

Tariffs, Tariffs, Tariffs

September 2019



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- Revised October 15, 2019

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
- Tariff May return to 50% - October 2019, due to Turkish invasion of Syria

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

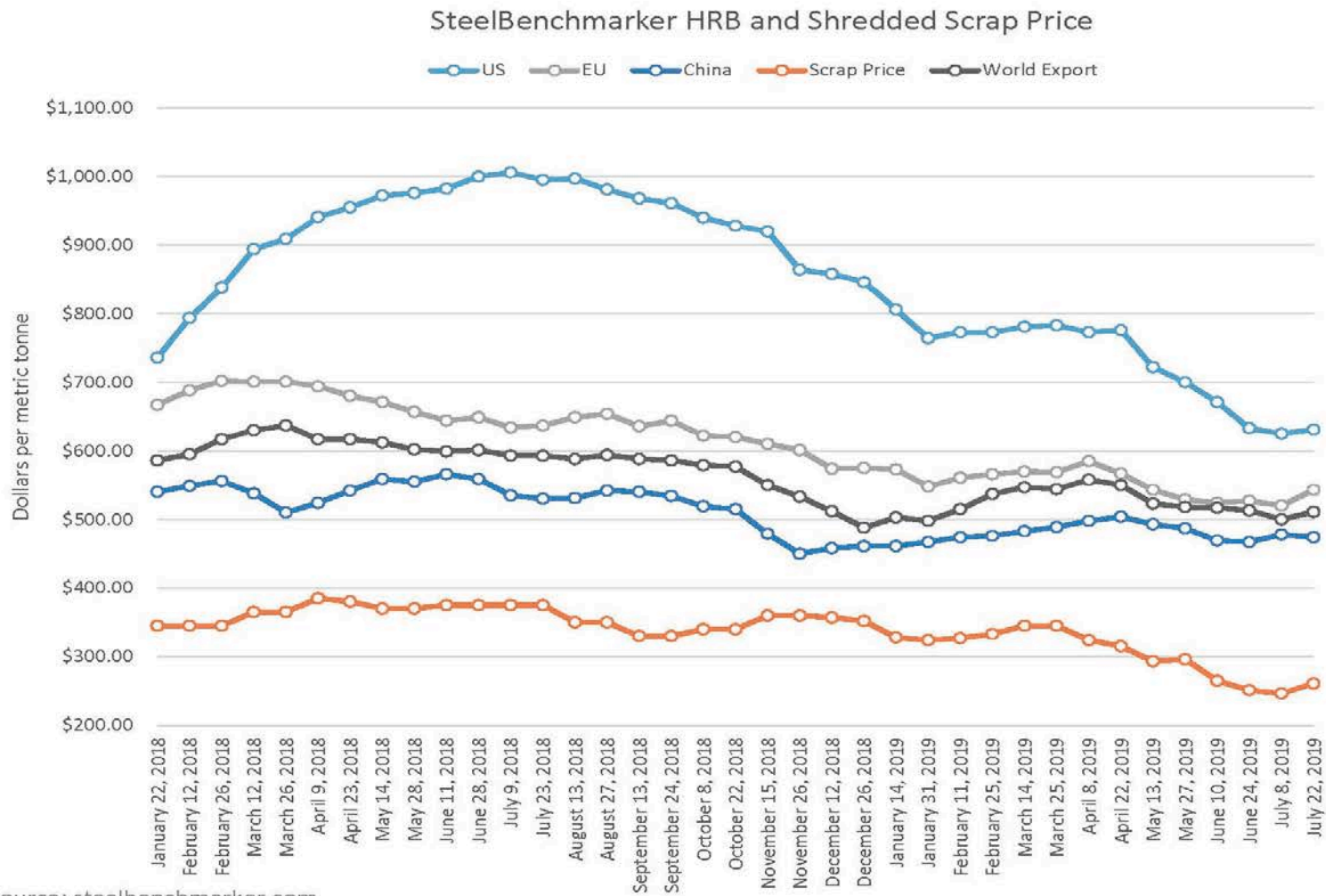
One Congressman described the process as “a master class in government inefficiency and plagued by maddening inconsistency.”

