

United States Senate

WASHINGTON, DC 20510

May 31, 2017

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

Dear Mr. Botwin:

Pursuant to the “Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel,” we submit the following comments regarding the Commerce Department’s investigation to impose a broad-based import limitation on steel. Specifically, placing overly broad restrictions or tariffs on steel imports could hurt our relationship with an important ally – Australia - and disrupt the supply chains of some of the largest trading ports in Washington state to the detriment of U.S. national security. It is with this concern that we respectfully urge the Department to proceed with caution to find a targeted or narrowly tailored solution and an appreciation of potential job loss and adverse ramifications to our overall economy.

For example, Steelscape, a U.S. steel company with a significant presence in Washington, is in a unique position vis-a-vis this investigation. This company is both an importer of steel that is processed into other steel products and is partially owned by BlueScope Steel Ltd. of Australia, which is a critical U.S. ally and defense partner in the Asia Pacific. Disrupting the supply of steel from Australia to the United States has the potential to damage this important national security relationship. The United States previously granted some Australia steel exemptions from tariffs in 2002 and 2003.

Imports of steel to Steelscape represent a minuscule – but vital – share of total U.S. imports, upon which 600 jobs directly depend. These jobs are at risk should further duties be assessed or similar trade actions be taken. Steelscape’s current practice of importing steel is a demonstration of its commitment to strengthening the economy, providing foreign direct investment that directly creates good jobs, affordable building materials, and important investments across the country.

As you may be aware, Steelscape operates in Kalama, Washington and imports cold rolled steel from Australia. It employs 270 people in Kalama in various value added processing activities, including cold rolling, galvanizing, painting and slitting of steel. These are high wage manufacturing and distribution jobs that support families living in Kalama and the surrounding community. This import activity also contributes to 20% of the Port of Kalama’s annual revenue, aiding the port in bringing economic benefit to the broader region. Moreover, Steelscape’s downstream subsidiary, ASC Profiles, employs 234 workers and has operations in several

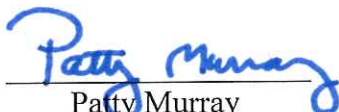
western states selling steel roofs, walls and other building materials to the housing and commercial construction industry.

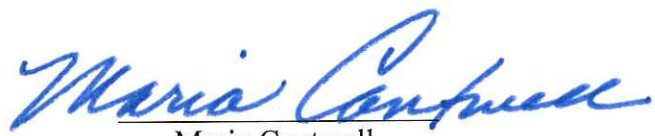
Steelscape is one of several West Coast steel producers that rely on imports from the Pacific Rim to make their steel products. Despite its affiliation with a domestic steel manufacturing company in Ohio, the economic competitiveness of Steelscape would be constrained by the modal trade barriers of the Rocky Mountains. Steel shipped by rail from the Midwest to the West Coast costs \$100 a ton while steel arriving by ship from Australia and Asia costs \$35 a ton. Understandably, Steelscape is taking such transportation costs into consideration.

Furthermore, the movement of goods in and out of West Coast ports supports national defense. We need to ensure our ports remain strong, vibrant, and competitive. For example, the Port of Vancouver USA, the third-largest port in Washington state and the second-largest importer of steel products on the West Coast, stands to be uniquely harmed from overly broad duties or restrictions on imported steel. Steel imported through the Port supports family-wage maritime and transportation jobs, including longshore workers, stevedores, truck drivers, rail workers, and logistics support workers. Additionally, 36 percent of the port's revenue is tied to steel products. Increased duties that dramatically lower steel imports would imperil these jobs and cut this revenue stream to an unsustainable level. The free flow of commerce into and out of West Coast ports has a direct effect on the national economy. According to some estimates, West Coast ports support 9 million U.S. jobs and have an economic impact of more than a trillion dollars annually. However, these ports face direct competition from Canadian ports which would not face the tariffs or restrictions imposed under this 232 investigation.

As the Administration conducts its investigation to determine the effects on the national security of imports of steel, we strongly urge you to take into consideration the unique circumstances of these specific cases described above. Additionally, we ask that the Administration protect these well-paying jobs in Kalama and the Port of Vancouver, both areas in our state with unemployment higher than the national average. Should you have any further questions, please contact Zach Mallove (zach_mallove@murray.senate.gov) with Senator Murray's staff or Jonathan Hale (jonathan_hale@cantwell.senate.gov) with Senator Cantwell's staff.

Sincerely,


Patty Murray
U.S. Senator


Maria Cantwell
U.S. Senator

CC: The Honorable Wilbur Ross, Secretary, Department of Commerce