

# Tariffs, Tariffs, Tariffs

September 2019



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# Tariffs, Tariffs, Tariffs

- Section 232 – Steel (and Aluminum) Tariffs
  - History, Scope and Rates
  - Quota Agreements
  - Country Exemptions and Retaliation
  - Exclusion Process
  - Court Challenges
  - What's happened to Steel Pricing and Wire Products Imports?

# Tariffs, Tariffs, Tariffs

- Section 301 – China Tariffs

- Lists 1 to 3 – Dates, Rates, Dollars, and Products
- Exclusion Process – List 3
- List 4
- Negotiations

- Section 232 – Auto Tariffs

- Scope, Rates, and Negotiations
- Legislation

- AWWPA's Visual Import Data

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## History, Scope and Rates

- Section 232 National Security Investigation, initiated April 19, 2017
- Report Delivered to the President on January 11, 2018
- Presidential Proclamations – March 8, April 30, and May 31, 2018
- 25% Tariffs imposed on March 19, 2018
- All Countries, some Temporary Country Exemptions
- Includes Carbon, Alloy and Stainless – Bar, Rod, Wire, and Reinforcing Bar
- Does NOT include Wire Products

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Quota Agreements, Annual Aggregate Limits

Products	Argentina	Brazil	South Korea
Effective Date:	on June 1, 2018	on June 1, 2018	on May 1, 2018
Stainless Wire	0 KG	63,219 KG	5,338,007 KG
Stainless Cold Finished Bars & Rods	0 KG	142,452 KG	224,622 KG
Stainless Hot Rolled Bars & Rods	0 KG	1,354,481 KG	45,394 KG
Carbon & Alloy Wire	2076 KG	5,683,988 KG	40,508,288 KG
Carbon & Alloy Cold Finished Bars	0 KG	892,811 KG	9,535,366 KG
Carbon & Alloy Hot Rolled Bars and Rod	182,555 KG	94,548,099 KG	56,474,925 KG
Carbon & Alloy Hot Rolled Bars	896,377 KG	19,466,296 KG	32,914,618 KG
Carbon & Alloy Reinforcing Bars	0 KG	22,142,544 KG	4,400,770 KG

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Country Exemptions

- Australia – No tariffs ever imposed
- Canada, Mexico and European Union -  
Exempted from March 18 to May, 31, 2018

## Turkey – extra

- Tariff raised to 50% - August 13, 2018
- Tariff returned to 25% - May 16, 2019

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Canada & Mexico – Initially Exempt until May 31, 2018

- US Tariffs Imposed on June 1, 2018
- Canada Imposed Retaliatory Tariffs on June 29, 2019 and July 11, 2018
- Mexico Imposed Retaliatory Tariffs on June 5, 2018 and August 17, 2018
- US Tariffs Removed on May 20, 2019
- Canada and Mexico Removed Retaliatory Tariffs & Terminated WTO Litigation
  - ✓ Monitor for Transshipments and Surges of Imports - “Historical levels without meaningful increases”
  - ✓ Either country may treat products made with steel that is melted and poured in North America separately from products that are not
  - ✓ After Consultations, Tariffs and Retaliatory Tariffs may be imposed for Imports in the surged Product Sector

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Product Exclusions – Bureau of Industry Security (BIS)

- “...steel or steel articles determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality and...national security considerations.”
- The Interim Rule estimated 4,500 exclusions and 1,500 Objections
- Initial Process – Expected to take 90 days
  - Submit an Exclusion Request – all data to be public – no confidential information
  - Internal Review and Post to the BIS Website (no specific time requirement)
  - 30-days to file Objections after the date the Request was POSTED to the website
  - Approved exclusions to be effective 5 business days after publication
- First Exclusion Request posted May 3, 2018



# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Product Exclusions – Bureau of Industry Security (BIS)

- Commerce accepted comments on the Rule and made adjustments to the process
- Added Rebuttal (7 days) and Surrebuttal (7 days)
- Exclusions granted by DOC are retroactive on imports to the date the request for exclusion was posted for public comment at Regulations.gov.
- New portal for Exclusion Requests opened on June 13, 2019
- Anything on the Old portal will follow through to a Decision on the Old portal

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Product Exclusions – Bureau of Industry Security (BIS)

- Old Portal, at August 8 –
  - 170,751 Entries 56,830 Decisions
  - 74,907 Exclusion Requests 40,113 Approved
  - 24,424 Objections 16,683 Denied
  - 9,215 Rebuttals
  - 5,385 Surrebuttals
- 59 to 450 days from Submission to Decision
- New Portal – at September 9 – 13,573 Entries

