

STATEMENT OF CONGRESSMAN RALPH NORMAN

Before the Trade Policy Staff Committee

January 3, 2018

Good morning, thank you for the opportunity to speak to you today. I am Ralph Norman, and I represent South Carolina's 5th Congressional District, which includes Newberry South Carolina – home to Samsung's washer manufacturing facility. I'm here to represent the interests of my constituents, and I feel their interests in this matter are also aligned with the best interests of all Americans.

The community of Newberry suffered when a Caterpillar plant was shuttered and 325 jobs in the community were lost. The impact was felt by most other businesses in town. Everyone suffered some losses related to that closing. Local restaurants, schools, barber shops, mechanics and more were all impacted.

In June, Samsung announced plans to invest \$384 million to modernize and refurbish that Newberry facility to make it capable of manufacturing state-of-the-art washing machines and other home appliances. That plant is now ready to produce American-made washers for American consumers. The ribbon cutting for the plant will be on January 12 – in just nine days.

The plant has already hired 500 workers and plans to have 1000 employees by the end of the year. That is more than double the jobs that previously existed at the Caterpillar plant. The new Samsung plant is already delivering a rising economic tide to many other working families in the 5th District.

I am here today to ask the President to consider that his actions could pose a risk, not only to the new jobs in my community, but to the broader American economy. South Carolina welcomes foreign investors. It has been great for the economy and for jobs in our state. We know that to attract that investment, we need to provide a consistent business environment that nurtures innovation, efficiency and ever-increasing productivity. We have given companies like Samsung assurance that South Carolina is open for business and that we welcome investment in domestic manufacturing. But, South Carolina can only do so much if US trade policy undermines investment decisions.

I know my Congressional predecessors wrote the Safeguard law with the best of intentions to provide workers and critical industries with temporary protection against unforeseen rises in imports. But, the law was also drafted to ensure that burdensome new trade regulations – or consumer taxes in the form of tariffs -- are not imposed unless necessary, and then only after a careful cost-benefit analysis.

Congress was careful to write the law to ensure that any remedy imposed was not excessive. In addition, before imposing a remedy, the President should consider the impact of any remedy on all members of the domestic industry. I'm here today because there can be no doubt that Samsung is now part of the domestic industry. Samsung workers in my district, and all the U.S. businesses and workers that will supply and support the Samsung facility, must receive equal consideration with those elsewhere in the industry. It would be contrary to Congressional intent to impose a remedy that favors one member of the domestic industry over another.

Samsung's facility in Newberry is domestic industry. Samsung's investment in South Carolina has made it an integral member of the domestic industry for production of large residential washers. In June, Commerce Secretary Wilbur Ross called Samsung's investment in the Fifth District "exactly the kind of job creation and investment that the Administration is seeking for American workers." He went on to say, "President Trump and the Department of Commerce will continue to support these kinds of investments." I am here to ask that the President make good and continue to support these kinds of investments, not choke off their supply chains.

First, I ask you to consider carefully what remedy might be necessary to remedy injury and help the domestic industry adjust. As washers start rolling off the production line in Newberry this week, current levels of washer imports will begin to fall significantly. As we speak imports are being replaced by domestic production. Without any remedy at all the domestic industry is already larger and in a better, stronger position than it was a year ago. It is improving because of investments from companies like Samsung. We should let the market adjust on its own, without government intervention.

Some have implied the only way to lock in the Samsung investment and the improvements it has brought to the US industry is with Safeguard remedies. I've been to the factory, I have seen the investment in the equipment and renovation of the building – and I do not believe any remedy is necessary to ensure continued production in the United States. But, if such a remedy is imposed for such reasons, it should – at a minimum – avoid causing harm to the South Carolina investment.

The reality is that while production ramps up, Samsung will need to import some models of washing machines for the first 12 to 18 months to ensure that it can supply the needs of its customers. This will ensure that Samsung remains a competitive member of the marketplace while they move their business into the U.S.

Imposing restrictions that would block imports just as the Newberry plant prepares to come online will undermine the success of the plant. Preventing imports of those models that round-out the South Carolina production will put Samsung in a weaker market position overall, harming the South Carolina plant.

Additionally, I have spoken with people in favor of these remedies who use the term “kitting” to downplay the work that will be done at the Newberry facility. These people have alleged that because every specific part is not made on site, at the plant, that these are not “manufacturing” jobs. I disagree wholeheartedly and I would ask anyone who thinks these jobs are not important to head to Newberry and ask one of these employees. Ask the people in the community. This manufacturing operation will help revitalize a town and energize a community. These are high paying jobs in an area that has recently faced economic hardships. To put that in jeopardy to protect another company would be harmful to the American worker and the American consumer.

My predecessors in Congress also wrote the law to require the President to consider costs to consumers and the economy. I am very concerned that consumers will be severely harmed if unnecessary roadblocks prevent Samsung from offering consumers a full array of innovative products. If Samsung cannot import enough washers to meet customer needs in 2018, it may lose orders that would harm demand for models made in South Carolina. Not only would this reduce consumer choice, it would also result in higher prices for consumers. Higher prices and lower demand results in diminished employment at the manufacturer level, and broad economic harm to the affected communities, like Newberry.

I am also concerned that restrictive measures will have a negative impact on new investments in U.S. large residential washing machine production. I ask you to consider what signal you send to other potential investors who might look at this case and decide it is safer to invest in places other than the United States.

Most importantly, I am concerned about what restrictive measures would mean for those newly hired workers in South Carolina.

Blocking imports is serious business and should be done only in the rarest of circumstances, and only for the soundest of reasons. The circumstances surrounding this petition are neither rare nor extraordinary, and the reasons it offers for blocking imports are not sound. Moreover, harm to U.S. consumers and the economy demonstrates the broad impact of the proposed remedy.

In conclusion, for these reasons, I urge the President to carefully consider these concerns and not impose trade restrictions that would harm domestic washing machine manufacturers or consumers with fewer choices and higher prices. Please consider these workers back home in the 5th District. Many were impacted by the shuttering of the Caterpillar plant and this new facility is a symbol of hope and opportunity for this county. This truly is a case where market adjustment is happening without government interference, and we should welcome it as an American manufacturing success story.

Thank you.