

FEBRUARY 19, 2018

## Secretary Ross Releases Steel and Aluminum 232 Reports in Coordination with White House

Friday, February 16, Secretary Wilbur Ross released reports on the U.S. Department of Commerce's investigations into the impact on our national security from imports of steel mill products and from imports of wrought and unwrought aluminum. These investigations were carried out under Section 232 of the Trade Expansion Act of 1962, as amended. All classified and business confidential information in the reports was redacted before the release.

"I am glad that we were able to provide this analysis and these recommendations to the President," said Secretary Ross. "I look forward to his decision on any potential course of action."

The Department of Commerce found that the quantities and circumstances of steel and aluminum imports "threaten to impair the national security," as defined by Section 232.

The reports are currently under consideration by the President, and no final decisions have been made with regard to their contents. The President may take a range of actions, or no action, based on the analysis and recommendations provided in the reports. Action could include making modifications to the courses of action proposed, such as adjusting percentages.

The President is required to make a decision on the steel recommendations by April 11, 2018 and on the aluminum recommendations by April 19, 2018.

### Key Findings of the Steel Report:

- The United States is the world's largest importer of steel. Our imports are nearly four times our exports.
- Six basic oxygen furnaces and four electric furnaces have closed since 2000 and employment has dropped by 35% since 1998.
- World steelmaking capacity is 2.4 billion metric tons, up 127% from 2000, while steel demand grew at a slower rate.
- The recent global excess capacity is 700 million tons, almost 7 times the annual total of U.S. steel consumption. China is by far the largest producer and exporter of steel, and the largest source of excess steel

capacity. Their excess capacity alone exceeds the total U.S. steel-making capacity.

- On an average month, China produces nearly as much steel as the U.S. does in a year. For certain types of steel, such as for electrical transformers, only one U.S. producer remains.
- As of February 15, 2018, the U.S. had 169 anti-dumping and countervailing duty orders in place on steel, of which 29 are against China, and there are 25 ongoing investigations.

### Recommendations of the Steel Report:

Secretary Ross has recommended to the President that he consider the following alternative remedies to address the problem of steel imports:

1. A global tariff of at least 24% on all steel imports from all countries, or
2. A tariff of at least 53% on all steel imports from 12 countries (Brazil, China, Costa Rica, Egypt, India, Malaysia, Republic of Korea, Russia, South Africa, Thailand, Turkey and Vietnam) with a quota by product on steel imports from all other countries equal to 100% of their 2017 exports to the United States, or
3. A quota on all steel products from all countries equal to 63% of each country's 2017 exports to the United States.

Each of these remedies is intended to increase domestic steel production from its present 73% of capacity to approximately an 80% operating rate, the minimum rate needed for long term viability of the industry. Each remedy applies measures to all countries and all steel products to prevent circumvention.

The tariffs and quotas would be in addition to any duties already in place. The report recommends that a process be put in place to allow the Secretary to grant requests from U.S. companies to exclude specific products if the U.S. lacks sufficient domestic capacity or for national security considerations. Any exclusions granted could result in changed tariffs or quotas for the remaining products to maintain the overall effect. [Full Report](#)

**Source: US Department of Commerce, 02/16/2018**