

Congress of the United States
Washington, DC 20515

March 6, 2020

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We write to express our urgent concerns threatening America's electrical steel market. We have strong reason to believe that unfairly traded imports of minimally transformed grain-oriented electrical steel (GOES) are pouring into Canada and Mexico, contrary to the intent of the administration's action pursuant to Section 232 of the Trade Expansion Act of 1962. These imports are then being used to create downstream products that are entering the U.S. at such low prices they are further eroding the U.S. electrical steel market. We urge you and the administration to address this matter immediately before the doors of the last American maker of electrical steel close.

We represent the nation's only producer of electrical steel, AK Steel, which will soon be acquired by Cleveland-Cliffs. This week, Lourenco Goncalves, chairman and chief executive officer of Cleveland-Cliffs testified before the Congressional Steel Caucus in Washington, D.C., that unless his company receives Section 232 tariff relief, he will be forced to close the two AK Steel plants in our districts. This would mean the loss of thousands of jobs in Butler, Pennsylvania, and Zanesville, Ohio. Moreover, if the AK Steel plants close, this country will no longer produce GOES that go into transformers for the electrical grid, which poses a serious national security risk.

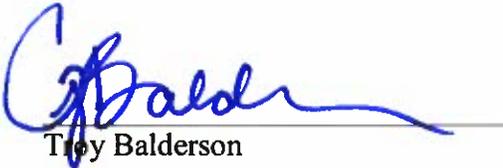
The United States cannot afford to lose the one remaining producer for grain-oriented electrical steel (GOES), for economic or national security reasons. GOES, which is used to make electrical transformers, is critical for our national power grid. Without AK Steel's GOES, the U.S. will be solely reliant on overseas production for material that supports America's critical infrastructure. If the national electrical grid were to be attacked or compromised by a natural disaster, the U.S. would need a dependable source of electrical steel to allow for rapid repair. Becoming wholly dependent on foreign producers for this vital product puts Americans at grave and unnecessary risk.

For now, U.S. imports of GOES are restricted by tariffs imposed under Section 232 of the Trade Expansion Act of 1962. However, there has been a *dramatic* increase in imported GOES into Canada and Mexico – two countries with no capacity to make GOES. GOES shipped to Canada and Mexico does not stay there. Instead, after very limited processing, much of it enters the U.S. market in the form of internal components of electric transformers. These products include

laminations, cores, and core assemblies – products that generally consist of GOES that has been merely stacked, slit, or wound.

We appreciate your valiant work to improve the U.S. global trade situation and national security, especially your work to rebuild and support the American steel industry and its workers. We implore the U.S. Trade Representative and the Department of Commerce to address this matter immediately before our communities lose thousands of jobs and our country sees the doors of the last American maker of electrical steel shuttered. America cannot afford to lose its last remaining producer of electrical steel.

Sincerely,



Trey Balderson
Member of Congress



Mike Kelly
Member of Congress

cc: Ambassador Robert Lighthizer
Secretary Wilbur Ross