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## *TRANSFORMER MANUFACTURERS OF AMERICA*

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April 23, 2020

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

RE: Joint concerns of American power transformer manufacturers regarding GOES tariff changes

Dear Mr. President:

Please accept this letter as the collective written comments of the undersigned transformer manufacturing companies ("Transformer Manufacturers") in strong opposition to the March 6, 2020, request by Congressmen Troy Balderson and Mike Kelly to further restrict the availability of grain-oriented electrical steel (GOES) by expanding Section 232 tariffs. Presently, the overwhelming majority of GOES is sourced domestically from the only U.S. supplier of this material, AK Steel. With no U.S. alternative to AK Steel, granting the request of the House members will, in effect, further entrench a domestic monopoly for GOES which will permanently damage the Transformer Manufacturers' ability to domestically produce these critical assets.

As you know, the United States Congress and Department of Homeland Security determined that power transformers and the domestic electric grid are critical to the national security of the United States. The signatories to this letter each domestically design, build and sell power transformers in support of the U.S. power grid and rely on the ability to purchase critical raw materials at *globally competitive prices*. One such material is the aforementioned GOES, a specialty steel required in the production of power transformers. With more than 50% of all U.S. power grid transformers being imported from countries exempt from Section 232 tariffs, any further restriction on GOES will result in the Transformer Manufacturers' inability to compete with those imported products causing further reductions in the availability of domestically-produced power transformers.

We propose that protecting the interests of domestic transformer manufacturers and their thousands of hard-working American employees in numerous states is more vital to national security than the risk associated with the tariff extension from Canada and Mexico importing GOES. While each domestic Transformer Manufacturer wants to continue to work with AK Steel and maintain a positive commercial relationship, the potential economic impact of an uncontested sole-source domestic provider could devastate the domestic transformer manufacturing industry.

The United States transformer manufacturers stand ready to support the Department in making a wise, educated and considered determination in this proceeding. However, the proposals from Congressman Troy Balderson and Congressman Mike Kelly to impose additional tariffs and other restrictions on GOES are unsound, both from a policy and an economic perspective. If the tariff is extended, the domestic transformer marketplace will incur severe damage, placing domestic manufacturers at a competitive disadvantage that will potentially result in the loss of thousands of jobs throughout the country.

As you know, many in our industry have advocated for a reduction in the steel tariffs and enforcement during the COVID-19 health emergency. Given the financial stress on the entire transformer industry we would also be in support of any pause in the tariff for GOES at this particular time.

Thank you in advance for your thoughtful consideration of our request to protect our national power grid and, in particular, the domestic manufacturers of American-made power transformers.

Respectfully submitted,



Jason Greene  
President  
Delta Star, Inc.



John Darby  
President  
Niagara Transformer Corp.



Brian Mason  
President  
SPX Transformer Solutions, Inc.

CC: USTR Ambassador, Robert Lighthizer  
Secretary of Commerce, Wilbur Ross  
Secretary of Energy, Dan Brouillette  
Acting Secretary of Homeland Security, Chad Wolf  
Director of the Office of Trade and Manufacturing Policy, Dr. Peter Navarro  
Assistant Secretary of Commerce for Export Administration, Richard Ashooh