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July 13, 2018

Office of the United States Trade Representative
60017th Street, NW
Washington, DC 20508

RE: Comments of Southwire Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Docket Number USTR-2018-0018

- My name is Charlie Murrah and I am President, Power Systems and Solutions for Southwire Company. Southwire is North America's leading manufacturer of wire and cable used in the transmission and distribution of electricity. Southwire is a family-owned business based in Carrollton, GA. Of our 7,500 employees, more than 2,500 people work at seven U.S. facilities located in six states where Southwire manufactures products that are affected by the remaining gaps in the Section 301 list.
- I previously testified before you to request that certain electric cable products that are key components of the US electrical grid be added to the list of products subject to duties under the Section 301 investigation. These critical products include:
    - High voltage bare aluminum cables classified under HTS 7614.10.1000 and 7614.90.2000,
    - Medium voltage copper and aluminum cables classified under HTS 8544.60.4000 and HTS 8544.60.6000, and

    - Low voltage copper and aluminum cables classified under HTS 8544.49.3080 and HTS 8544.49.9000, respectively.

- I would like to extend thanks on behalf of all employees at Southwire for the Administration's decision to include three of the six cable products – medium voltage copper cables and low voltage copper and aluminum cables - in Annex A of the Section 301 list. For this we are very grateful. The other cable products that Southwire requested be added to the 301 list are now included in Annex C.
- I am here to today to ask that the you complete the job by imposing duties on the high and medium voltage cable products contained in Annex C.
- As the Department of Commerce noted in its January 17, 2018, *Section 232 Report*, "aluminum transmission cables…power the nation, delivering electricity from power-generation facilities across long-haul transmission grids for distribution at the regional, state, and local level."
- The high and medium voltage cable products included in Annex C are used to transport electricity long distances, ensuring a reliable and secure supply of electricity to America's military installations, hospitals, data centers, manufacturing plants and the general population and therefore are critical to ensuring the ongoing security of the nation's electrical grid.
- The Chinese government has engaged in a series of policies designed to promote exports of these products and enable Chinese producers to capture significant global market share.
- The US International Trade Commission's Section 332 investigation and the Department of Commerce's Section 232 report outline many of the policies used by

the Chinese government to promote a large, export-focused downstream aluminum industry.

- In addition, advanced basic materials necessary for core infrastructure, such as the electrical grid, are one of the sectors targeted in the China 2025 plan. As the Administration is aware, China's 2025 plan calls for China to develop dominant domestic producers which will then capture international market share in these sectors.
- Chinese manufacturers are already successfully executing the China 2025 strategy in these critical infrastructure products.
- Chinese imports of high and medium voltage cables have increased and are sold at prices that severely undercut US prices. In our confidential written submission to the earlier hearing we provided you with data that demonstrate how Chinese producers persistently undersell Southwire by substantial margins.
- The problem is further exacerbated by the fact that the primary aluminum that Southwire uses as an input to produce cables is covered by the 232 measure but the scope of 232 does not include these cables in their finished form.
- These holes in scope of the Section 232 and existing 301 tariffs further incentivize Chinese producers to increase their low-priced shipments of downstream aluminum cables, which this poses a significant threat to the existence of a substantial portion of our business.
- If the holes in the scopes of the Section 232 and 301 investigations are not closed Southwire will likely be required to reduce its workforce by as much as 35 percent, or

2,500 people. It will also likely be required to shutter all or a part of seven of its U.S. facilities located in six states.

- The solution to this problem is simple. We urge the Administration to impose the 25% 301 tariffs on the remaining high and medium voltage cable products classified at HTS 7614.10.1000, 7614.90.2000 and 8544.60.6000 which are included in Annex C.
- Thank you for your time and attention to this important matter. I would be happy to answer any questions you may have.