#">CANADA</a>	44,379	128,453	73,311	32,311	14,541	22,111	14,245	10,399	17,017	17,432
<a href="#">INDIA</a>	22.7	4,813	6,200	2,840	98.0	8,522	3,353	2,882	22.5	5.43
<a href="#">ITALY</a>	786.6	455.6	1,081	908.2	767.2	1,812	1,396	1,343	635.3	2,511
<a href="#">CHINA</a>	192.1	185.5	565.2	564.4	579.6	544.9	511.2	444.3	290.0	566.9
<a href="#">GERMANY</a>	92.2	23,969	9,011	2,400	549.7	2,457	2,552	440.5	48.8	897.5
<a href="#">UNITED KINGDOM</a>	254.5	588.6	437.3	194.8	179.2	47,407	5,657	267.2	70.0	210.1
<a href="#">NETHERLANDS</a>	0.31	16.9	15.1	7.12	22.4	25.7	2.12	44.7	40.3	10.4
<a href="#">SPAIN</a>	.	8.76	.	.	1.29	.	.	40.3	.	10.5
<a href="#">FRANCE</a>	54.9	65.7	119.5	62.1	45.5	45.9	77.4	34.0	78.6	9.46
<a href="#">SLOVENIA</a>	73.1	60.8	78.5	66.2	61.2	56.5	38.6	22.4	42.1	19.9
<a href="#">TAIWAN</a>	.	.	.	.	0.53	1.12	6.39	7.28	8.07	5.66
<a href="#">SWEDEN</a>	.	.	2.87	.	.	.	0.49	5.69	8.30	.
<a href="#">AUSTRIA</a>	.	.	.	.	0.26	0.42	2.32	5.39	19.9	4.45
<a href="#">AUSTRALIA</a>	17.2	2,999	15,076	2,979	.	2.90	2.82	2.47	9.91	.
<a href="#">THAILAND</a>	.	.	.	.	.	30.4	.	2.03	2.43	0.93
<a href="#">SWITZERLAND</a>	1.30	.	.	.	.	0.48	8.19	1.57	5.18	2.62
<a href="#">KOREA</a>	.	.	29.9	2,052	7,073	2,038	0.99	1.34	2.75	468.6
<a href="#">POLAND</a>	5.14	.	.	.	0.52	.	2.20	1.10	0.40	2.42
<a href="#">PAKISTAN</a>	.	.	.	.	.	.	0.18	0.57	0.43	.
<a href="#">CZECH REPUBLIC</a>	.	.	725.9	1,803	0.50	0.11	.	0.50	.	.
<a href="#">COSTA RICA</a>	.	.	.	.	.	.	.	0.20	.	.
<a href="#">MALAYSIA</a>	.	.	.	0.14	0.32	.	.	0.09	0.37	.
<a href="#">ROMANIA</a>	.	.	.	.	.	.	.	0.04	.	.
<a href="#">SINGAPORE</a>	.	.	.	.	.	.	.	0.03	0.13	.
<a href="#">DENMARK</a>	.	.	.	.	.	.	.	0.01	.	.
<a href="#">HONG KONG</a>	.	.	.	.	.	.	0.06	0.00	.	.

Country	Census Data									
	Monthly Average Quantity 2009	Monthly Average Quantity 2010	Monthly Average Quantity 2011	Monthly Average Quantity 2012	Monthly Average Quantity 2013	Monthly Average Quantity 2014	Monthly Average Quantity 2015	Monthly Average Quantity 2016	Monthly Average Quantity YTD Jan through Mar 2016	Monthly Average Quantity YTD Jan through Mar 2017
<a href="#">BELGIUM</a>	148.8	1.90	50.9	69.3	11.5	19.3	.	.	.	.
<a href="#">CROATIA</a>	.	.	.	.	.	18.6	41.8	.	.	.
<a href="#">FINLAND</a>	.	.	.	.	.	.	1.65	.	.	.
<a href="#">INDONESIA</a>	.	.	.	.	.	0.61	.	.	.	.
<a href="#">NORWAY</a>	.	.	.	.	.	.	0.87	.	.	.
<a href="#">SLOVAKIA</a>	.	.	5,952	18,837	.	5,698	.	.	.	.
<a href="#">UKRAINE</a>	882.7	2,044	8,949	.	.	.	836.1	.	.	.
<a href="#">VENEZUELA</a>	1,728	.	.	.	.	.	.	.	.	.
<a href="#">VIETNAM</a>	.	.	.	.	.	.	1.55	.	.	.

SOURCE: U.S. Department of Commerce, Enforcement & Compliance

Table last modified on: May 23, 2017 , with

Final Census data compiled through March 2017

Data listed in order of descending volume imported during the year - 2016

Steel mill categories are defined by 10-digit HTS codes

[Link to License Data at HTS 6-digit level](#)

[Link to Monthly Display of Census Data](#)

[Link to Summary Level of Monthly Census Data](#)