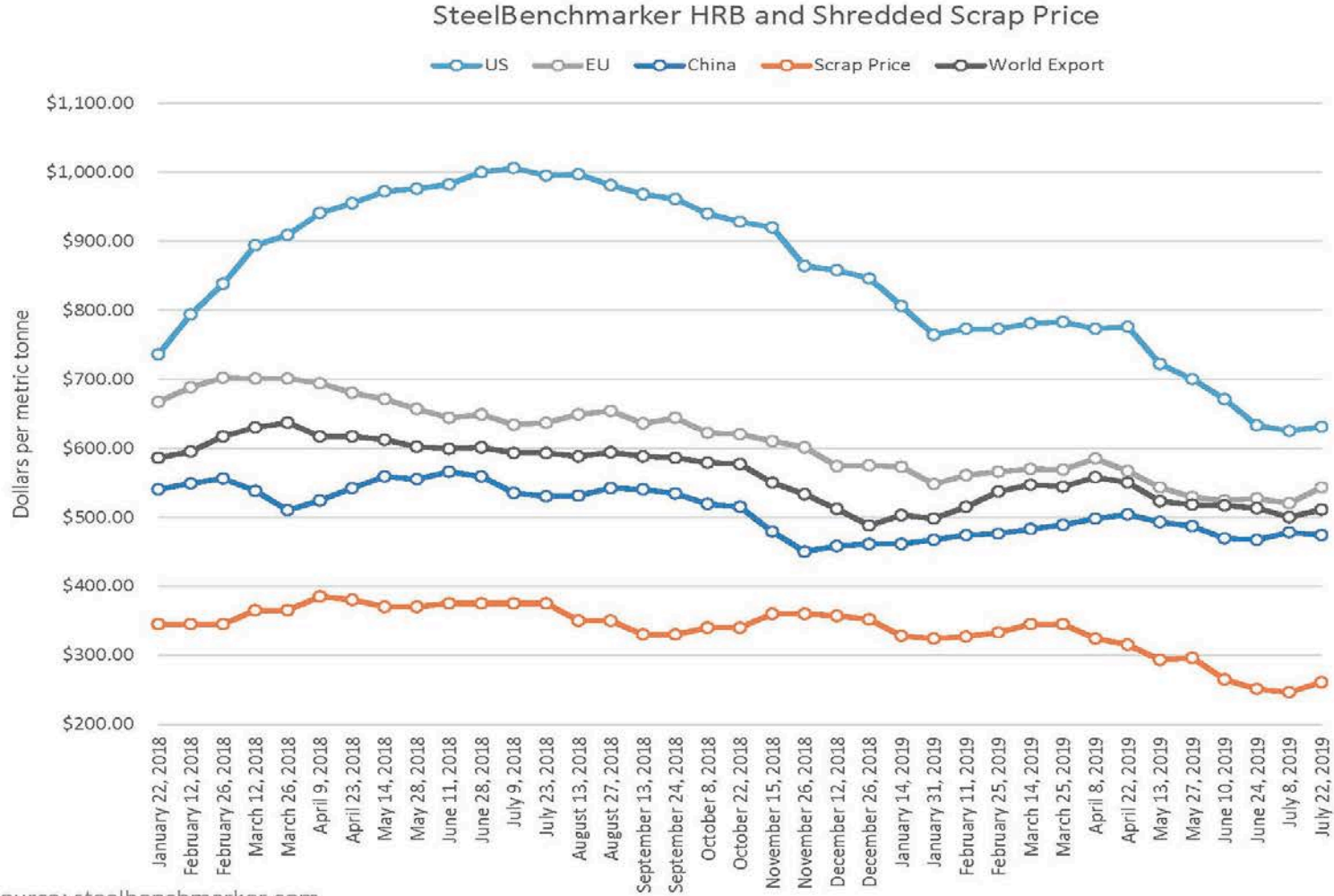
***One Congressman described the process as “a master class in government inefficiency and plagued by maddening inconsistency.”***

# Tariffs, Tariffs, Tariffs – Steel, Section 232

## Court Challenges

- European Union and 7 Countries filed WTO Challenges
- American Institute for International Steel (AIIS) – filed June 27, 2018
  - ✓ Basis: Section 232 violates the US Constitution because it transfers authority over trade policy from Congress to the Executive branch.
  - ✓ Court of International Trade (CIT) heard arguments on December 19, 2018
  - ✓ CIT Rejected the Constitutional Challenge – March 25, 2019
  - ✓ Supreme Court Declined to Hear an Appeal
  - ✓ Appealed to the US Court of Appeals for the Federal Circuit (pending)
- Cause of Action Institute – October 18, 2018
  - Basis: Dept of Commerce ignored efforts to learn more about process for considering Exclusion Requests
- JSW Steel - Challenges Commerce Denial of Exclusion Requests – July 30, 2019

