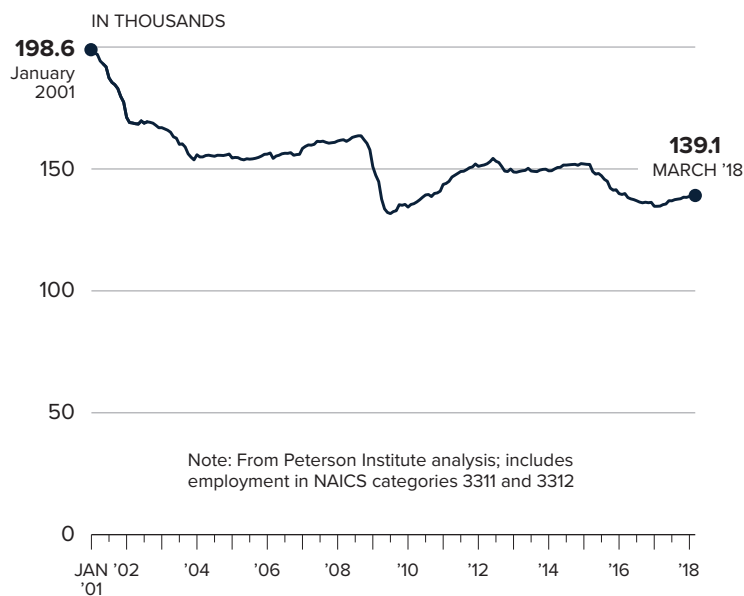


Feb. 12, 2019

Tariffs Brought Back U.S. Steel Jobs at a Price: \$650,000 Each

Analysis from the Peterson Institute for International Economics shows that President Donald Trump’s steel and aluminum tariffs, enacted in March 2018, should bring back about 8,700 steelmaking jobs. Per the report, the steel tariffs should increase steelmakers’ pre-tax earnings by \$2.4 billion, but cost steel users \$5.6 billion in increased costs. In total, new U.S. steel jobs created will come at a cost of \$650,000 each, due to higher costs of domestic production.

U.S. steel industry employment



Job losses in other industries ‘probably exceed’ steel jobs created

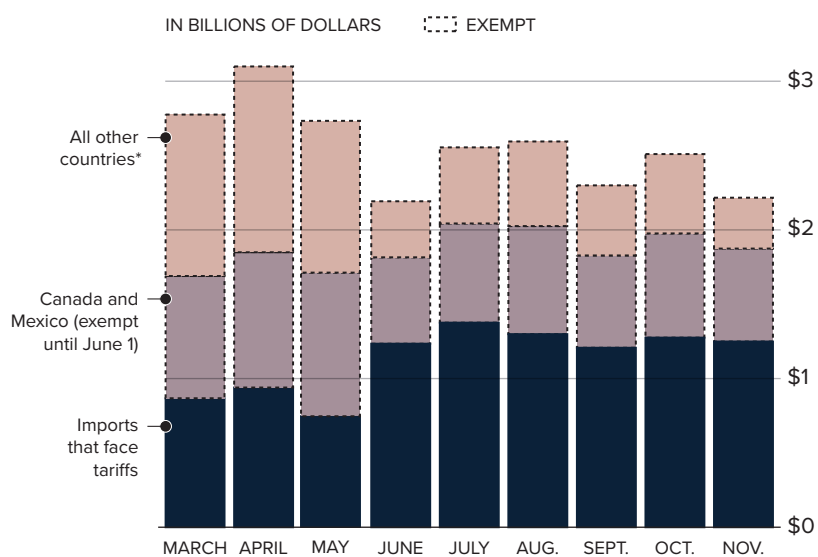
Data on employment in steel mill and steel production shows jobs in these industries fell 30 percent from January 2001 to March 2018, when the tariffs were first imposed.

Company filings and announcements show that U.S. steelmakers have announced more than 50 instances of an increase in production, reopening of facilities, or similar ramp-ups in domestic activity since the steel tariffs took effect. Of these, 28 projects have created about 5,400 new direct jobs (similar data are unavailable for the remaining 24 reports).

Historical evidence shows that steel and aluminum tariffs also result in downstream job losses. While the tariffs make domestic steel less expensive than imported steel, steel-consuming industries face higher production costs that have a larger effect on employment. One study, published by the Trade Partnership Worldwide, estimated steel and aluminum tariffs could cause job losses of 433,000 in other industries.

“We do not attempt to calculate the impact on downstream industries, but as [the Trade Partnership report] suggest[s], job losses probably exceed jobs created by a large magnitude,” the Peterson Institute report’s authors wrote.

Steel imports subject to and exempt from U.S. tariffs



Senators, trade groups call for Canada and Mexico exemptions

Increased production costs have led industry groups and lawmakers to call for the steel and aluminum tariffs to end. Some are using the USMCA to push for Canadian and Mexican exemptions; imports from these countries have been subject to tariffs since June 1. Both Canada and Mexico have also set retaliatory tariffs on U.S. goods and have said they will not lift them until the U.S. lifts the steel and aluminum tariffs.

Senate Finance Chairman Chuck Grassley said Canadians have indicated the steel tariffs will “have to come off” before the Canadian Parliament “ever take[s] up USMCA.”

Industry groups have also pushed the administration to end the steel and aluminum tariffs on Canada and Mexico, including the U.S. Chamber of Commerce, whose support for the USMCA is contingent on lifting the tariffs on Canada and Mexico.

In May – the last month Canada and Mexico were exempt from the tariffs – Canada and Mexico accounted for 35 percent of all steel imports that were part of categories affected by the tariffs. In November, their share had fallen to 28 percent of such imports.

*All other exempted countries include Argentina, Australia, Brazil and South Korea for the entire period, and European Union imports for March, April and May. The EU was hit with the tariffs on June 1 and is included in “Imports that face tariffs” from June forward.

Sources: Peterson Institute for International Economics, POLITICO Pro Reports, Bureau of Labor Statistics, Canadian Press, USA Trade database, U.S. Census Bureau

Steel company reports from: Alton Steel, Big River Steel, Carpenter Technology, Charter Steel, Cleveland–Cliffs, Commercial Metals, Ellwood Group, JSW USA, Liberty House Group, Nucor, Outokumpu, PRO-TEC Coating Company, Republic Steel, SeAH Steel USA, SSAB, Steel Dynamics, Ternium USA, Tenaris, Tex-Tube, TMK IPSCO, Universal Stainless, U.S. Steel and Zekelman Industries

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