

The Adverse Impact of Tariffs on Steel and Aluminum Products

Alliance for Competitive Steel and Aluminum Trade (ACSAT)

ACSAT Strongly Opposes Proposed High Tariffs on Steel and Aluminum

ACSAT represents thousands of businesses across the United States who are deeply concerned about the Administration's proposal to impose sweeping global import tariffs on steel and aluminum on the basis of national security. We are convinced that these restrictions will have a significant negative impact on our businesses, employees and customers. The following is a brief outline of our concerns and recommendations.

Damage to Downstream Users and American Consumers

The proposed tariffs of 25% on all steel imports and 10% on all aluminum imports are far broader than required to address any legitimate defense or security needs, and will cause severe harm to many of our most competitive industries by raising production costs and prices throughout our economy. The downstream industries that consume steel and aluminum are 40 to 50 times greater than these two sectors in terms of output and employment. Job losses and reduced competitiveness in downstream sectors will far outweigh any short-term benefits to steel and aluminum. Moreover, since steel and aluminum are vital inputs in a huge range of downstream products, these tax increases could impact millions of Americans through higher prices for essential purchases, such as autos, home appliances, food products and energy.

Damage to US Exports

Compounding the costs to our domestic industries will be the adverse effects on American exporters. Many trading partners have already announced their intention to retaliate against what they consider to be an unjustifiable use of the WTO national security exception. Ironically, the major impact of these restraints will fall on our NATO allies and other security partners, since China, the country cited by the Administration as the major cause of global overcapacity and widespread dumping, already faces high antidumping duties and represents only 3% of all US imports. Hence, our best allies in maintaining global security and our most reliable export markets will bear the brunt of these measures. This will intensify their resolve to retaliate and lessen their cooperation with us in pushing China and other countries towards fairer world trade. Retaliation by our closest partners places at risk our most competitive export sectors, including agriculture, aircraft, autos, machinery and equipment, IT and electronics, pharmaceuticals, plastics and chemicals.

Damage to Economic Growth

The American economy is strong and growing, and our manufacturers, farmers and service industries are seeing the benefits of the recent tax cuts and regulatory reforms. Our unemployment rate is at its lowest point since 2000, wage rates have begun to increase and GDP growth is increasing. Trade is a critical ingredient in these economic successes: More than 40 million American jobs depend on world trade; one out of every three acres of American agriculture is grown for export; and our manufacturing sector and technology-based industries lead the world in innovation. As the world economy continues to recover strongly from the great recession, this would be the worst possible time to turn inward and begin erecting trade barriers. For all the reasons outlined above, sweeping, long-term restrictions on imports of steel and aluminum will undermine, rather than advance, both our economic growth and our broader national security interests.

Recommendations

While we clearly need to address problems of unfair trade practices, subsidies and global overcapacity, mechanisms exist under our trade laws to address these specific problems without severely damaging the interests of competitive producers here at home. Moreover, policies to assist workers impacted by trade and to promote more competitive steel and aluminum production will be far more effective than prolonged import protection.

ACSAT asks Members of Congress to consult with the industries and farmers affected by the proposed restrictions on steel and aluminum. The major committees of jurisdiction should schedule public hearings so that all interests can be heard. Congress has Constitutional authority to regulate foreign commerce, and we believe it is vital that all interests are weighed more fully before deciding what actions, if any, should be taken on national security grounds. Ultimately, Congress and the President should work more cooperatively to achieve the proper balance between trade concerns and other national priorities.

About ACSAT

ACSAT includes a broad cross-section of industries that produce intermediate and finished goods containing steel and aluminum as important inputs. It also includes a wide range of manufacturers and farmers that are among America's most export-dependent sectors. Our producers are leaders in productivity and technological innovation, and depend upon open trade and competitive inputs to survive in the global economy. The members of our alliance stand ready to assist policymakers in Congress and the Administration to formulate more effective policies to address the challenges of international trade.

Members of ACSAT

Air-Conditioning, Heating, and Refrigeration Institute
Alliance of Automobile Manufacturers
American Automotive Policy Council
American Chemistry Council
American Exploration and Production Council
American Fuel & Petrochemical Manufacturers
American International Automobile Dealers Association
American Petroleum Institute
American Soybean Association
American Supply Association
American Wire Producers Association
Associated Equipment Distributors
Associated General Contractors of America
Association of Equipment Manufacturers
Association of Global Automakers
Auto Care Association
Beer Institute
Can Manufacturers Institute
Grocery Manufacturers Association
Independent Petroleum Association of America
Industrial Fasteners Institute
International Association of Drilling Contractors
LNG Allies
Midwest Food Products Association
Motor & Equipment Manufacturers Association
National Automobile Dealers Association
National Council of Farmer Cooperatives
National Electrical Manufacturers Association
National Foreign Trade Council
National Pork Producers Council
National Retail Federation
National Tooling and Machining Association
Outdoor Power Equipment Institute, Inc.
Pet Food Institute
Precision Machined Products Association
Precision Metalforming Association
Shelf-Stable Food Processors Association
Truck & Engine Manufacturers Association
U.S. Grains Council
U.S. Wheat Associates