**U.S. versus Global Steel Prices January 8, 2018-July 22, 2019  
(HRB Price)**



Source: steelbenchmarker.com



American Wire Producers Association  
PO Box 151387  
Alexandria, VA 22315

# Steel Wire Products Not Covered By the 232 Steel Tariffs

Steel Wire Rod and Steel Wire Import Volumes are Down

Steel Wire Product Imports are Up and Climbing



# Steel Wire Rod and Wire

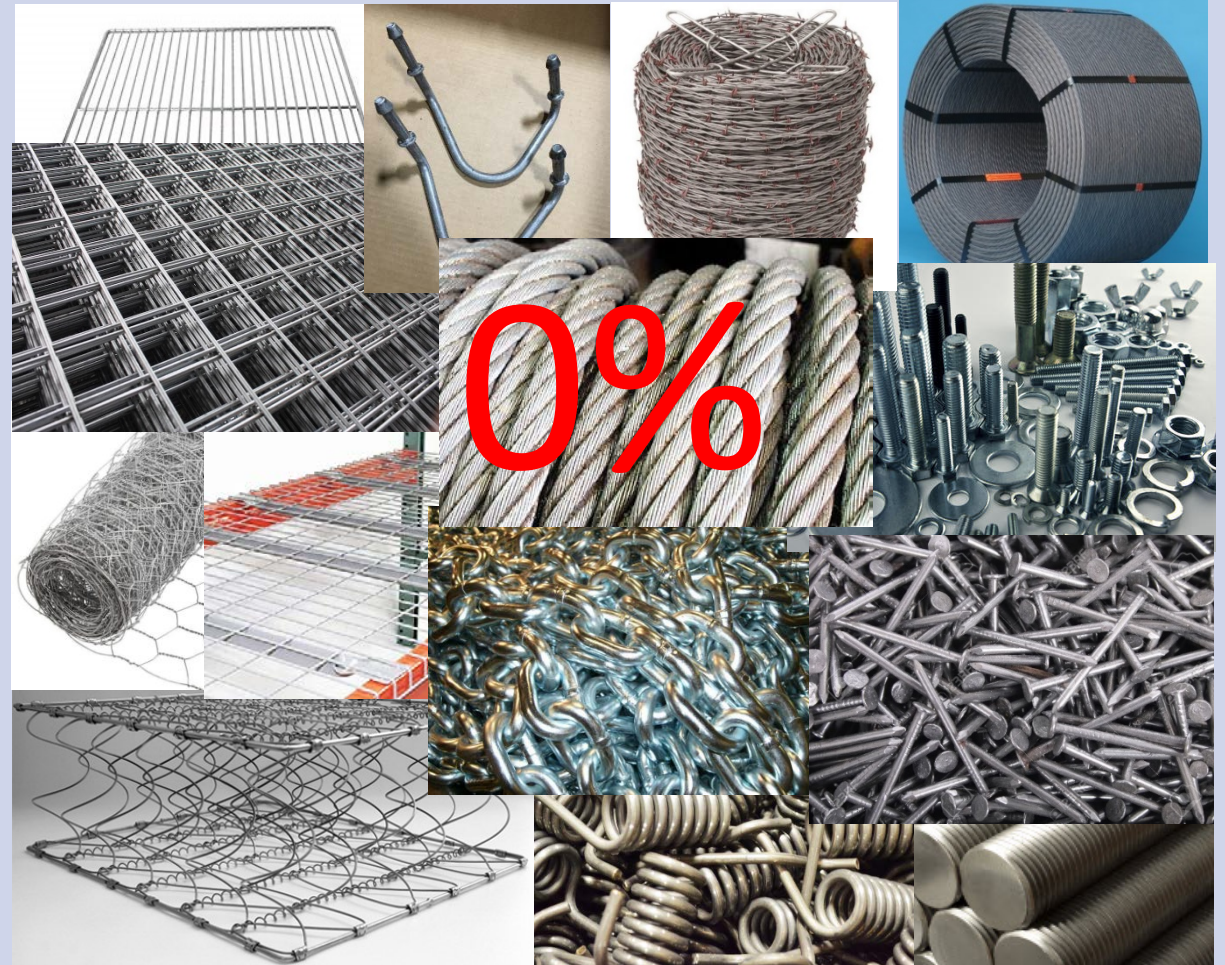
232 Steel Tariff Rate: 25%



25%

# Steel Wire Products

232 Steel Tariff Rate: 0%




