

## **STATEMENT OF CONGRESSMAN RALPH NORMAN**

### **Before the International Trade Commission**

#### **Investigation Number TA-201-76**

**October 19, 2017**

Good morning. My name is Ralph Norman. I have the distinct honor of representing the good people of South Carolina's 5th Congressional District. This is my second time appearing before the Commission 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.

My district includes the county of Newberry. As I have said before, this community suffered dearly when 325 jobs were lost with the closing of the Caterpillar plant, and most other businesses in town suffered losses related to that closing as well.

Earlier this summer, a ray of hope broke through, when 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. There is a flurry of activity at the site, as Samsung works to make it ready for installation of manufacturing equipment. The plant is scheduled to come on line early next year and its opening will result in almost 1,000 new jobs -- more than double the jobs that previously existed at the plant. When opened, the plant will deliver a rising economic tide to many other working families in my Congressional District.

In the meantime, though, I am concerned that the Commission's potential actions in this room could pose a risk not only to the new jobs in my community but to the broader American economy. In this day and age, we need U.S. trade policies that welcome foreign investors and provide them with a consistent business environment that nurtures innovation, efficiency and ever-increasing productivity. I want to give companies like Samsung assurance that South Carolina is open for business and that we welcome investment in domestic manufacturing.

I have deep respect for the work being done by the Commission and the important role you play in interpreting and enforcing a trade environment that is fair to everyone. I can say that, until recently, I had never heard of Section 201 of the Trade Act of 1974. I am a quick learner though. I know a law that my Congressional predecessors wrote with the best of intentions to safeguard our workers and critical industries against unforeseen rises in imports can also be misapplied in a way that creates domestic harm that far outweighs any harm it was intended to fix.

This is my concern and reason for testifying here today. While I am disappointed that the Commission found injury in this case, the Commission is now tasked with recommending a

remedy. That remedy must not be excessive and frankly needs to demonstrate good common sense. And critically, the Commission must consider the impact of any remedy on all members of the domestic industry, including Samsung, its workers in my district, and all the U.S. businesses and workers that will supply and support the Samsung facility. The remedy should be tailored to avoid causing harm more broadly.

Let there be no doubt, Samsung's facility in Newberry fits your definition of domestic industry. And, with a massive presence in the United States spread across many States and growing every year, Samsung is a company invested in U.S. production and U.S. jobs. 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." I respectfully urge you to reaffirm the Secretary's statement with a decision that allows all domestic manufacturers to compete.

Since this summer's announcement, Samsung has made significant progress and spent millions of dollars on its Newberry plant. Samsung has been hard at work getting the existing building ready to begin producing washers and other appliances by early next year. They have a CEO, plant manager, assembly workers and machine operators for its front load washers—100 employees hired so far for a total of 500 by year's end. In addition, Samsung is continuing to participate in job fairs in every corner of the state. In months, Samsung has gone from an idea on a chalkboard to a tangible company putting South Carolinians to work.

I want to reemphasize my earlier point. Any remedy finding by the Commission must avoid harming members of the domestic manufacturing industry, which includes this new South Carolina production facility.

When production begins in Newberry in early 2018, current levels of washer imports will begin to fall significantly as they are replaced by this new domestic capacity. The domestic industry is already improving as a result of Samsung's investment, and I am excited to see the Newberry plant grow as it begins production and ramps up. 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.

Since the Commission is looking at restrictions that would start just as the Newberry plant prepares to come online, I urge the Commission to carefully consider what impact restrictions would have on my district, the state of South Carolina, and our domestic large residential washing machine manufacturing industry.

I am very concerned that consumers will be severely hurt 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.

Normally, the Commission would need to weigh these very real concerns against the benefit a safeguard remedy may bring to the domestic industry. In this case, however, the remedy Whirlpool seeks would do more harm than good to U.S. washer production. Whirlpool and the Chinese company Haier have presented adjustment plans, but what neither plan recognizes is that Samsung is now joining the domestic industry.

Whirlpool and /Haier's remedy proposal also fails to note that Samsung has already started hiring employees and that they are already an important part of our manufacturing sector. Samsung employees are not abstract future promises, they are at work today and poorly tailored remedies will do them great harm.

Whirlpool and Haier seek to place a 50 percent tariff on all large residential washer imports and a quota on parts based on prior import volumes for parts. Their proposed remedy would disrupt the market and undercut Samsung's U.S. investment by choking off its ability to supply a full range of washers to consumers while it ramps up production. The proposed remedy -- which is a drastic shift from what Whirlpool originally proposed before learning of Samsung's investment plans -- seems tailored to undermine Samsung's ability to successfully launch its U.S. investment. What message does that send to other companies seeking to invest in U.S. manufacturing? Not to mention the American consumer, whose choices for innovative washing machines would be radically reduced if such a tariff were imposed.

That soon-to-open Newberry facility will result in nearly 1,000 local jobs and \$380 million over the next five years. This is good news for American manufacturing. Domestic production of washers will rise as Samsung takes its place alongside Whirlpool and Haier, another non-U.S.-based company, as a domestic producer. It's another piece of the puzzle for Samsung as an

American manufacturing giant that has been creating jobs and innovating here for nearly four decades.

Samsung has invested billions of dollars in the U.S. market -- with more than \$17 billion in its Austin, Texas semiconductor plant alone -- and employs more than 18,500 people across the country.

Samsung is a major producer of goods for US consumers. We should welcome its investments in the United States.

Samsung has come a long way in the Fifth Congressional District to become a productive facility in the United States. And the domestic large residential washing machine industry is growing stronger because of Samsung's investment.

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.

For these reasons, I urge the Commission 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. In particular, please consider these workers back home in the 5<sup>th</sup> 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 again for allowing me to testify before the Commission today.