



American Wire Producers Association

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Alexandria, VA 22315

White Paper
Section 232 Investigation of Steel Imports
September 2017

I. Summary

The Trump Administration is considering action under a rarely used provision of the US trade laws – Section 232 of the Trade Expansion Act of 1962 – to address what it is calling “national security concerns related to steel imports” from China. Section 232 gives the president discretion to “adjust imports” if he determines that US national security is at risk based on findings by the Department of Commerce (Commerce). This adjustment can come in the form of increased tariffs, quotas, tariff-rate quotas, voluntary restraint agreements, assistance to the domestic industry impacted by the imports in question, and other actions. In most of the previous investigations under Section 232, Commerce concluded that no action was necessary, and the President concurred.

II. Status

The President and Commerce Secretary Wilbur Ross had originally stated that a decision on the steel Section 232 case would be announced by the end of June. However, that decision has been delayed in part because of pushback from steel-using industries that might suffer, including the wire and wire products industry, as well as concerns from other sectors of the economy (such as agriculture) that fear retaliation against exports of their products. The Administration is now saying it will be taking its time in reaching a decision until other top priority issues on the president’s agenda are addressed like tax reform, health care, and infrastructure.

The Administration had previously tried to use the threat of tariffs to press the Chinese to reduce overcapacity in steel. But a meeting between US and Chinese trade officials in Washington broke down in mid-July after the Chinese refused to commit to cutting steel production.

AWPA member companies are very concerned about the impact of this Section 232 investigation. The Association submitted extensive comments to Commerce about the negative impact that wide-ranging tariffs on imported steel could have on the US wire and wire products industry. The AWPA’s comments also identified many wire products that are used in the US defense industry, including wire for helicopters and aircraft; wire strand in aircraft hangars; wire for anti-tank missiles, steel wire baskets for combat shelters and many, many more. While the vast majority of steel wire rod used to make these products is sourced right here in the United States, some wire rod must be imported because it is not made domestically or because unanticipated disruptions at domestic mills have impacted supply.

W I R E I S E V E R Y W H E R E

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It is also important to recognize that the supply chain for the US steel wire and wire products industry depends on both domestic and foreign sources and that the foreign sources are comprised almost exclusively of the closest allies of the United States.

III. Downstream Steel Manufacturers Coalition

On September 7, 2017, in response to letters from the steel mills to the President on this issue, AWPA formed a coalition of downstream steel manufacturers and steel consumers. These 15 associations represent a variety of American industries that buy steel to manufacture many thousands of downstream products, which are essential to the prosperity and national security of the United States. The attached letter highlights just the 'tip of the iceberg' in the number of jobs that would be harmed by restrictions on basic steel products. It would be a tragic result for our country if, by imposing unnecessary and unwarranted restrictions on steel imports, such restrictions not only cause serious damage to downstream industries but also undermine the long-term viability of the US steel mills.

IV. AWPA Action

AWPA opposes Section 232 restrictions on imports of steel products. The US steel industry has very successfully used US trade laws to prevent unfair trade in their products. There are over 160 antidumping and countervailing duty orders and investigations of 25 categories of basic steel products from 37 countries. Further restrictions on steel imports will actually adversely impact national security and the overall economy. US wire and wire products companies and other steel consuming industries, representing over 1 million American jobs at 30,631 facilities, would be irreparably harmed by further import restrictions on our basic raw materials. This compares with 81,873 jobs at 880 facilities in the US basic steel industry.

AWPA asks the support of our legislators on this matter, and we request that you contact the President of the United States, the Secretary of Commerce, the Director of the National Economic Council and the United States Trade Representative on behalf of the US Wire and Wire Products industry and our customers, conveying your opposition to Section 232 steel import restrictions.

September 7, 2017

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Subject: Section 232 Investigation of Steel Imports

Dear Mr. President:

We respectfully submit this letter on behalf of the undersigned associations in connection with the Section 232 investigation of steel imports and their impact on national security.

These associations represent a variety of American industries that buy steel to manufacture many thousands of downstream products, which are essential to the prosperity and national security of the United States. Our members make everything from steel wire used in control cables and fasteners for military aircraft, fabricated steel plate doors and floors for military vehicles and many types of machined and formed steel products that improve the life of millions of Americans on a daily basis.

Collectively, the members of our associations represent 1,003,854 jobs at 30,631 facilities, compared with 81,873 jobs at 880 facilities in the US basic steel industry.