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

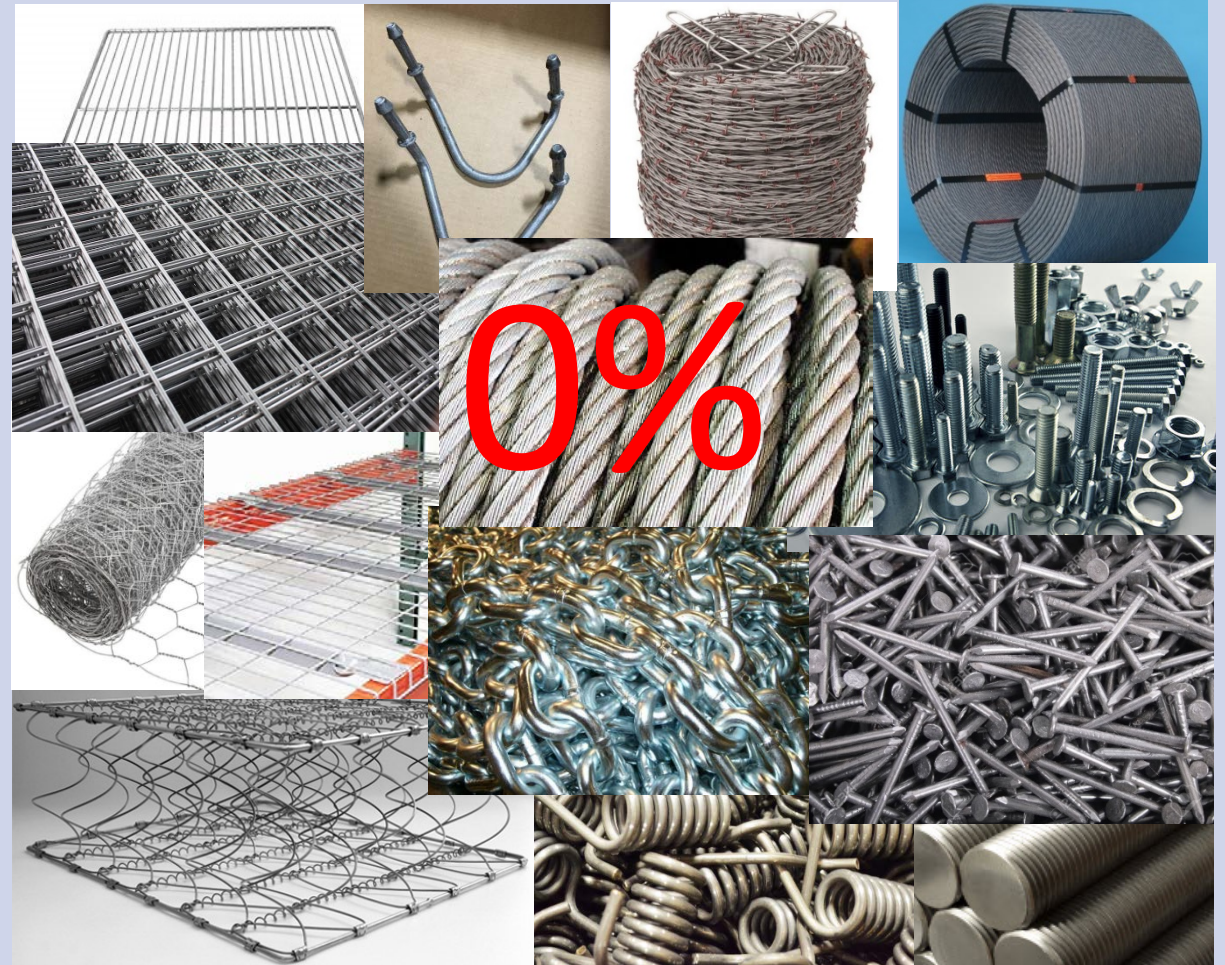
232 Steel Tariff Rate: 25%



25%

Steel Wire Products


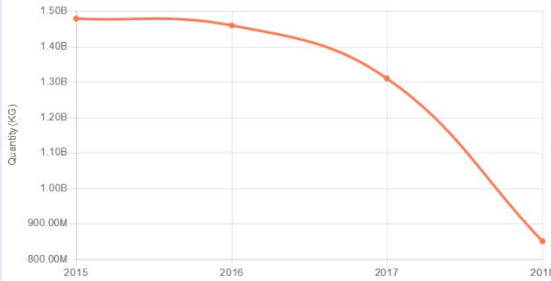
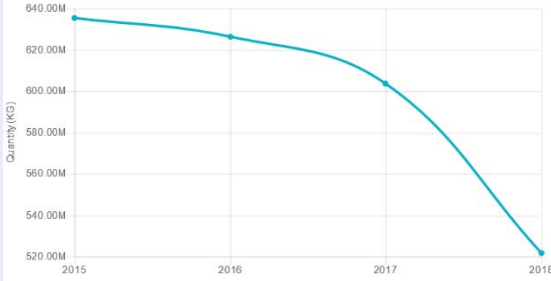