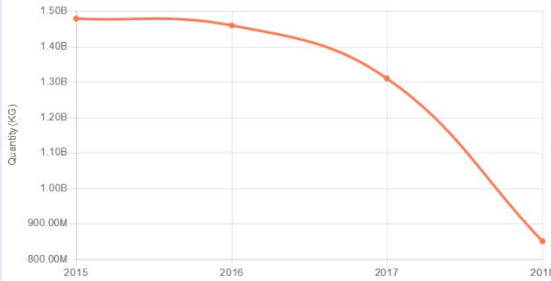
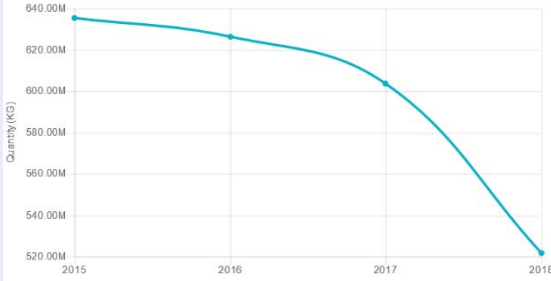
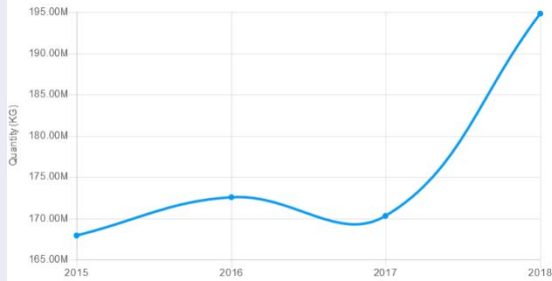
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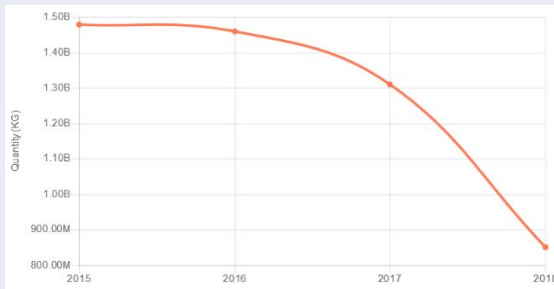
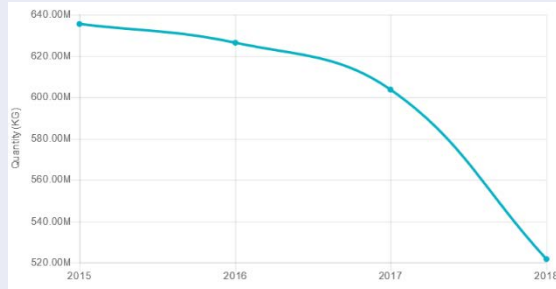
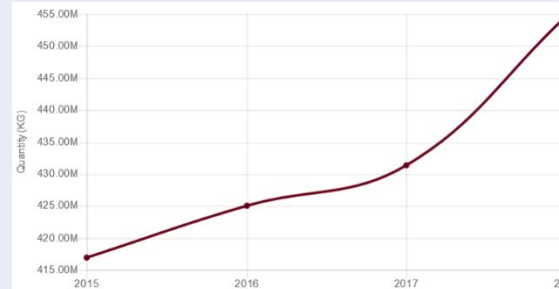
# Steel Wire Products Critical for Infrastructure


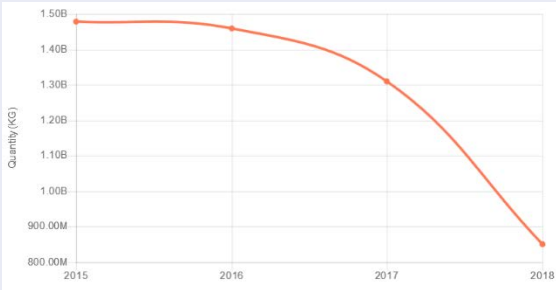
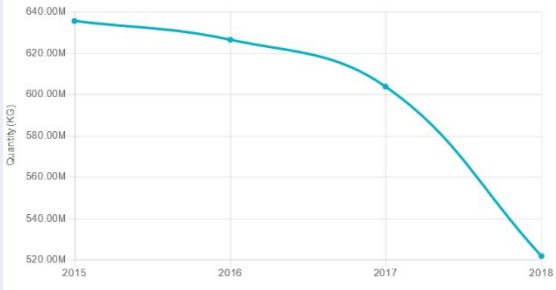
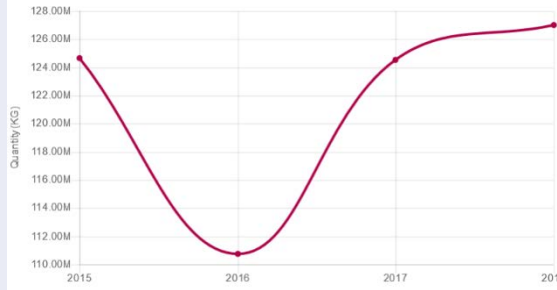



