



March 13, 2020

Via Email

U.S. Senate
Washington, D.C. 20515

U.S. House of Representatives
Washington, D.C. 20515

RE: USW opposes efforts to undermine Section 232

Dear Senator/Representative:

I write to you regarding press reports that some members of Congress are giving consideration to altering the existing tariffs, or circumscribing Presidential authority, under Section 232 as part of efforts to address the economic impacts from the coronavirus crisis. This effort is misguided and would only serve to further undermine domestic producers and their workers. The coronavirus crisis should not be used as an excuse to fuel more imports of unfairly traded products and threaten our economic and national security interests.

Efforts to reduce the existing Section 232 tariffs on steel and aluminum are evidence of a fundamental misunderstanding of what's happening in our economy. The tariffs were imposed to promote our national security interests and to help ensure the viability of our domestic industry. Even with the 232 tariffs in place, the U.S. industry is struggling due to auto plant closures, lack of an infrastructure plan, and a general slowdown in manufacturing due to uncertainty in the downstream markets. These factors contributed to a decline in steel demand from 100.9 million metric tons in 2018 to 98.4 million metric tons last year.¹

Production cuts, idling, and layoffs have already been announced at manufacturing facilities across the country, and if the current crisis continues we can expect more bad news. In the absence of a multi-lateral solution, tariff cuts combined with continued global overcapacity in steelmaking driven by China, would force American steelworkers to pay the price for the failure of global leaders to address

¹<https://enforcement.trade.gov/steel/license/documents/execsumm.pdf>

commodity overcapacity. Now is not the time to bring about more closures and curtailments in our basic industry and allow a flood of imports to crush the domestic industry and its workers.

Our first effort should be to address the coronavirus crisis and the threat to human health. But we must also deal with the resulting economic hardship by stabilizing the economy and creating confidence in our economic prospects. Reducing the tariffs, which were designed to promote our security, would have the opposite effect and potentially doom many companies permanently. Opening our markets to a flood of products at a low point for the economy would devastate our producers. It's the wrong approach at any time, but today it clearly would be a death blow to the prospects of many companies and the jobs of tens of thousands of workers.

It is also vital to understand that reducing the tariffs and altering Section 232 authority would primarily advance the interests of our competitors. Indeed, Horizon Advisory, a cutting-edge firm comprehensively analyzing Chinese statements, has identified comments from key advisors and institutions supporting and connected to the Chinese government regarding plans to take advantage of the coronavirus crisis. For example, one leading organization, the Shanghai Advanced Institute of Finance at Shanghai Jiaotong University, stated that China's actions in dealing with the virus will "pave the way for international market expansion after the epidemic is over." Liu Shijin, a senior official, said that "the key issue is how to seize this opportunity."

This is a question of whose side you are on: foreign producers who continue to build up their industries and dump their excess production into the U.S., or our workers? It's a clear choice. China's steel inventory overhang is massive, growing and poised to hit our shores as soon as any Section 232 changes become law. We must not trade away the opportunity to retain and strengthen our economic and national security.

Sincerely,


Thomas Conway
International President