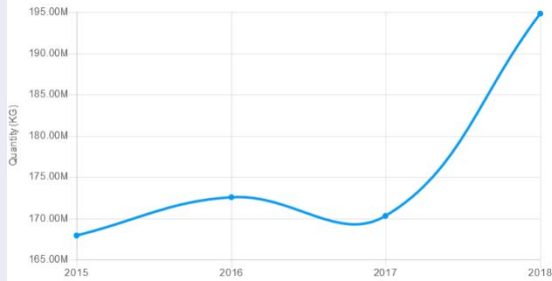
232 Steel Tariff Rate: 0%


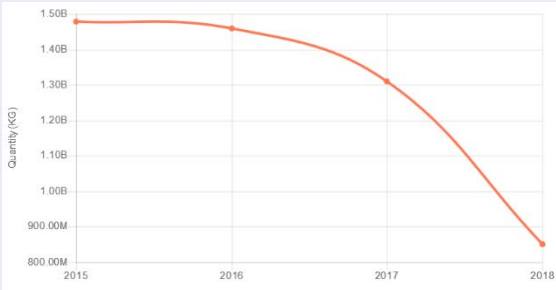
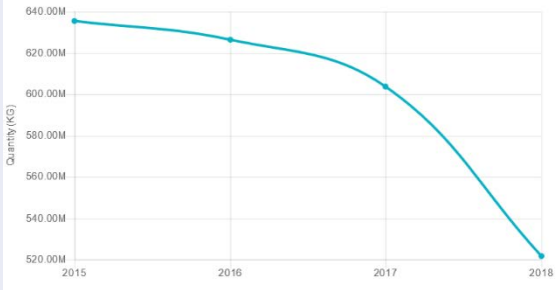
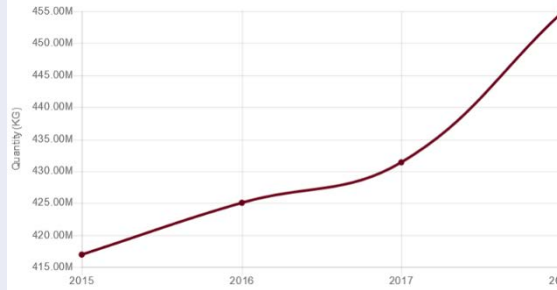