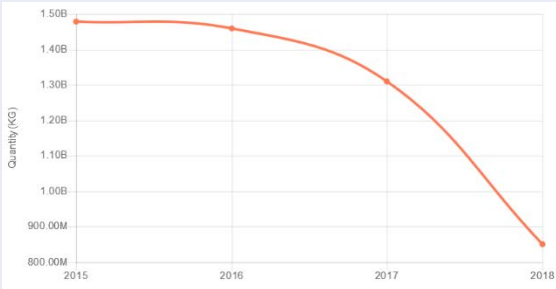
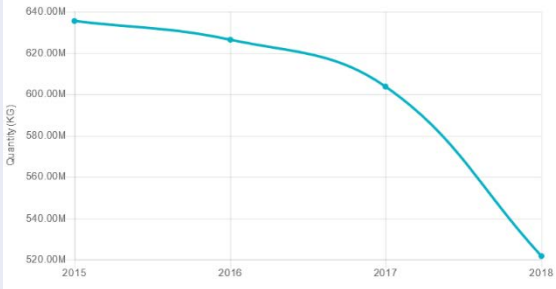
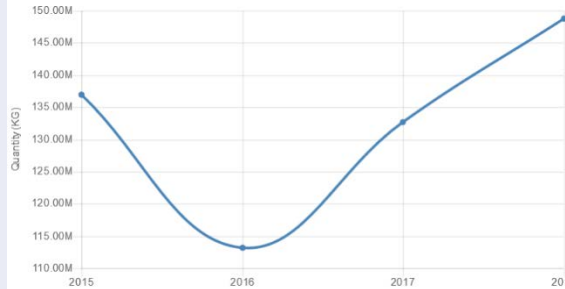


Product	Steel Wire Rod	Drawn Steel Wire	Stranded Steel Wire
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7312.10 – 7312.90





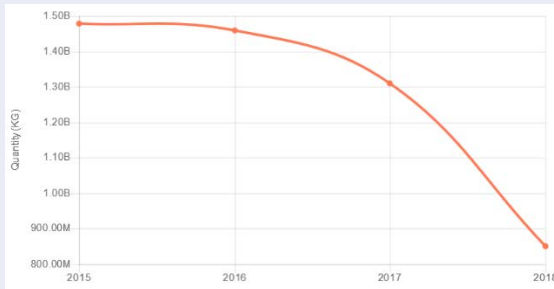
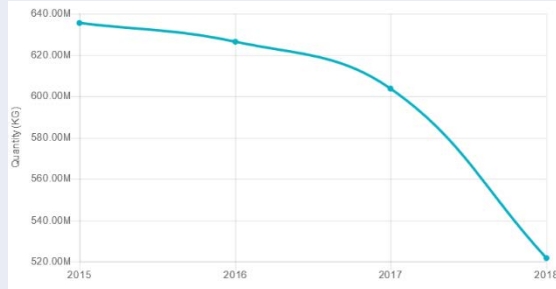
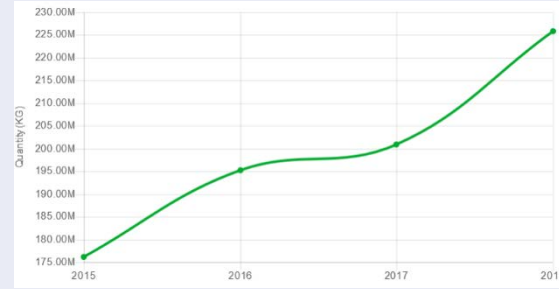



