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**Steel 232 Tariffs and  
Quotas—National  
Security? Really?**

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# How Did we Get Here?

- Bretton Woods and GATT
- Labor-Management Relations
- Steel industry has sought protection from imports for 50 years
- Two round of Voluntary Restraint Agreements
- Trigger Price Mechanism
- Two Safeguard actions
- Numerous antidumping and countervailing duty cases
- Section 337 case (2016)
- Two Section 232 Proceedings

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# Section 232 Remedies—Overview as of June 1, 2018

- Steel
  - 25% tariffs—all countries except Argentina, Australia, Brazil, South Korea
  - Absolute quotas—Argentina, Brazil, South Korea
  - Australia ??
  - Product exclusions
- Aluminum
  - 10% tariffs—all countries except Argentina, Australia
  - Absolute quotas—Argentina
  - Australia ??
  - Product exclusions

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# Why Section 232?

- Do steel imports threaten to impair national security?
- Did the Commerce Department truly consider the factors the law requires?
- Do we fight wars with steel or products made from steel?
  - What are helmets made out of?
  - What products fortify armored vehicles?
- What countries threaten us with denial of steel for national defense?
- The President has authority to impose import measures only if the Commerce study complied with the law
- Is the President's discretion unlimited?

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# Layers of Protection for US Steel Producers

- Section 232 (Tariffs, Quotas)
- Section 301 Tariffs (China) (announcement June 15)
- Antidumping, Countervailing Duty Orders (34 countries)
  - Steel
    - Hot rolled
    - Cold rolled
    - CORE
    - Pipe & Tube
    - Long Products

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# Winners from Steel Protection

- US BOF producers
- US Minimills
- Recipients of quota rents (foreign exporters, such as Korean steel producers)
- Employment—about 140,000

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# Losers from Steel Protection

- American manufacturing companies using steel
- American exporters of various products (e.g., agriculture, electronics) being hit with retaliatory tariffs & quotas
- Tech companies in US (restrictions on foreign investment & retaliation)
- US and international steel distributors
- American ports, longshoremen, transportation companies
- **Employment—about 10 million**

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# Will restrictions rebound to hurt US steel producers?

- In the long run, customer base will surely shrink as advanced products shift production overseas
- Solutions—
  - Relax tariff restrictions to keep downstream industries in US
  - Increase protection for downstream industries

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# Relaxing Tariff Restrictions

- Section 232
  - Tariff reductions
  - Country exemptions
  - Product exclusions
    - Few up-front exclusions (tariff classifications)
    - Exclusion process (March 19 interim regulations)
  - Other exceptions (e.g., FTZs)
- Section 301
  - Tariff reductions
  - Country exemptions
  - Product exclusions
    - Up-front
    - Procedures for new exclusions

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# Product Exclusions—Update

(as of June 1, 2018)

- **Steel—**

- 11,567 comments filed
- 6,979 exclusion requests and objections posted online
- Objections filed on some, but by no means all, exclusion requests
- Comment period closed on 1,380 exclusion requests
- No exclusions approved or denied
- 90-day deadline for first requests—July 22, 2018(?)

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# Increasing Protection for Downstream Industries

- Identifying downstream industries that need/deserve protection
- Setting appropriate barriers
- Defending against international retaliation and litigation
- Gauging economic impact on the US
- Case study—section 232 investigation on automobiles and auto parts
  - Comment deadline June 22, 2018

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Thank You!

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