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WEST VIRGINIA

United States Senate

WASHINGTON, DC 20510-4802

FAX COVER SHEET

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OFFICE: Dept. of Commerce

FROM: Senator Rockefeller's office

DATE: 9/27/2010

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MESSAGE:

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United States Senate

WASHINGTON, DC 20510-4802

September 24, 2010

The Honorable Gary Locke
Secretary
US Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

Dear Secretary Locke,

We understand that the Department of Commerce is considering Dow Corning's Foreign-Trade Zone (FTZ) subzone application (Docket 20-2009). We further understand that your Department's preliminary recommendation was that Dow Corning's FTZ application be granted, but with a restriction requiring the company to pay anti-dumping or countervailing duties on any silicon metal covered by an anti-dumping or countervailing duty order used in the subzone. Globe Metallurgical Inc., a United Steel Worker-represented domestic supplier of silicon metal to Dow Corning, has a production facility and its headquarters in Beverly, Ohio, and has its largest plant in Alloy, West Virginia. If the FTZ Board were to approve the requested subzone without the recommended prohibition, the resulting lost sales and price impact could force Globe to curtail its operations and lay off workers at the Beverly, Ohio and Alloy, West Virginia plants.

In its preliminary decision, the FTZ Board recognized that authorizing a subzone of the nature that Dow Corning requests without restriction would not have a positive net effect on the domestic silicon metal industry, which previously has been devastated by dumped Chinese and Russian silicon metal imports. Those experiences have shown that even a relatively small volume of low-priced, dumped imports can have a crippling impact on this U.S. industry. Thus, allowing the subzone to be used for the purpose which Dow Corning intends for even a limited amount of unfairly traded imports could result in serious injury to Globe and its workers. Moreover, as the FTZ Board has found, multiple applications of this type would have a cumulative effect on the targeted domestic industry and the anti-dumping orders protecting it.

FTZs were created to provide special customs procedures to U.S. companies engaged in international trade activities. Generally, items imported and processed in FTZs for re-export are accorded duty free treatment. The purpose of an FTZ is to make U.S. companies more competitive with overseas manufacturers and to encourage such companies to maintain a U.S. presence and hire U.S. workers.

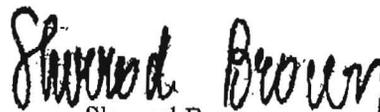
The review of an FTZ application, however, also must take into account its impact on other U.S. workers and policy goals. The FTZ regulations require an analysis of "whether the approval is consistent with trade policy and programs, and whether its net economic effect is positive" (15 CFR 400.31(a)). Part of U.S. trade policy is making sure that U.S. companies are treated fairly. Companies should not import goods into the U.S. at unfair prices or benefit from impermissible subsidies provided by foreign governments.

In reviewing Dow Corning's FTZ subzone application, we urge you to fully examine whether the grant of the application would have an adverse impact on U.S. workers and trade policy. In these difficult economic times, the Department should strive to preserve and encourage the growth of jobs in America.

Sincerely yours,



Jay Rockefeller
United States Senator



Sherrod Brown
United States Senator

cc: Francisco J. Sánchez

United States Senate

WASHINGTON, DC 20510-4802

September 24, 2010

Francisco Sanchez
Under Secretary for International Trade
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, D.C. 20230

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