

Via email to Steel232@bis.doc.gov

PUBLIC DOCUMENT

Attn: Brad Botwin, Director, Industrial Studies,
Office of Technology Evaluation, Bureau of Industry and Security

May 30, 2017

The Honorable Wilbur L. Ross, Jr.
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

**Re: Section 232 National Security Investigation of Imports of Steel;
Exclusion Request; and Request to Define and Limit the
Categories of Steel Products Subject to Import Adjustments**

Dear Mr. Secretary:

Steelcase Inc. (“Steelcase”) respectfully requests that the Department of Commerce (“Department”) exclude a certain light gauge cold-rolled flat-rolled steel from Japan from any recommendations to adjust steel imports. Steelcase also requests that the Department limit recommended adjustments in consideration of the harmful competitive impact from said adjustments to us and other American manufacturers. Any adjustments that fail to reflect these requests will compromise our competitiveness and damage our business.

I. Steelcase Supports the Investigation into the Effects of Steel Imports on U.S. National Security

Steelcase is the world’s leading manufacturer of office furniture. Founded in 1912, and headquartered in Grand Rapids, Michigan, Steelcase employs over 5,200 employees in 20 locations across the United States. Throughout its 105-year history, Steelcase has designed and produced a comprehensive portfolio of products, furnishings, and services for workplace, healthcare, and education spaces.

As an American manufacturer and employer, Steelcase highly values our national security and fully supports the Department’s investigation under Section 232 of the Trade Expansion Act of 1962. We are also a long-time customer and proponent of the domestic steel industry, and strongly believe our company, our customers, and our country are best-served when that industry is healthy and competitive.

Nonetheless, we feel strongly that any proposed adjustments must increase national security, while at the same time, ensuring that American downstream users, including Steelcase, remain competitive and continue to thrive for the benefit of all stakeholders. Overreaching adjustments will harm Steelcase and other American downstream users, resulting in lost jobs for American workers.

II. Steelcase Requests the Exclusion of Certain Light Gauge Cold-Rolled Flat-Rolled Steel from Japan from any Recommended Actions to Adjust Imports

Steelcase specifically requests that the Department exclude Japanese imports of certain light gauge cold-rolled flat-rolled steel from any recommendations it may make to the President to adjust imports. This exclusion is critical for the viability of our PolyVision business.

PolyVision is a subsidiary of Steelcase with 200 employees. At our manufacturing facility in Okmulgee, Oklahoma, our dedicated American workers make ceramic steel, which is used by other companies to produce whiteboards for American schools and universities, and for export to many countries around the world. PolyVision is the only domestic producer of a highly durable and sustainable, porcelain enameled, steel substrate for whiteboards, and we are proud that this entity commands the #1 market position, routinely beating out competition from Asian imports. To make the ceramic steel that our customers require, we source some material from domestic steel producers, but a specialized light gauge cold-rolled flat-rolled steel meeting the requirements of ASTM 424 Type 1 must be imported from Japan (“PolyVision Cold-Rolled Steel”).

The domestic U.S. steel industry is not interested in devoting or developing the resources required to produce the requisite PolyVision Cold-Rolled Steel, as it made abundantly clear in a recent antidumping duty proceeding. In 2015, the domestic steel industry filed antidumping duty petitions on cold-rolled steel from multiple countries, including the steel PolyVision then imported from Japan.¹ Prior to the final determination, Steelcase worked tirelessly and in good faith with individual U.S. steel producers to develop domestic sourcing options for as much of this product as possible. We then, correspondingly, narrowed the definition of the product for which we sought an exclusion from the antidumping duty order.

Subsequently, in 2016, the five domestic steel producers—AK Steel Corporation, ArcelorMittal USA LLC, Nucor Corporation, Steel Dynamics Inc., and United States Steel

¹ See Certain Cold-Rolled Steel Flat Products From Brazil, the People’s Republic of China, India, Japan, the Republic of Korea, the Netherlands, the Russian Federation, and the United Kingdom: Initiation of Less-Than-Fair-Value Investigations, 80 Fed. Reg. 51198 (Aug. 24, 2015).

Corporation—who collectively account for substantially all the production of the “domestic like product,” requested the Department conduct a “no interest” changed circumstances review with respect to PolyVision Cold-Rolled Steel.² Because the domestic industry was no longer interested in having the antidumping duty order³ applied to such imports, in March 2017 the Department published a final changed circumstances determination revoking the order in part.⁴ The U.S. steel producers would not have requested, nor would the Department have agreed to, the changed circumstances review if the importation of PolyVision Cold-Rolled Steel negatively impacted the domestic steel industry or American steel workers.