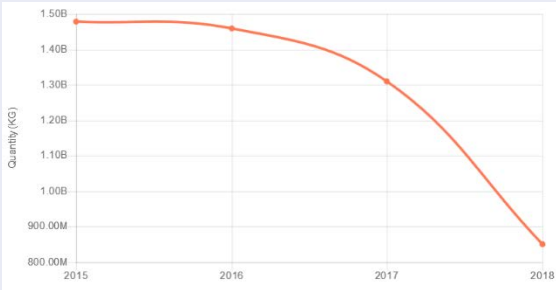
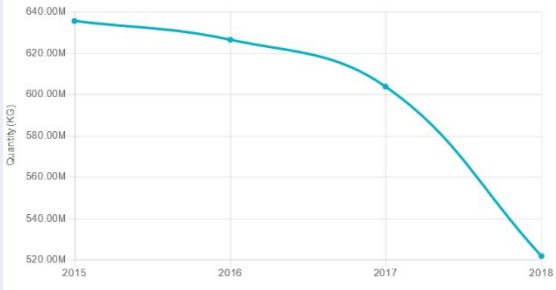
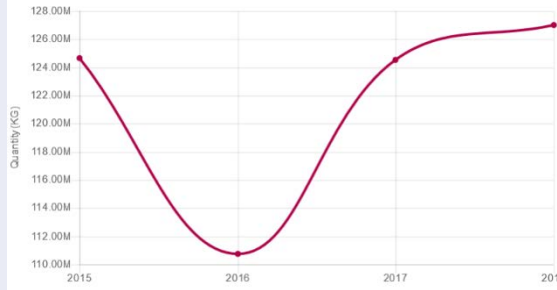
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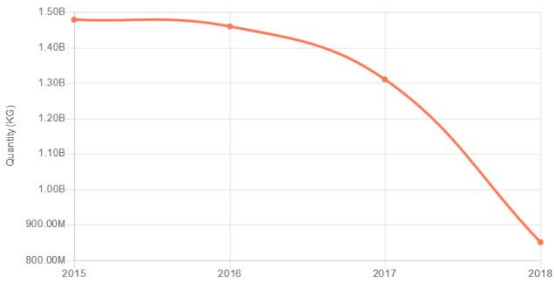
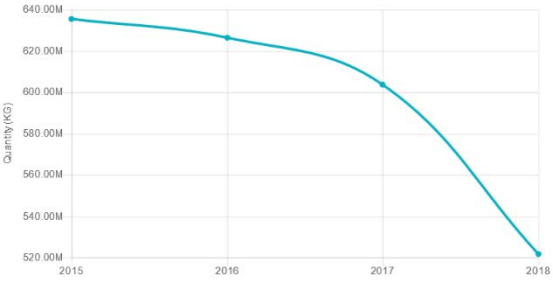
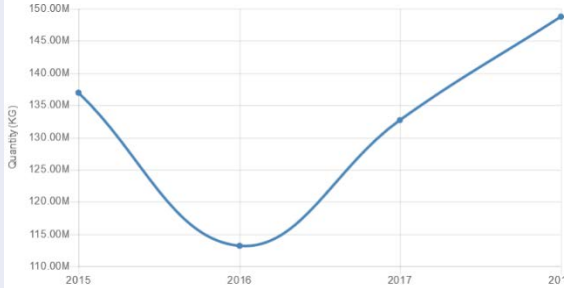
Steel Wire Products Critical for Infrastructure