Our member companies source the majority of their steel requirements from the domestic steel industry, but they also require continuing access to global supply chains. Downstream steel manufacturers support a strong national defense and a strong domestic steel industry. However, we believe that restrictions on basic steel imports will actually adversely impact national security, the economy, and the steel industry itself.

We are very concerned about the unintended and disastrous consequences which Section 232 restrictions on imports of basic steel products would have on our industries.

- Such restrictions would almost certainly result in shortages of critical raw materials for our companies' operations, and there are many types of steel products that are simply not available from domestic steel mills.
- Import restrictions under Section 232 would impact both the availability and price of steel raw materials, placing downstream industries at a crippling competitive disadvantage to foreign manufacturers of our products.
- Unavailability and increased costs would force our customers to go offshore to make or buy their products, and this will inevitably result in less demand from domestic steel mills.

- Without a viable customer base – the downstream steel manufactures and our customers – the domestic steel mills will quickly suffer from less demand and loss of markets.

It would be a tragic result for our country if, by imposing unnecessary and unwarranted restrictions on steel imports, such restrictions not only cause serious damage to our industries but also undermine the long-term viability of the US steel mills. As evidenced by the more than 160 antidumping and countervailing duty orders in place against 37 countries and 25 categories of basic steel products, the US steel industry has long been successful in protecting itself from unfairly traded steel using the US trade laws.

Accordingly, we respectfully urge you to avoid any decision which would do harm to so many downstream steel manufacturing companies, our employees, and our customers, with little or no additional protection to the basic steel industry.

On behalf of our member companies, we thank you for your consideration.

Kimberly Korbel, Executive Director
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CC: The Honorable Wilbur L. Ross, Jr., The Honorable Gary Cohen, The Honorable Robert E. Lighthizer

The following jobs data is from the Bureau of Labor Statistics, North American Industry Classification System (NAICS), which collects employment data in the US. The steel mill data above is NAICS code 331111. All data is dated December 2016.

Association/NAICS codes	Jobs	Facilities
American Gear Manufacturers Association		
333612 Speed Changer, Industrial High-Speed Drive, & Gear Manufacturing	11,403	295
American Wire Producers Association		
331222 Steel Wire Drawing	11,006	252
332618 Other Fabricated Wire Product Manufacturing	25,600	914
Can Manufacturers Institute		
332431 Metal Can Manufacturing	19,663	219
Fabricators and Manufacturers Association, International		
332312 Fabricated Structural Metal Manufacturing	87,174	3,363
332313 Fabricated Plate Work Manufacturing	43,254	1,759

Forging Industry Association

332111 Ferrous Forging	21,441	499
332112 Non-ferrous forging (includes aluminum)	7582	95
332114 Custom Roll Forming	6593	155

Industrial Fasteners Institute

332722 Nut, Bolt, Screw, Rivet and Washer Manufacturing	39,366	799
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National Precast Concrete Association

327390 Other Concrete Product Manufacturing	54,472	2,170
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National Tooling and Machining Association

333514 Special Dies & Tools, Die Sets, Jigs & Fixture Mfg	43,871	2,339
333517 Machine Tool Manufacturing	27,919	1,053

North American Association of Food Equipment Manufacturers

332215 Metal Kitchen Cookware, Utensil, Cutlery, & Flatware	9,200	204
332618 Fabricated Wire Product Manufacturing	25,600	914
333318 Commercial & Service Industry Machinery Mfg	60,391	1,880
333415 Air-Conditioning & Warm Air Heating Equipment & Commercial & Industrial Refrigeration Equipment Mfg	84,510	1,040

North American Die Casting Association

331523 Nonferrous Metal Die-casting Foundries Firms	34,763	430
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Precast/Prestressed Concrete Institute

327390 Other Concrete Product Manufacturing	54,472	2,170
23812 Steel and Precast Concrete Contractors	83,110	5,155

Precision Machined Products Association

332721 Precision Turned Product Manufacturing	103,594	3,507
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Precision Metalforming Association

336370 Motor Vehicle Metal Stamping	97,719	776
332119 Metal Crown, Closure, and Other Metal Stamping	53,703	1,419

Spring Manufacturers Institute

332613 Spring Manufacturing	16,806	443
332618 Other Fabricated Wire Product Manufacturing	25,600	914

Tube and Pipe Association

332996 Fabricated Pipe and Pipe fittings	35,114	951
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TOTAL	1,003,854	30,361
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