

February 12, 2018

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Subject: Section 232 Investigation of Steel Imports

Dear Mr. President:

We respectfully submit this letter on behalf of the undersigned **15 associations** in connection with the Section 232 investigation of steel imports and their impact on national security.

These associations represent a variety of American industries that buy steel to manufacture many thousands of value-added downstream steel products which are essential to the national security and prosperity of the United States. Our members make everything from steel wire used in control cables and fasteners for military aircraft, to fabricated steel plate doors and floors for military vehicles, and many types of machined and formed steel products for defense and civilian applications that enhance our security and improve our country's wellbeing. Many of these products are vital to transportation and water infrastructure. Collectively, the members of our associations represent more than **1,000,000** jobs at more than 30,000 factories and plants throughout the United States – compared with about **80,000** jobs in the US basic steel industry.

Our member companies source the majority of their steel requirements from the domestic steel industry, but we also require continuing access to global supply chains. This is necessary as there are many types of steel products that are simply not available from domestic steel mills. Restrictions on basic steel imports will actually adversely impact national security, the economy, and the steel industry itself because it will undermine our competitiveness and limit our ability to make value-added products here. In that event, these products will be made elsewhere, resulting in lost business and jobs for our members and reduced purchases from the domestic basic steel industry. Everyone in the US steel supply chain will be damaged by restrictions on steel imports.

We also note that, despite the rhetoric from the domestic basic steel industry, the United States has undertaken widespread actions against unfairly-traded steel imports. At present, there are more than **160** antidumping (AD) and countervailing duty (CVD) orders in place against 37 countries and 25 categories of basic steel products.

China alone – which is identified as the major problem in the global steel sector because of its enormous over-capacity – is subject to **28 AD and CVD orders** in the

United States and **6 pending AD and CVD investigations** on basic steel products. These include flat-rolled, long, and tubular steel products, such as plate, hot-rolled, cold-rolled, and corrosion-resistant sheet, wire rod, concrete reinforcing bar, and standard, line, and seamless pipe as well as various stainless steel products. As a result, China is no longer a significant exporter of basic steel products to the United States, and with these orders in place, it is unlikely to become one again for many years.

The US basic steel industry is also experiencing impressive financial results. In 2017, Nucor Corporation reported its best earnings since before the 2008 recession. Its net earnings increased by 65% over 2016, reaching **\$1.1 billion**. Likewise, Steel Dynamics reported record steel shipments in 2017 with record operating income of **\$1.1 billion**. Other US steel mills had similar results. In addition, with the recent tax reform, these companies are likely to see soaring profits in the coming year. An infrastructure bill will further greatly benefit this sector. This is not an industry that warrants extraordinary and unprecedented relief from imports.

Finally, we are also very concerned about the unintended and disastrous consequences which Section 232 restrictions on imports of basic steel products would have on other sectors of the US economy. As the letter of July 12, 2017, from former Chairs of the President's Council of Economic Advisers points out, the cost of retaliation by our trading partners – many of them close and invaluable allies – could exceed any benefit that restrictions on steel imports under Section 232 might provide. Further, representatives of 18 agricultural associations and federations expressed concern in their letter of July 11, 2017, that barriers against steel imports could trigger retaliation against American exports of agricultural products with disastrous consequences for that essential sector of the US economy. Ultimately, a tit-for-tat cycle of trade restrictions and retaliation will undermine the global economic system and damage the long-term security and prosperity of the United States.

Accordingly, Mr. President, we respectfully urge you to avoid any decision which would do harm to so many downstream steel manufacturing companies and other steel consumers, our employees, and our customers, with little or no additional protection to the basic steel industry, while at the same time causing great economic harm to numerous other sectors of the US economy.

On behalf of our member companies, we thank you for your consideration.

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CC: The Honorable Wilbur L. Ross, Jr., The Honorable Gary Cohen, The Honorable Robert E. Lighthizer

The following jobs data are from the Bureau of Labor Statistics, North American Industry Classification System (NAICS), which collects employment data in the United States. The steel mill data cited above are from NAICS code 331111. All data are dated December 2016.

| Association/NAICS codes | Jobs | Facilities |
|--|-------------|-------------------|
| American Gear Manufacturers Association | | |
| 333612 Speed Changer, Industrial High-Speed Drive, & Gear Manufacturing | 11,403 | 295 |
| American Wire Producers Association | | |
| 331222 Steel Wire Drawing | 11,006 | 252 |
| 332618 Other Fabricated Wire Product Manufacturing | 25,600 | 914 |
| Can Manufacturers Institute | | |
| 332431 Metal Can Manufacturing | 19,663 | 219 |
| Fabricators and Manufacturers Association, International | | |
| 332312 Fabricated Structural Metal Manufacturing | 87,174 | 3,363 |
| 332313 Fabricated Plate Work Manufacturing | 43,254 | 1,759 |
| Forging Industry Association | | |
| 332111 Ferrous Forging | 21,441 | 499 |
| 332112 Non-ferrous forging (includes aluminum) | 7582 | 95 |
| 332114 Custom Roll Forming | 6593 | 155 |
| Industrial Fasteners Institute | | |
| 332722 Nut, Bolt, Screw, Rivet and Washer Manufacturing | 39,366 | 799 |
| National Precast Concrete Association | | |
| 327390 Other Concrete Product Manufacturing | 54,472 | 2,170 |
| National Tooling and Machining Association | | |
| 333514 Special Dies & Tools, Die Sets, Jigs & Fixture Mfg | 43,871 | 2,339 |
| 333517 Machine Tool Manufacturing | 27,919 | 1,053 |
| North American Association of Food Equipment Manufacturers | | |
| 332215 Metal Kitchen Cookware, Utensil, Cutlery, & Flatware | 9,200 | 204 |
| 332618 Fabricated Wire Product Manufacturing | 25,600 | 914 |
| 333318 Commercial & Service Industry Machinery Mfg | 60,391 | 1,880 |
| 333415 Air-Conditioning & Warm Air Heating Equipment & Commercial & Industrial Refrigeration Equipment Mfg | 84,510 | 1,040 |
| North American Die Casting Association | | |
| 331523 Nonferrous Metal Die-casting Foundries Firms | 34,763 | 430 |

Precast/Prestressed Concrete Institute

| | | |
|--|--------|-------|
| 327390 Other Concrete Product Manufacturing | 54,472 | 2,170 |
| 23812 Steel and Precast Concrete Contractors | 83,110 | 5,155 |

Precision Machined Products Association

| | | |
|---|---------|-------|
| 332721 Precision Turned Product Manufacturing | 103,594 | 3,507 |
|---|---------|-------|

Precision Metalforming Association

| | | |
|---|--------|-------|
| 336370 Motor Vehicle Metal Stamping | 97,719 | 776 |
| 332119 Metal Crown, Closure, and Other Metal Stamping | 53,703 | 1,419 |

Spring Manufacturers Institute

| | | |
|--|--------|-----|
| 332613 Spring Manufacturing | 16,806 | 443 |
| 332618 Other Fabricated Wire Product Manufacturing | 25,600 | 914 |

Tube and Pipe Association

| | | |
|--|--------|-----|
| 332996 Fabricated Pipe and Pipe fittings | 35,114 | 951 |
|--|--------|-----|

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|--------------|------------------|---------------|
| TOTAL | 1,003,854 | 30,361 |
|--------------|------------------|---------------|