



**THE CORE COALITION**  
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## **U.S. Transformer Companies Launch Coalition to Oppose “National Security” Tariffs on Imported Steel Components**

WASHINGTON, D.C.—U.S. companies that produce electrical transformers and their components have launched [The Core Coalition](#) to urge the U.S. Department of Commerce to find that imports of those products do not threaten the national security of the United States. The “Section 232” investigation of electrical steel imports could lead to tariffs or other restrictions that would severely harm companies and their employees in the U.S. transformer industry and supply chain.

In May 2020, the U.S. Commerce Department initiated a “national security” investigation of imports of transformers, cores, laminations and other transformer inputs, despite the fact that over 85% of imported cores and laminations come from two closely allied U.S. trading partners—Canada and Mexico.

The Core Coalition comprises companies active throughout the transformer industry’s value chain, including U.S. and international companies that are involved in supplying products covered by the investigation. The Coalition supports a competitive market in the US for these products, which depends on continued access to imports by US producers.

“On July 1, the U.S. government announced implementation of a new trade agreement (USMCA) with Canada and Mexico, replacing NAFTA,” said Core Coalition Counsel Lewis E. Leibowitz. “As outlined in the Coalition’s [comments](#) to the Department of Commerce, transformers are a major part of the strategically important electric grid. The three countries’ electric transmission grids are inextricably linked, assuring our mutual security and interdependence in this sector. A decision to authorize the President to impose injurious trade restrictions would be a serious step, and the notion of a national security threat arising from electrical steel imports from these two countries is dubious at best. It is difficult to imagine two countries more clearly defined as reliable trading partners of the United States than our USMCA trading partners.”

Cores and laminations are solid steel products, eliminating any potential for introduction of software or remote access mechanisms in imports of these products that could influence performance, even assuming that Canada or Mexico would undertake such action even if it were possible. There is no conceivable national security risk by virtue of foreign control or intervention in the performance of such devices—although this appears to be a premise upon which the Section 232 investigation was initiated.

“The U.S. power grid cannot rely on domestic production capacity to support the total requirements for inputs of much-needed power transformers, because the capacity does not exist,” said Phillip James, General Manager of WEG Transformers in Washington, Missouri. “The single producer of GOES in the U.S. today, AK Steel, even with its competitors paying 25 percent steel tariffs under Section 232, cannot

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make its products price-competitive. The answer is not to have the U.S. government erecting ever higher import barriers through new Section 232 actions. This would not address the underlying structural cost disadvantages that are at the heart of the domestic producer's failure to compete in today's marketplace."

The Department of Commerce's Initial Public Comment period for this Section 232 investigation closed on July 3. Final rebuttal comments are due for receipt by the Commerce Department on July 24. Despite the major implications to the cost of delivering electricity throughout the country raised by this investigation, the Commerce Department has departed from its usual practice and has not scheduled Public Hearings.

"The Core Coalition is confident that, if the Commerce Department looks at the facts, this investigation will conclude that the circumstances and quantity of imports of transformers, cores, laminations, and other transformer inputs simply do not threaten the national security of the United States," said Leibowitz.

Learn more about The Core Coalition [here](#).

Read the Coalition's comments to the Department of Commerce [here](#).

Read the Coalition's rebuttal comments to the submission from AK Steel [here](#).

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