232 Steel/Aluminum Tariffs

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232 Steel & Aluminum Tariffs

- Stated Goal of 232 National Security report: Increase steel capacity utilization to 80% from 73%; aluminum from 48% to 80%.
- 25% on steel (flat, bar, wire, stainless); and 10% on aluminum effective March 23, 2018.
- Canada, Mexico, EU, South Korea, Argentina, Australia, Brazil exempted until June 1, 2018.
- As of June 1, only “exemptions” are for Australia; Argentina (quotas); Brazil (quotas for steel/tariffs for alum.); S. Korea (quotas for steel, tariffs for alum.).
232 Steel & Alum. Tariffs (cont.)

• Quotas are quarterly and hard limits.
• US is island of high prices.
• HRB from May 2018 to Sept. 2018:
  ✓ US is >$400/ton more expensive than China
  ✓ US is >$300/ton more expensive than EU
• Wire Rod Prices August 15, 2018:
  ✓ US is >$168/ton more expensive than China
  ✓ US is >$149.75/ton more expensive than EU
232 exclusions process

• Still no trade associations or product-wide exclusions allowed.
• Objectors must make product and prove they can make it “immediately” – 8 weeks. No discussion of capacity.
• You can now rebut any objections to your filing and your objectors have a “surrebutal” – 7 days each.
232 Exclusion Process (cont.)

- Retroactive relief to day Commerce accepted your request.
- 1 year and you must reapply.
- The exclusion process is still broken and tilted toward producers but changes were welcomed.
232 Exclusion Process (cont.)

29,000 steel requests submitted

4400 steel decisions

2300 approved

6 had +1 comment

1540 had no comments

349 had +1 comments

1760 “incomplete”

130 “sufficient supply”

1900 denied
232 Exclusion Process (cont.)

- 3800 aluminum requests submitted
- 450 aluminum decisions
- 200 approved
  - 21 had +1 comment
  - 90 had no comments
  - 20 had +1 comments
- 100 denied
  - 100 “incomplete”
  - 10 “sufficient supply”
Where’s Congress?

• Hard to challenge your party’s President before a mid-term.
• Even the free traders among his supporters wince at the pain from the tariffs but believe (hope?) his overall strategy will work.
• Strong economy has helped and President needs to see market change, slowing of economy.
• 4th qtr/1st qtr 2019 will be key.
Congress (cont.)

• Rep. Jackie Walorski (R-IN-2)
• Sen. Ron Johnson (R-WI)
• Corker-Toomey-Gallagher
  ✓ Congress must approve
  ✓ 232 focused only and retroactive 2 years
• 3 bills (House/Senate) take the disapproval route and focus on any tariff/quota action under 201, 232, 301
• Sen. Portman (R-OH) – 232 only; Defense Dept. leads and Congress disapproves; NOT retroactive
• Sen. Alexander/Jones – Autos only