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Subject: Written comments- Section 232

Istanbul, 29/05/2017

U.S. DEPARTMENT OF COMMERCE

(Industrial Studies, Office of Technology Evaluation, Bureau of Industry and Security)

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Turkish Steel Exporters' Association ("TSEA") would like to present its views upon the "Notice Request for Public Comments on Section 232 National Security Investigation of Imports of Steel" published on the Federal Register dated April 26, 2017. One of the key aspects that the Department must consider within this investigation is the quantity and other circumstances related the imports under the Section 705.4 of the National Security Industrial Base Regulations. TSEA notes the following points on U.S. steel imports from Turkey below.

First and foremost, Turkey is not one of the main steel import sources of the U.S. The quantity of imports from Turkey is not capable of adversely affect the welfare of the U.S. domestic steel industry. Further, U.S. domestic steel producers have already been duly protected by trade policy measures for decades to offset any possible deterioration in their welfare. The quantity and nature of steel imports from Turkey cannot threaten to impair national security by affecting welfare, capacity or production decisions of the domestic steel industry. Therefore, TSEA strongly believes that there is no need for taking any further action in a sense of limiting or restricting steel imports.

Any significant measure limiting steel imports will have severe repercussions for bilateral trade relations between the U.S. and Turkey. During the last few decades, the trade volume between the U.S. and Turkey has flourished; however, it has benefited the U.S. far more than Turkey as the U.S has enjoyed a substantial trade surplus with Turkey, unlike most of its trade partners. . Considering the export items of the U.S. to Turkey, scrap accounts for

more than 10 % of the total U.S. exports to Turkey. Turkey ranks in the first place in the U.S.'s scrap exports having almost 30 % share in the US's total scrap exports. Turkey also purchases substantial quantities of U.S agricultural products, and machinery and equipment.

Taking action that limits or restricts imports of steel products will also adversely affect scrap exports from the U.S. Any barrier on the Turkish steel producers' export to enter the U.S. market will eventually cause these producers to demand less scrap from the U.S. Such an action will have negative repercussions on the sales, revenues, employment and so forth of the U.S. scrap industry. In the end, it is in both countries' interest to maintain open borders in trade for products imported to each side. It may also result in fewer US exports of other products to Turkey.

The core rationale for this investigation is secure national defense capability. TSEA would also like to remind the Department of the close security ties between the U.S. and Turkey. As noted by the U.S. Department of Defense, Turkey has been a valued North Atlantic Treaty Organization ("NATO") ally since 1952 and is NATO's vital eastern anchor, controlling the straits of the Bosphorus and the Dardanelles, which link the Black Sea with the Mediterranean. With an aim of maintaining close collaboration; Turkey opened its military bases to United States forces, namely Incirlik Air Base. Turkey has been importing substantial amount of aircraft from the U.S. which is a result of this close security collaboration, and has cooperated in a number of U.S led military initiatives.

TSEA expects both parties to maintain close security ties as well as bilateral ties in steel trade based on the free flow of trade. The U.S. has always been the most active leading Member of the World Trade Organization system to liberalize the global trade. As noted by the U.S. Trade Representative; the process of opening world markets and expanding trade has played an important role in the development of American prosperity. Hence, TSEA believes that taking any action for limiting steel trade will not serve development of American prosperity. In that sense, TSEA expects the U.S. Department of Commerce to make a determination considering the U.S.'s leading role in the liberalization of the global trade and to terminate this investigation without proposing any barrier on steel imports.


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