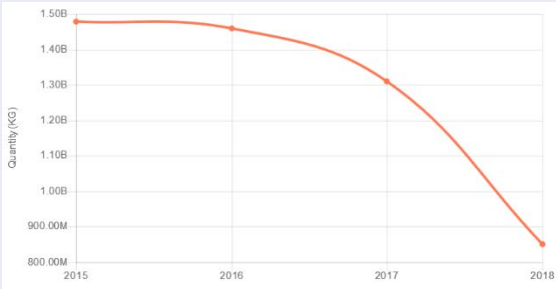
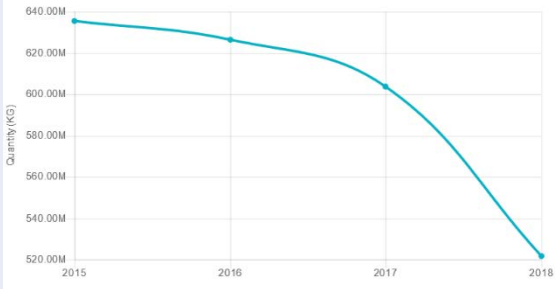
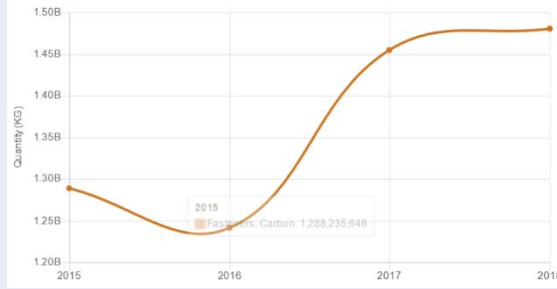
Product	Steel Wire Rod	Drawn Steel Wire	Steel Springs
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7320.10 – 7320.90


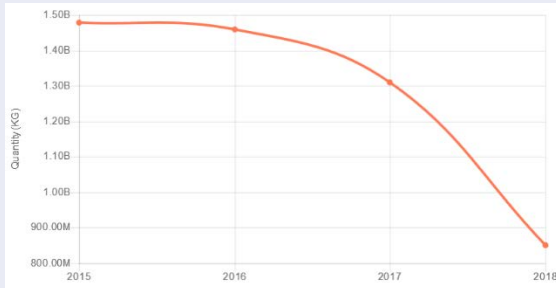
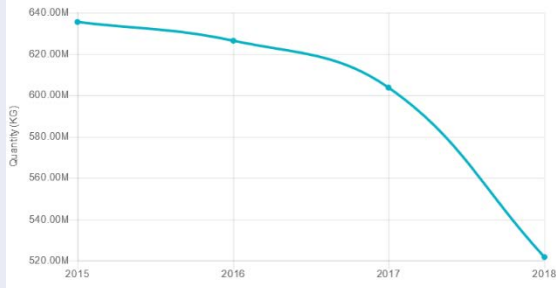
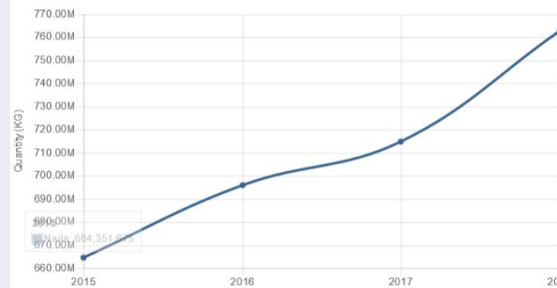
Product	Steel Wire Rod	Drawn Steel Wire	Steel Chain
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7315.11 – 7315.90

Product	Steel Wire Rod	Drawn Steel Wire	Steel Wire Rope
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7312.10 – 7312.90


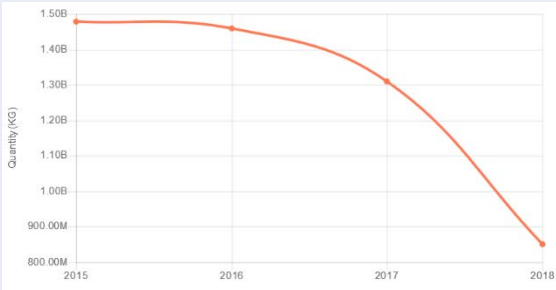
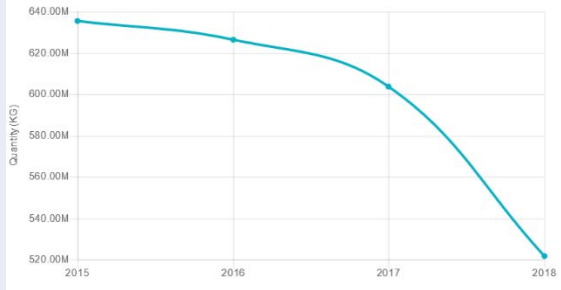
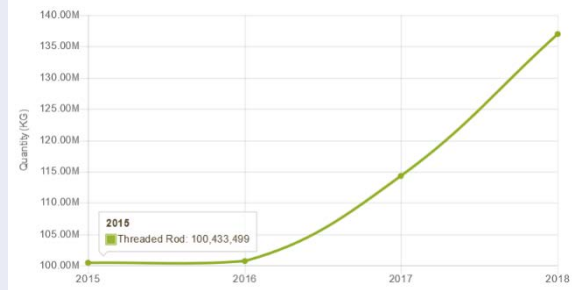