The fact that we are potentially facing another restriction on this steel—steel we cannot procure in America and for which we received final notice of our exclusion less than *three months* ago—is hard to comprehend and even harder to explain to our employees and customers. We expended significant internal resources to find a path forward for our PolyVision business in the context of the antidumping case. And yet, our teams are now again working through the same business-threatening scenario. We take the Administration at its word that it intends to reduce burdensome rules and regulations for American businesses. Surely, the Administration does not intend to use this investigation to introduce further crippling, government restrictions on American manufacturers. Indeed, imposing a tariff, quota, or other adjustment in a way that implicates PolyVision Cold-Rolled Steel would do just that.

We are not aware of any evidence that the limited importation of PolyVision Cold-Rolled Steel presents a national security concern or that its importation is affecting demand for domestic steel. Given that, and the domestic steel’s industry recent agreement to exclude PolyVision Cold-Rolled Steel from tariffs, Steelcase urges the Department to incorporate the existing exclusion into any recommendation it may make to the President on import adjustments. A failure to do so will have potentially devastating effects on our PolyVision business and our Okmulgee, Oklahoma facility and employees.

² See Certain Cold-Rolled Steel Flat Products From Japan: Initiation and Preliminary Results of Changed Circumstances Review, and Intent To Revoke Order in Part, 82 Fed. Reg. 821 (Jan. 4, 2017).

³ See Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, 81 Fed. Reg. 32721 (May 24, 2016).

⁴ See Certain Cold-Rolled Steel Flat Products From Japan: Final Results of Changed Circumstances Review, and Revocation of Antidumping Duty Order, in Part, 82 Fed. Reg. 12337 (Mar. 2, 2017) (including the agreed-upon description of the excluded product).

III. The Department Should Also Consider the Negative Economic Impact of Any Import Adjustment on Industries that Consume Domestic Steel Products and Limit the Categories of Steel Products Covered Accordingly

We also respectfully request that the Department carefully consider the potential risks of proposed adjustments to thousands of American jobs in industries that consume steel. Overlooking, disregarding, or discounting the economic impact of any adjustments on consuming industries could have serious and unintended consequences.

Steelcase purchases approximately 99% of the raw steel products required for our American manufacturing activities from domestic sources. This includes steel coils, metal sheets, and pre-painted metals.⁵ We also purchase a wide range of downstream products from domestic sources for use in the production of office furniture, including for example, stamped/formed metal components, welded assemblies, and mechanisms. Purchasing steel products domestically achieves our business objectives and demonstrates our support for the U.S. steel industry.

Adjustments to steel imports are likely to increase domestic steel and component prices. Yet, any adjustment that restricts supply and increases costs domestically will put us at a competitive disadvantage against foreign competitors from Asia, Europe, and other North American countries, and will significantly damage our ability to export product outside the U.S.

If adjustments are applied to imported raw steel and/or components—but not to finished goods, including steel file cabinets, for example—the adjustments will artificially increase the cost of our products containing steel in comparison to those of our foreign competitors. Because foreign-produced products will not contain steel subject to adjustments, our foreign competitors will likely export their finished products into the United States with lower overall costs, thus disadvantaging Steelcase and other American manufacturers in the fight for American business. Lastly, whether any adjustment applies to finished goods or not, Steelcase and other American manufacturers will still be disadvantaged, as increasing costs for goods produced domestically will significantly damage American manufacturers' ability to export products into non-U.S. markets where our products must compete against products that do not contain any steel subject to U.S. adjustments.

Either of these scenarios undermines the effectiveness of trade adjustments. Artificially reducing the global competitiveness of goods manufactured in the United States will

⁵ This excludes the PolyVision Cold-Rolled Steel discussed above that Steelcase is not able to purchase domestically.

ultimately lower demand for U.S. produced goods and/or make substitutes for steel more attractive, thereby reducing demand for domestically produced steel.

Steelcase respectfully requests that the Department limit proposed adjustments to those products critical to our national security to minimize the adverse economic effects of adjustments and ensure that any adjustment will not put Steelcase and American manufacturers at a competitive disadvantage against foreign competitors. We would be pleased to work with the Department to help identify the impact of potential trade remedies on American manufacturers and determine how any applicable remedies could apply in a way that does not disadvantage domestically-produced goods.

III. Conclusion

We strongly urge the Department to recognize and include the existing exclusion for Japanese imports of certain light gauge cold-rolled flat-rolled steel. The domestic steel industry supports the exclusion of this steel from tariffs, and there is no evidence that imports of this product threaten to impair U.S. national security. We also request that the Department consider the negative economic impact of any import adjustments on industries that consume steel products and limit adjustments accordingly.

If you have any questions regarding this matter, please do not hesitate to contact me directly.

Respectfully submitted,



Lizbeth S. O'Shaughnessy
Senior Vice President, Chief Administrative Officer,
General Counsel, and Secretary
Steelcase Inc.