COALITION OF AMERICAN METAL MANUFACTURERS AND USERS

November 19, 2019

The Hon. Charles E. Grassley
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

The Hon. Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

Re: Congress Must Allow for a Robust Debate on the Continuation of the Section 232 Steel and Aluminum Tariffs

Dear Chairman Grassley and Ranking Member Wyden:

On behalf of the members of the Coalition of American Metal Manufacturers and Users (CAMMU)[1], and the undersigned trade associations representing industries affected by the 232 steel and aluminum tariffs, we are writing to urge you to include a sunset provision for current 232 national security tariffs in any comprehensive 232 tariff reform legislation considered by the Committee.

CAMMU is a broad organization of U.S. businesses and trade associations representing more than 30,000 companies and more than one million American workers in the manufacturing sector and the downstream supply chains of a wide variety of industries including aerospace, agriculture, appliance, automotive, consumer goods, construction, defense, electrical, food equipment, medical, and recreational industries, among others. We wrote to you on March 7, 2019 with the same request that any compromise 232 tariff legislation considered by the Committee include a way to address the current steel and aluminum tariffs.

We are concerned with Chairman Grassley's November 5th statement regarding not including a sunsetting provision for the current 232 tariffs in compromise legislation. While compromise is vital to come to agreement on comprehensive reform legislation, it is the current 232 steel and aluminum tariffs that are causing actual economic harm today to steel and aluminum users *and* producers. Reforming the 232 statute without allowing for an end to the current steel and aluminum tariffs would ensure that this harm continues with no end in sight. Reform legislation that mandates congressional oversight over future 232 cases while ignoring ongoing actions undermines the basic premise of any legislative action to restore the constitutional authority of Congress.

After 18 months of the Section 232 steel and aluminum tariffs, it is clear that these tariffs are contributing to a weakening of the U.S. economy, particularly in the manufacturing sector. This is starkly reflected by the Institute for Supply Management's key manufacturing index which fell to 47.8% in September 2019, the

1 CAMMU members include: American Institute for International Steel, Associated Builders and Contractors, Industrial Fasteners Institute, the Hands-On Science Partnership, the National Tooling & Machining Association, North American Association of Food Equipment Manufacturers, the Precision Machined Products Association, and the Precision Metalforming Association.

lowest reading since 2009. Price fluctuation, delivery delays and uncertainty caused by the tariffs are contributing factors to a slowdown in the manufacturing sector.

According to a recent *Associated Press* report, Section 232 tariffs have only created or "saved" 1,800 jobs in the domestic steel sector since they were put in place in 2018. A Peterson Institute for International Economics report found that consumers and businesses are paying an estimated $900,000 for every job "saved" or created by the Section 232 steel tariffs. This study was published several months ago, and with the recent slowdown in the manufacturing sector, the cost per job today is likely even higher.

Recent media stories have also reported that, due to a slowdown in demand caused in part by the Section 232 tariffs, steel producers are idling plants in Indiana and Illinois and laying off hundreds of workers. Unfortunately, it is not surprising that the negative impacts of the Section 232 steel and aluminum tariffs are now being felt by the domestic steel industry. When domestic steel- and aluminum-using companies struggle, it does not take long for their suppliers to also struggle.

Domestic steel- and aluminum-using manufacturers continue to suffer negative consequences despite the fact that the Section 232 tariffs have already achieved their objectives as defined by Commerce Secretary Wilbur Ross. In his report to the President on the Commerce Department's investigation into steel and aluminum imports released on February 16, 2018, Secretary Ross stated that the tariffs' primary objective was to "increase domestic steel production from its present 73% of capacity to approximately an 80% operating rate." Data compiled by the U.S. steel industry's trade association, the American Iron and Steel Institute, show that the domestic steel industry reached that benchmark in September 2018, yet the tariffs are still in place, have not been adjusted, and no end date has been announced.

We appreciate the desire for bipartisan, compromise legislation that has a chance of seeing Senate floor action this Congress. However, 232 reform legislation that does not allow for a robust congressional debate and decision on the current steel and aluminum tariffs would allow these tariffs that are causing actual harm to U.S. manufacturers to continue with no competent exclusion process in place and no future relief in sight. We urge you to include a sunsetting provision that addresses current 232 tariffs in the mark that goes before the Senate Finance Committee to allow for a debate on these harmful tariffs and to ensure all stakeholders have a voice in the process.

Sincerely,

Coalition of American Metal Manufacturers and Users *(American Institute for International Steel, Associated Builders and Contractors, Industrial Fasteners Institute, the Hands-On Science Partnership, the National Tooling & Machining Association, North American Association of Food Equipment Manufacturers, the Precision Machined Products Association, and the Precision Metalforming Association)*
American Association of Exporters and Importers
Auto Care Association
Flexible Packaging Association
National Foreign Trade Council

cc: Members of the Senate Finance Committee