

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

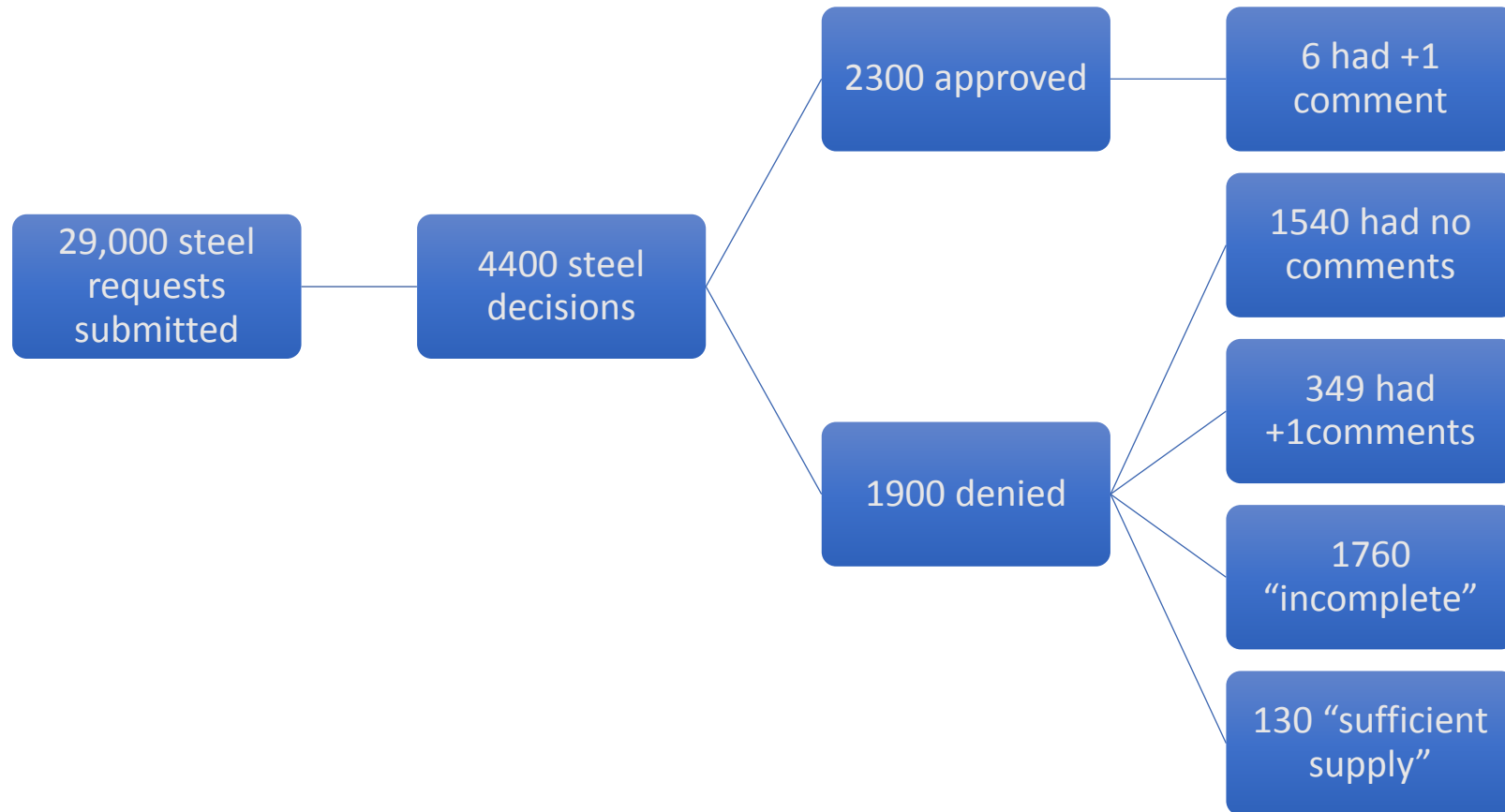
232 exclusions process

- Exclusion Process updated Sept. 11, 2018.
- 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.