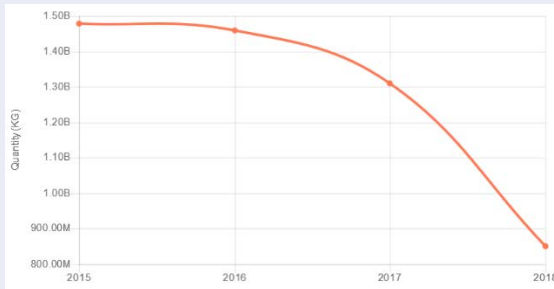
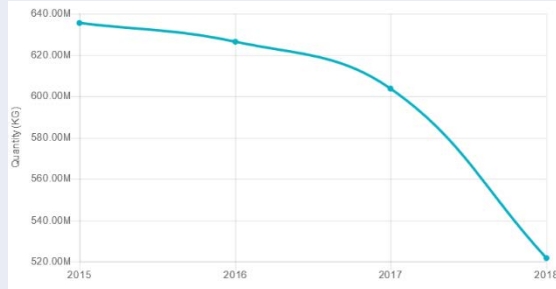
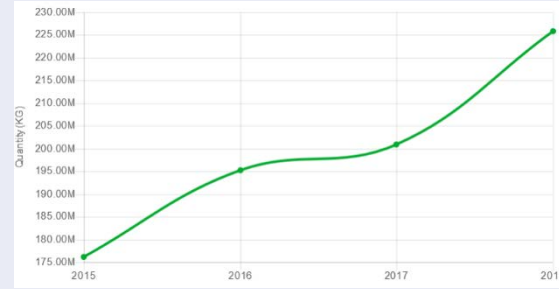



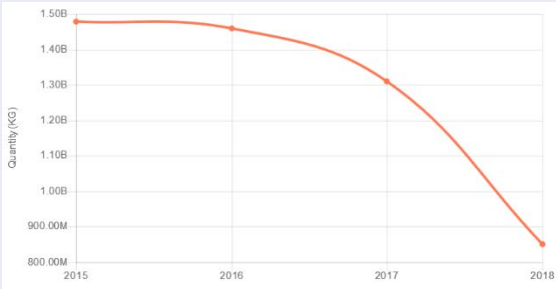
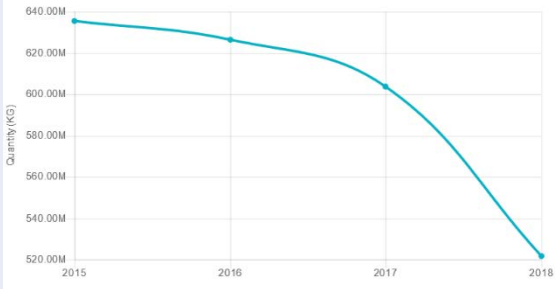
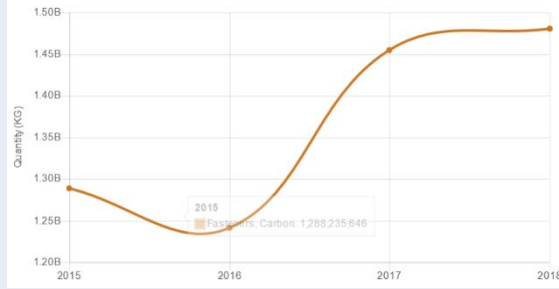
Product	Steel Wire Rod	Drawn Steel Wire	Stranded Steel Wire
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7312.10 – 7312.90


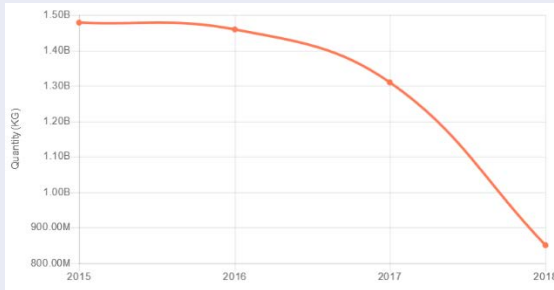
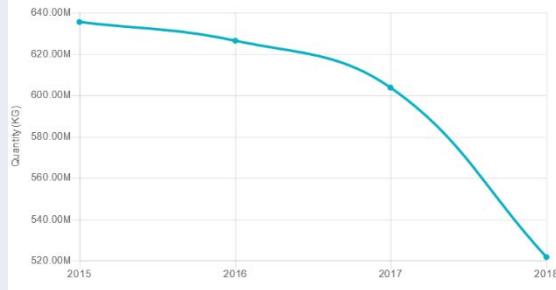
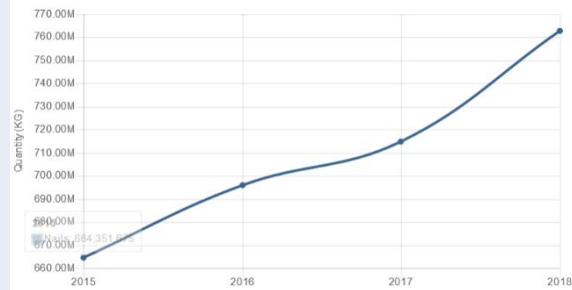
Product	Steel Wire Rod	Drawn Steel Wire	Steel Springs
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7320.10 – 7320.90


