THE PRICE OF LEVERAGE:
IMPACTS OF TARIFFS ON U.S. WORKERS

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CREATING LEVERAGE

- Imposed steel/aluminum tariffs to incentivize U.S. trading partners to get China to cut steel overcapacity
- Imposing 10% and 25% tariffs on U.S. imports from China to force changes in IPR and technology transfer policies
- Threatening Section 232 action on motor vehicles and parts to push Canada, Mexico on NAFTA; Europe on car tariffs
- Threatening to terminate NAFTA 1.0 to press Canada and Mexico – and Congress? – on NAFTA 2.0
WHAT HAPPENS WHEN TARIFFS ARE IMPOSED?

U.S. Winners

- **PROTECTED INDUSTRY**: Output UP, employment UP
- **OTHER SECTORS**: indirect spending from protected companies and workers INCREASES and jobs elsewhere in economy (suppliers, restaurants) INCREASE

U.S. Losers

- **DOWNSTREAM INDUSTRIES**: Output DECLINES, employment DECLINES
- **OTHER SECTORS**: indirect spending from downstream companies and workers DECLINES and jobs elsewhere in the economy (suppliers, restaurants) DECLINE

- **EXPORTING INDUSTRIES**: Output DECLINES, employment DECLINES
- **OTHER SECTORS**: indirect spending from exporting companies and workers DECLINES, jobs elsewhere in economy (suppliers, restaurants) DECLINE

GAINS – LOSSES = ???
STEEL/ALUMINUM 232 TARIFFS + RETALIATION

Steel/alum jobs +26,280
Steel consuming industry jobs* -91,614
Other sectors -337,111
Total net job impacts -402,445

16 job losses for every steel/aluminum gain

* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction
<table>
<thead>
<tr>
<th>Category</th>
<th>Job Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel/alum jobs</td>
<td>+2,378</td>
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<tr>
<td>Steel consuming industry jobs*</td>
<td>-30,303</td>
</tr>
<tr>
<td>Other sectors</td>
<td>-105,751</td>
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<tr>
<td>Total net job impacts</td>
<td>-133,676</td>
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</tbody>
</table>

* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction
<table>
<thead>
<tr>
<th>Description</th>
<th>Impact</th>
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<tbody>
<tr>
<td>Steel/alum jobs</td>
<td>-508</td>
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<tr>
<td>Steel consuming industry jobs*</td>
<td>-96,863</td>
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<tr>
<td>Other sectors</td>
<td>-357,426</td>
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<tr>
<td>Total net job impacts</td>
<td>-454,796</td>
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</tbody>
</table>

* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction
MOTOR VEHICLE & PARTS 232

Trade Partnership, tariffs only

  Total net job impacts  -116,871

Peterson, tariffs only

  Total net job impacts  -195,000

Peterson, tariffs + retaliation

  Total net job impacts  -624,000
<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
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<tbody>
<tr>
<td>Steel/alum jobs</td>
<td>-6,876</td>
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<tr>
<td>Steel consuming industry jobs*</td>
<td>-194,617</td>
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<td>Other sectors</td>
<td>-1,608,095</td>
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<td>Total net job impacts</td>
<td>-1,809,588</td>
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</tbody>
</table>

* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction
CONCLUSIONS

Leverage is expensive.

How long are you prepared to wait to see if it works?