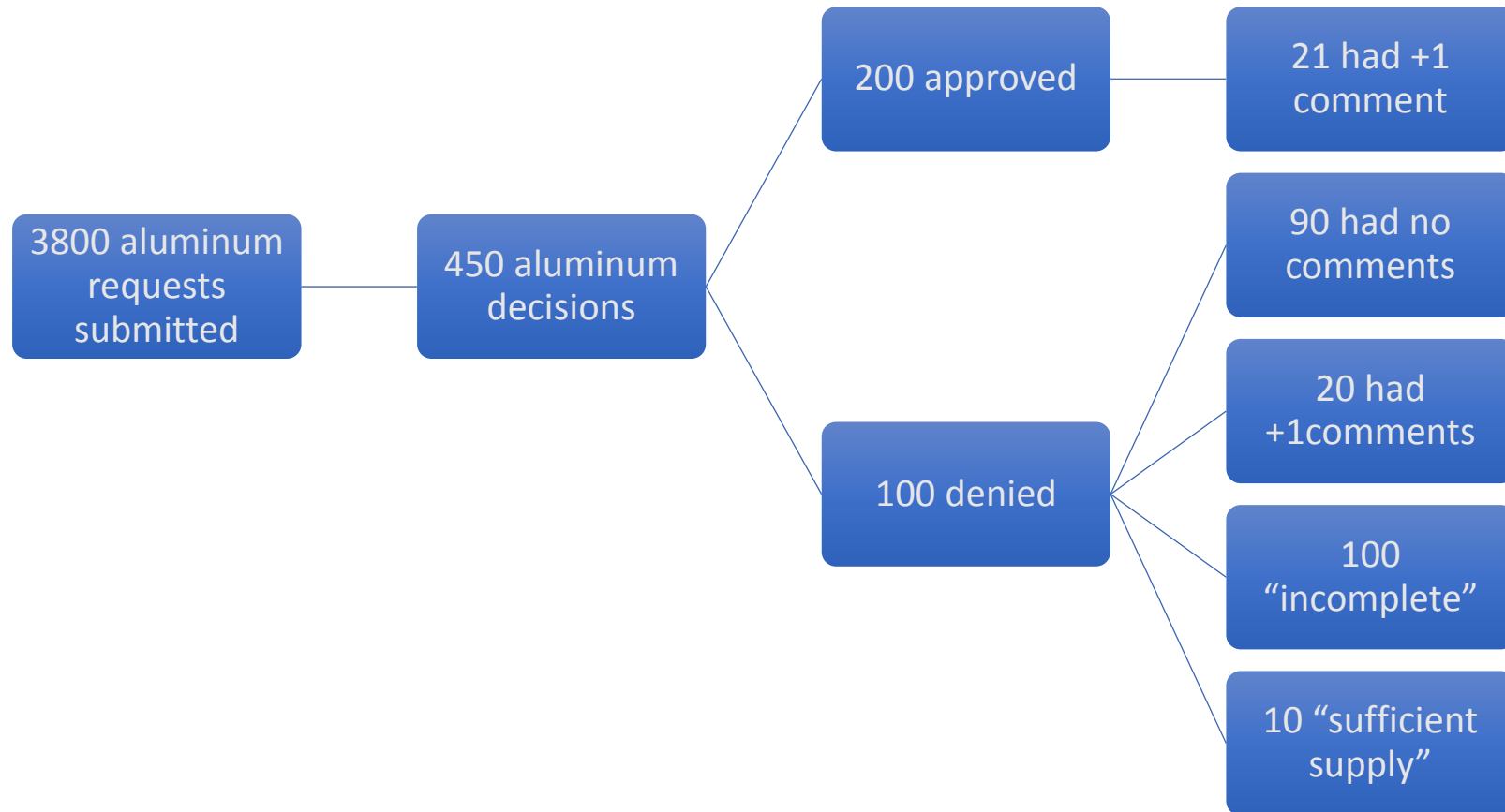
232 Exclusion Process (cont.)

- 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.)



232 Exclusion Process (cont.)



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