

Congress of the United States
Washington, DC 20515

March 14, 2018

Dear Secretary Mnuchin:

We are writing to draw your attention to a proposed joint venture between Tsingshan Group, a Chinese-owned firm that is now the largest stainless steel producer in the world, and Allegheny Technologies, Inc. (ATI). There have been reports in the media regarding the proposed joint venture, which raise important questions related to our national security. It has been reported that this merger has the potential to erode critical U.S. stainless steel manufacturing capability and risks transferring sensitive technologies and proprietary knowledge to China. We therefore urge the Committee on Foreign Investment in the United States (“CFIUS”), which you Chair, to initiate a review of the joint venture.

CFIUS plays a critical role in examining the potential for foreign investment transactions to create national security vulnerabilities and undermine important American industries. As you know, President Trump’s recently announced National Security Strategy recognizes that “a healthy defense industrial base is a critical element of U.S. power.” The President’s recently announced action under Section 232 of the Trade Expansion Act of 1962 does not lessen the need for a CFIUS review of this particular joint venture and the very specific questions it raises with respect to national security.


Based on these media reports, we are concerned by the potential impacts of this investment on our national security. First, according to ATI’s website, the company produces “a wide range of military-grade titanium, specialty steels, and other materials and components for defense contractors and other customers.” ATI has publicly testified that “virtually every major military aerospace system contains an ATI specialty steel or alloy.” Clearly, this domestic company plays a crucial role in our national defense framework and any significant foreign investment ought to be viewed through the lens of technology transfer. This joint venture could provide a Chinese firm with the tools to negatively impact American manufacturers’ ability to reliably supply stainless steel to our defense industry. Second, we are concerned about the joint venture’s announced intent to target the U.S. market with ATI sponsorship of Tsingshan’s foreign-produced stainless-steel slabs. Such a strategy could undermine the competitive marketplace for U.S.-made stainless-steel, impair the financial health of American manufacturers, leading to reduced output, shuttered operations, and curtailed R&D investment. By allowing a strategic competitor of the United States to flood our market with foreign stainless steel – a practice that has already harmed U.S. steel companies in recent years – this could eliminate or degrade key competitive options for U.S. defense industry customers.

We therefore ask CFIUS to review the proposed joint venture between ATI and Tsingshan Group to ensure that our national security is not impaired by the transaction. If you have any questions or if we can be of any further help in this matter, please do not hesitate to contact Congressman Rogers' Washington, D.C. office at (202) 225-4601.

Sincerely,


HAROLD ROGERS
Member of Congress


ANDY BARR
Member of Congress


MO BROOKS
Member of Congress



BRADLEY BYRNE
Member of Congress


JAMES COMER
Member of Congress

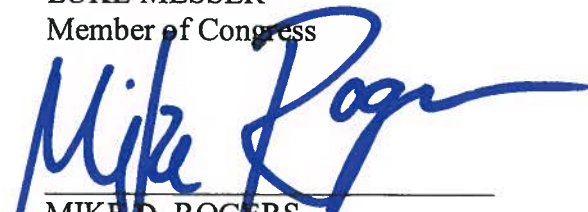

BRETT GUTHRIE
Member of Congress


EVAN JENKINS
Member of Congress


THOMAS MASSIE
Member of Congress


LUKE MESSER
Member of Congress


MARTHA ROBY
Member of Congress


MIKE D. ROGERS
Member of Congress

CC: Attorney General Jeff Sessions
Secretary Wilbur Ross
Secretary Rex Tillerson

Secretary Kirstjen Nielsen
Secretary Jim Mattis
The Honorable Robert E. Lighthizer

HAROLD ROGERS
5TH DISTRICT, KENTUCKY

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Congress of the United States
House of Representatives
Washington, DC 20515-1705

PLEASE RESPOND TO:

WASHINGTON OFFICE:

2406 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1705
(202) 225-4601

DISTRICT OFFICES:

551 CLIFTY STREET
SOMERSET, KY 42503
(606) 679-8346 OR
1-800-632-8588

48 SOUTH KENTUCKY HIGHWAY 15
HAZARD, KY 41701
(606) 439-0794

110 RESOURCE COURT
SUITE A
PRESTONSBURG, KY 41653
(606) 886-0844

July 10, 2018

The Honorable William L. Ross, Jr.
Secretary of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Ross:

As you will recall on March 14, 2018, I joined ten other members of Congress in sending a letter to Secretary Mnuchin requesting that the Committee on Foreign Investment in the United States (CFIUS) initiate a review of the joint venture between Tsingshan Group, a Chinese-owned firm which is the largest stainless steel producer in the world, and Allegheny Technologies, Inc. (ATI). I have attach herein a copy of the letter expressing concern about the potential impacts of the joint venture on our national security, with ATI having publically testified that “virtually every major military aerospace system contains ATI specialty steel or alloy.” I write today as a follow-up that letter, in light of related congressional and executive action.