Product	Steel Wire Rod	Drawn Steel Wire	Steel Grill, Netting & Fencing
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7314.20 – 7314.50

Product	Steel Wire Rod	Drawn Steel Wire	Steel Fasteners
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7318.11 – 7318.24

Product	Steel Wire Rod	Drawn Steel Wire	Steel Nails																														
Usage	Raw Material	Intermediate Product	Finished Product																														
Product Examples																																	
Tariff Rate	25%	25%	0%																														
2015 -2018 US Import Volume (kilograms)	 <table><caption>US Import Volume (kg) - Steel Wire Rod</caption><thead><tr><th>Year</th><th>Quantity (kg)</th></tr></thead><tbody><tr><td>2015</td><td>1,480,000,000</td></tr><tr><td>2016</td><td>1,450,000,000</td></tr><tr><td>2017</td><td>1,320,000,000</td></tr><tr><td>2018</td><td>850,000,000</td></tr></tbody></table>	Year	Quantity (kg)	2015	1,480,000,000	2016	1,450,000,000	2017	1,320,000,000	2018	850,000,000	 <table><caption>US Import Volume (kg) - Drawn Steel Wire</caption><thead><tr><th>Year</th><th>Quantity (kg)</th></tr></thead><tbody><tr><td>2015</td><td>635,000,000</td></tr><tr><td>2016</td><td>625,000,000</td></tr><tr><td>2017</td><td>605,000,000</td></tr><tr><td>2018</td><td>525,000,000</td></tr></tbody></table>	Year	Quantity (kg)	2015	635,000,000	2016	625,000,000	2017	605,000,000	2018	525,000,000	 <table><caption>US Import Volume (kg) - Steel Nails</caption><thead><tr><th>Year</th><th>Quantity (kg)</th></tr></thead><tbody><tr><td>2015</td><td>670,000,000</td></tr><tr><td>2016</td><td>695,000,000</td></tr><tr><td>2017</td><td>715,000,000</td></tr><tr><td>2018</td><td>765,000,000</td></tr></tbody></table>	Year	Quantity (kg)	2015	670,000,000	2016	695,000,000	2017	715,000,000	2018	765,000,000
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2018	765,000,000																																
HTS Chapter	72	72	73 & 82																														
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7317.00 – 7318.29 7806.00, 8206.00																														



Product	Steel Wire Rod	Drawn Steel Wire	Threaded Steel Rod
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7318.15

## Other Steel Wire Product Examples with 0% Tariff Rates

<b>Product Examples</b>			
<b>Product</b>	<b>Steel Wire Mesh</b>	<b>Steel Wire Appliance Shelf</b>	<b>Steel Barbed Wire</b>
<b>HTS Code(s)</b> 6-Digit	7314.20 – 7314.49	7321.90, 8418.99, 8419.90, 8516.90	7313.00
<b>Product Examples</b>			
<b>Product</b>	<b>Steel Innerspring Mattress</b>	<b>Steel Wire Decking</b>	<b>Steel Wire Muffler Hangers</b>
<b>HTS Code(s)</b> 6-Digit	9404.10, 9404.29	7326.90, 9403.20	8708.92



# Tariffs, Tariffs, Tariffs – China Section 301

## Lists 1 to 3 – Dates, Rates, Dollars, and Products

- USTR initiated a Section 301 Investigation – August 18, 2017
- List 1: 25% Tariff on Imports worth \$34 Billion  
Announced Mar 22, 2018 – Implemented July 6, 2018  
Flat wire
- List 2: 25% Tariff on Imports worth \$16 Billion  
Announced Jul 10, 2018 – Implemented August 23, 2018  
AWPA submitted comments requesting wire products be included  
No Rod, Wire or Wire Products on List 2

