

February 12, 2018

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 **15 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 value-added downstream steel products which are essential to the national security and prosperity of the United States. Our members make everything from steel wire used in control cables and fasteners for military aircraft, to fabricated steel plate doors and floors for military vehicles, and many types of machined and formed steel products for defense and civilian applications that enhance our security and improve our country's wellbeing. Many of these products are vital to transportation and water infrastructure. Collectively, the members of our associations represent more than **1,000,000** jobs at more than 30,000 factories and plants throughout the United States – compared with about **80,000** jobs in the US basic steel industry.

Our member companies source the majority of their steel requirements from the domestic steel industry, but we also require continuing access to global supply chains. This is necessary as there are many types of steel products that are simply not available from domestic steel mills. Restrictions on basic steel imports will actually adversely impact national security, the economy, and the steel industry itself because it will undermine our competitiveness and limit our ability to make value-added products here. In that event, these products will be made elsewhere, resulting in lost business and jobs for our members and reduced purchases from the domestic basic steel industry. Everyone in the US steel supply chain will be damaged by restrictions on steel imports.

We also note that, despite the rhetoric from the domestic basic steel industry, the United States has undertaken widespread actions against unfairly-traded steel imports. At present, there are more than **160** antidumping (AD) and countervailing duty (CVD) orders in place against 37 countries and 25 categories of basic steel products.

China alone – which is identified as the major problem in the global steel sector because of its enormous over-capacity – is subject to **28 AD and CVD orders** in the

United States and **6 pending AD and CVD investigations** on basic steel products. These include flat-rolled, long, and tubular steel products, such as plate, hot-rolled, cold-rolled, and corrosion-resistant sheet, wire rod, concrete reinforcing bar, and standard, line, and seamless pipe as well as various stainless steel products. As a result, China is no longer a significant exporter of basic steel products to the United States, and with these orders in place, it is unlikely to become one again for many years.

The US basic steel industry is also experiencing impressive financial results. In 2017, Nucor Corporation reported its best earnings since before the 2008 recession. Its net earnings increased by 65% over 2016, reaching **\$1.1 billion**. Likewise, Steel Dynamics reported record steel shipments in 2017 with record operating income of **\$1.1 billion**. Other US steel mills had similar results. In addition, with the recent tax reform, these companies are likely to see soaring profits in the coming year. An infrastructure bill will further greatly benefit this sector. This is not an industry that warrants extraordinary and unprecedented relief from imports.

Finally, we are also very concerned about the unintended and disastrous consequences which Section 232 restrictions on imports of basic steel products would have on other sectors of the US economy. As the letter of July 12, 2017, from former Chairs of the President's Council of Economic Advisers points out, the cost of retaliation by our trading partners – many of them close and invaluable allies – could exceed any benefit that restrictions on steel imports under Section 232 might provide. Further, representatives of 18 agricultural associations and federations expressed concern in their letter of July 11, 2017, that barriers against steel imports could trigger retaliation against American exports of agricultural products with disastrous consequences for that essential sector of the US economy. Ultimately, a tit-for-tat cycle of trade restrictions and retaliation will undermine the global economic system and damage the long-term security and prosperity of the United States.

Accordingly, Mr. President, we respectfully urge you to avoid any decision which would do harm to so many downstream steel manufacturing companies and other steel consumers, our employees, and our customers, with little or no additional protection to the basic steel industry, while at the same time causing great economic harm to numerous other sectors of the US economy.

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

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CC: The Honorable Wilbur L. Ross, Jr., The Honorable Gary Cohn, The Honorable Robert E. Lighthizer

The following jobs data are from the Bureau of Labor Statistics, North American Industry Classification System (NAICS), which collects employment data in the United States. The steel mill data cited above are from NAICS code 331111. All data are 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
National Precast Concrete Association		
327390 Other Concrete Product Manufacturing	54,472	2,170
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

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
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
TOTAL	1,003,854	30,361