As you know, that same month, the President instituted tariffs on certain steel and aluminum imports, pursuant to Section 232 of the Trade Expansion Act, which are precisely intended to preserve our steel industrial base to protect our national security. During a June 21, 2018 hearing of the House Armed Services Committee entitled Military Technology Transfers: Threats, Impacts and Solutions for the Department of Defense (DoD), the DoD Under Secretary for Research and Engineering Michael Griffin warned that the Pentagon is facing an unprecedented threat to our technological and industrial base from China. In additional testimony, Anthony M. Schinellia, of the Office of the Director of National Intelligence, warned that the Chinese are gaining access to U.S. technology through joint ventures.

Though I do not know whether CFIUS has or will undertake an investigation related to the proposed ATI-Tsingshan merger, I am aware that ATI has filed for exclusion from Section 232 tariffs to obtain 300,000 tons of stainless steel slabs from Tsingshan. It is my understanding that several domestic stainless steel producers have filed objections to ATI’s exclusion request, citing support for national security and thousands of American workers, many of whom are employed in Kentucky. I ask that these objections be carefully and fairly reviewed, bearing in mind the potential national security risks and domestic jobs at stake, as you and the Department consider the exclusion request. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Hal Rogers".

HAROLD ROGERS
Member of Congress

HAROLD ROGERS
5TH DISTRICT, KENTUCKY

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(606) 439-0794
- 110 RESOURCE COURT
SUITE A
PRESTONSBURG, KY 41653
(606) 886-0844

December 7, 2018

The Honorable Wilbur L. Ross, Jr.
Secretary of Commerce
1401 Constitution Avenue
Washington, DC 20230

Dear Secretary Ross:

I write to follow up on my July 10, 2018 letter to you to reiterate my concern about the potential impacts of defense-related joint ventures on our national security. The U.S. government must take every precaution to protect its intellectual property, especially in the national security sphere. Exposure of sensitive defense-related intelligence to a Chinese firm or the Chinese government is a risk we should carefully guard against. As I previously stated, in his June 21, 2018 testimony before the House Armed Services Committee, Anthony M. Schinella, of the Office of the Director of National Intelligence, warned that the Chinese are gaining access to U.S. technology through joint ventures. I am further concerned in light of a recent report released by the Office of the United States Trade Representative (USTR) as part of its ongoing monitoring and enforcement effort. On November 20, 2018, the USTR, in a report entitled, "Update Concerning China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property, and Innovation," writes:

"The Chinese government continues to direct and/or unfairly facilitate the systematic investment in, and/or acquisition of, U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property and generate large-scale technology transfer in industries deemed important by Chinese government industrial plans."

These circumstances deserve careful attention. I previously identified the joint venture between defense contractor Allegheny Technologies Incorporated (ATI) and the Chinese-owned firm, Tsingshan Group, for review by the Committee on Foreign Investment in the United States (CFIUS). As you are aware, ATI subsequently filed for exclusion from Section 232 tariffs to obtain 300,000 tons of stainless steel slabs from Tsinghan. A number of domestic stainless steel producers have raised valid objections to this application. I ask you to review these and similar objections fairly, particularly through the lenses of national security and the vitality of American jobs.

I appreciate the integrity of the process established by the Bureau of Industry and Security (BIS) of the Department of Commerce (DOC) by which exclusion requests and objections are made, including the addition of the rebuttal and surrebuttal process this fall. Clearly, the DOC is making every effort to provide a thorough and objective review of exclusion requests, objections, rebuttals and surrebuttals.

It is in the spirit of that process I respectfully request that the DOC carefully review and give all due consideration to the objections and the surrebuttals filed by North American Stainless, AK Steel Corporation, and Outokumpu Stainless, which have large stainless steel production facilities in Kentucky, Ohio, Pennsylvania and Alabama. In their comments, these domestic producers have requested that the DOC adhere faithfully to its own regulations on the exclusion process and deny the ATI request on the grounds of domestic availability. Such action is not only appropriate under BIS' regulations and consistent with President Trump's decision to impose tariffs on steel under Section 232, but it will also prevent a foreign firm from putting thousands of American jobs at risk by replacing American-made stainless with foreign stainless, thus allowing Chinese and other companies to profit at the expense of American workers.

Thank you for your fair consideration of this request and helping maintain the national security of the United States. If you have any questions, please contact my Legislative Assistant Austin Gage, at (202) 225-4601 or at austin.gage@mail.house.gov.

Sincerely,



HAROLD ROGERS
Member of Congress