



Mitsubishi Electric Power Products, Inc.

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May 31, 2017

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

RE: Section 232 National Security Investigation of Imports of Steel

Dear Mr. Botwin:

Mitsubishi Electric Power Products is writing to provide our comments on the Department's solicitation of Public Comments for the Section 232 National Security Investigation of Imports of Steel, published in the Federal Register on April 26, 2017.

In Memphis, Mitsubishi Electric operates one of the largest transformer factories in the US with 225 employees in a 350,000 square foot facility. Opened in 2013, the Memphis factory is the only US-based facility capable of producing the largest high-voltage transformers for the domestic transmission system.

Mitsubishi Electric manufactures its large power transformers in Memphis with a majority of US content. However, given the extremely limited supply of domestically produced Grain Oriented Electrical Steel (GOES) at competitive prices, we, as well as other US transformer manufacturers, source GOES from around the world.

In almost every domestic bid, Mitsubishi Electric faces foreign-based competition that often sell their products at prices which our Memphis factory and other US transformer manufacturers cannot compete.

By imposing tariffs or quotas on foreign produced GOES, the costs of manufacturing transformers in our Memphis factory could rise substantially. In such a scenario, overseas factories with inherently lower costs will continue to use internationally sourced GOES in their transformers and gain further competitive advantage at the expense of US-based transformer manufacturers.

A decision imposing new costs on internationally sourced GOES will have the unintended consequence of harming the US transformer industry and encouraging dependence on foreign transformer factories and products.

We request that the Department of Commerce carefully consider the negative and unintended economic consequences of restricting foreign sources of GOES on US-based transformer manufacturers.

Respectfully submitted,

Brian Heery
President and CEO