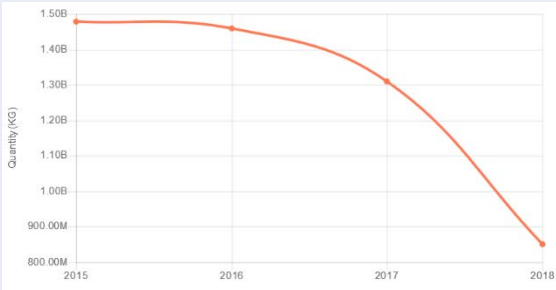
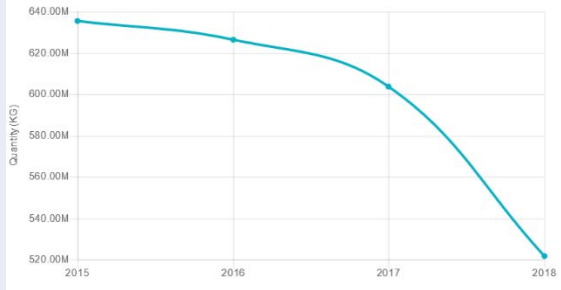
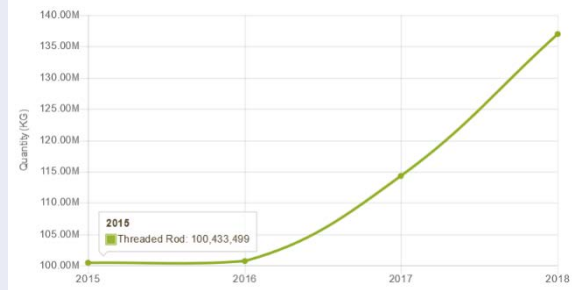
Product	Steel Wire Rod	Drawn Steel Wire	Steel Chain
Usage	Raw Material	Intermediate Product	Finished Product
Product Examples			
Tariff Rate	25%	25%	0%
2015 -2018 US Import Volume (kilograms)			
HTS Chapter	72	72	73
HTS Code(s) 6-Digit	7213.91	7217.20 – 7217.90 7229.20 – 7229.90	7315.11 – 7315.90

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 (kilograms) - 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 (kilograms) - 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 (kilograms) - 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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2017	715,000,000																																
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

Product Examples			
Product	Steel Wire Mesh	Steel Wire Appliance Shelf	Steel Barbed Wire
HTS Code(s) 6-Digit	7314.20 – 7314.49	7321.90, 8418.99, 8419.90, 8516.90	7313.00
Product Examples			
Product	Steel Innerspring Mattress	Steel Wire Decking	Steel Wire Muffler Hangers
HTS Code(s) 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% was to have been effective October 1 and then October 15, POSTPONED

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

- Chinese Negotiators to US in October 7-11 for Deputy Level Meetings
- Phase I Agreement Unspecified commitments on a limited
 - Intellectual Property Protection
 - Agricultural Purchases
 - Delay of List 1, 2, 3 Increase from 25 to 30%
- NOT part of Phase I
 - Industrial policy, Forced technology Transfer, and State Subsidies
 - List 4B Tariffs for December 15
- 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

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