# Tariffs, Tariffs, Tariffs – China Section 301

## Lists 1 to 3 – Dates, Rates, Dollars, and Products

- List 3: 10% Tariff on Imports worth \$200 Billion
  - Announced Jul 10, 2018 – Implemented September 24, 2018
  - Includes Wire Products (AWPA resubmitted Comments)
  - Scheduled to increase to 25% on January 1, 2019
  - Postponed increase on December 1, 2018, for 90 days
  - Postponed increase again on March 5, 2019
  - Tariff Increased to 25% effective May 10, 2019
- Lists 1 to 3: Tariff to Increase to 30% effective October 1, 2019
  - USTR to accept comments on this change until September 20

# Tariffs, Tariffs, Tariffs – China Section 301

## Exclusion Process – List 3

- Administered by US Trade Representative (Not Commerce)
- Regimented Process
  - Beginning June 30, 2019 – Ending September 30, 2019
  - Objections submitted within 14 days of the posted exclusion request
  - Rebuttals submitted within 7 days of the posted Objection
- Exclusions effective retroactively to Sept 24, 2018
- Extend for One year beyond the date of Exclusion Decision
- AWPA has been monitoring, a list is updated daily on the website

## List 4 Exclusion Process – to be announced

# Tariffs, Tariffs, Tariffs – China Section 301

## List 4 – Everything Else - Imports Worth \$300 Billion

Excludes pharmaceuticals, certain pharmaceutical inputs, select medical goods, rare earth materials, and critical minerals (Cod, Haddock, Salmon, too) and Bibles

- List 4A – 15% Tariff, Effective September 1, 2019

Contains Steel Products that have the 25% Section 232 Tariffs

Effective Combined Rate of 40%

For Carbon Wire Rod – Add AD/CVD duties from 93.18% to 303.56%

- List 4B – 15% Tariff, Effective December 15, 2019

Primarily Consumer Goods: apparel, footwear, textiles, laptops, cell phones, video game consoles, toys, computer monitors

# Tariffs, Tariffs, Tariffs – China Section 301

## Negotiations

- Top Level Phone Call early September
- Timeline for new talks
- Chinese Negotiators to US in early October for Deputy Level Meetings
- Continuing Talks, by Phone – “create good conditions”
- US Issues
  - Increased Purchases of US Products
  - Structural Reforms on Intellectual Property and Technology
  - Enforcement Mechanisms
- Rumors that China will ‘Wait Out’ until the results of the 2020 Elections

# Tariffs, Tariffs, Tariffs – Autos, Section 232

## History, Scope and Negotiations

- Section 232 National Security Investigation, initiated May 23, 2018
- Report Delivered to the President on February 17, 2019  
“weakening our internal economy”
- Presidential Proclamation – May 17, 2019
- Directed USTR to Negotiate – Delayed Action for 180 days  
European Union, Japan, & Other Countries deemed appropriate
- Canada, Mexico, South Korea Exempted – Trade Agreements
- November 13, 2019 – 180 day Deadline

# Tariffs, Tariffs, Tariffs – Autos, Section 232

## Legislation to Curb Presidential Tariff Powers

- Chairman of Senate Finance Committee – Chuck Grassley (R-IA)  
Wants Bipartisan effort on Tariff Reform, September/October
- S 365 Trade Security – [Portman \(R-OH\)](#)  
Secretary of Defense to Initiate  
Congressional Resolution for Disapproval, Veto-Proof Supermajority
- S 287 Bicameral Congressional Trade Authority – [Toomey \(R-PA\)](#)  
Secretary of Defense to Initiate  
Congress would have 60 days to Approve Presidential Tariffs  
Retroactive to Steel Tariffs  
ITC to Manage Exclusions

# Tariffs, Tariffs, Tariffs – Autos, Section 232

## Legislation to Curb Presidential Tariff Powers

- Needs Republican Support to Convince McConnell to Move to the Senate Floor
- Must be Veto-Proof
- The pitch to Senators would be that this is institutional/systemic reform, applicable to any President (R or D), and not an anti-Trump statement
- New Tariff Reform Coalition - National Foreign Trade Council
- Coalition of American Metal Manufacturers and Users



# AWPA's Visual Import Data

- [WWW.AWPA.ORG/Resources](http://WWW.AWPA.ORG/Resources)

Import Data by Country and Import Data by Product

- AWPAd-Hoc Committee, Rod and Wire Producers
- Visual Trend Charts – 2015 to 2018
- Comparison Data – Current Year to Previous Year
- Volume and Value
- Monthly Download Raw Data from Census, Includes YTD
- Soft Launch – May 2019: January to March Data
- Current Imports through July 2019
- 5 to 6 weeks after the end of a month

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September 2019



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