

# The Adverse Impact of Tariffs on Steel and Aluminum Products

Alliance for Competitive Steel and Aluminum Trade (ACSAT)

## ACSAT Strongly Opposes Tariffs on Steel and Aluminum

ACSAT represents thousands of businesses across the United States who are deeply concerned about the Administration's imposition of sweeping global import tariffs on steel and aluminum on the basis of national security. These restrictions are having a significant negative impact on U.S. companies, employees and customers and creating uncertainty for businesses across the country. The following is a brief outline of our concerns and recommendations.

## Damage to Downstream Users and American Consumers

The tariffs of 25% on all steel imports and 10% on all aluminum imports are far broader than required to address any legitimate defense or security needs and have caused severe harm to many of our most competitive industries by raising production costs and prices throughout our economy. The downstream industries that consume steel and aluminum are 40 to 50 times greater than these two sectors in terms of output and employment, and job losses and reduced competitiveness in downstream sectors will continue to far outweigh any short-term benefits to steel and aluminum producers. Moreover, since steel and aluminum are vital inputs in a huge range of downstream products, these tariffs which act as tax increases will impact millions of Americans through higher prices for essential purchases such as autos, home appliances, food products and energy.

## Damage to US Exports

Compounding the costs to our domestic industries are the adverse effects on American exporters. Many of our closest trading partners have retaliated against these tariffs which they consider to be an unjustifiable use of the WTO national security exception. Ironically, our best allies and our most reliable export markets are bearing the brunt of these measures since China, the country cited by the Administration as the major cause of global overcapacity and widespread dumping, already faces high antidumping duties and represents a very small percentage of all U.S. steel imports. These tariffs are making it harder for the U.S. to cooperate with its closest trading partners in pushing China and other countries towards fairer world trade. Retaliation for these actions is placing at risk our most competitive export sectors including agriculture, aircraft, autos, machinery and equipment, IT and electronics, and chemicals.

## Damage to Economic Growth

The American economy continues to be strong and our manufacturers, farmers and service industries are seeing the benefits of tax cuts and regulatory reforms. It is important to remember that trade is a critical ingredient in these economic successes: More than 40 million American jobs depend on world trade; one out of every three acres of American agriculture is grown for export; and our manufacturing sector and technology-based industries lead the world in innovation thanks to strong cross-border supply chains. As the world economy begins to show signs of economic stress, this is the worst possible time to turn inward and continue erecting and maintaining trade barriers. Sweeping, long-term restrictions on imports of steel and aluminum undermine, rather than advance, both our economic growth and our broader national security interests.

## Recommendations

ACSAT believes the Administration should take all necessary steps to eliminate unwarranted restrictions on steel and aluminum imports. These restrictions are particularly unjustified in a free trade arrangement such as the U.S.-Mexico-Canada Agreement (USMCA), and the Administration should move as quickly as possible to remove U.S. tariffs on our USMCA partners, while also ensuring that Canada and Mexico revoke their retaliatory actions. We should also move expeditiously to unwind tariffs or quotas on other key allies and

trading partners, such as the European Union, Japan and Korea. The impact of those measures, coupled with their retaliation on our exports, has been highly prejudicial to our producers and exporters.

ACSAT recognizes the need to address problems of unfair trade practices, subsidies and global overcapacity in steel and aluminum. However, mechanisms already exist under our trade laws to address these specific problems without putting at risk the interests of competitive producers here at home. In the long run, policies to assist workers impacted by trade and promote more competitive production here at home will be far more effective than prolonged import protection.

ACSAT urges Members of Congress to work with the Administration in scaling back the use of Section 232 and unwinding the damaging effects of steel and aluminum tariffs. Congress has Constitutional authority to regulate foreign commerce and we believe it is vital that Congress reassert that authority to ensure more even-handed outcomes in the use of Presidential tariff authority.

### About ACSAT

ACSAT includes a broad cross-section of industries that produce intermediate and finished goods containing steel and aluminum as important inputs. It also includes a wide range of manufacturers and farmers that are among America's most export-dependent sectors. Our producers are leaders in productivity and technological innovation, and depend upon open trade and competitive inputs to survive in the global economy. The members of our alliance stand ready to assist policymakers in Congress and the Administration to formulate more effective policies to address the challenges of international trade.

### Members of ACSAT

Air-Conditioning, Heating, and Refrigeration Institute	Independent Petroleum Association of America
Alliance of Automobile Manufacturers	Industrial Fasteners Institute
American Apparel & Footwear Association	International Association of Drilling Contractors
American Automotive Policy Council	International Dairy Foods Association
American Chemistry Council	LNG Allies
American Exploration & Production Council	Midwest Food Products Association
American Fuel & Petrochemical Manufacturers	Motor & Equipment Manufacturers Association
American International Automobile Dealers Association	National Automobile Dealers Association
American Petroleum Institute	National Council of Farmer Cooperatives
American Soybean Association	National Electrical Manufacturers Association
American Supply Association	National Foreign Trade Council
American Wire Producers Association	National Marine Manufacturers Association
Associated Equipment Distributors	National Pork Producers Council
Associated General Contractors of America	National Retail Federation
Association for Print Technologies	National Tooling and Machining Association
Association of Equipment Manufacturers	Outdoor Power Equipment Institute, Inc.
Association of Global Automakers	Pet Food Institute
Auto Care Association	Petroleum Equipment and Services Association
Beer Institute	Precision Machined Products Association
Can Manufacturers Institute	Precision Metalforming Association
Coalition of American Metal Manufacturers and Users	Shelf-Stable Food Processors Association
Flexible Packaging Association	Specialty Equipment Market Association
Grocery Manufacturers Association	Truck & Engine Manufacturers Association
	U.S. Grains Council
	U.S. Wheat Associates