



February 10, 2021

The Honorable Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: President Trump's Section 232 Tariffs

Dear President Biden:

On behalf of the Coalition of American Metal Manufacturers and Users (CAMMU), we are writing to respectfully request that you terminate former President Trump's Section 232 tariffs on steel and aluminum imports as soon as possible and re-engage U.S. trading partners in addressing the issue of excess steel and aluminum capacity in China.

The Trump steel tariffs have hurt small, family-owned manufacturers and the communities in which they built their businesses, while fracturing relations with overseas trading partners and spurring a frenzy of retaliatory trade measures—with little to nothing to show for it at home. Terminating these tariffs will help fulfill your goals to help everyday Americans and return to normal ties with America's traditional allies.

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. Our member companies support the medical, medical devices, aerospace, agriculture, appliance, automotive, consumer goods, construction, defense, electrical, food equipment, and recreational industries, among others.¹ These manufacturers provide tens of thousands of jobs, often in small cities and rural locations where their economic contribution makes a critical difference in their communities.

CAMMU's members were pleased to see your recent Executive Order on "*Ensuring the Future Is Made in All of America by All of America's Workers*" and they look forward to providing the manufacturing building blocks necessary to "build it back better." However, the Trump steel and aluminum tariffs and the U.S. Commerce Department's broken exclusion process still in effect make it very difficult for U.S. manufacturers to compete with their global competition. The domestic steel industry, which believes the tariffs should remain in place, fails to understand that, without U.S. steel-consuming manufacturers to

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

buy their steel products, any misperceived advantage derived from the tariffs will be useless if their customers go out of business because of high steel prices and lack of supply.

Imposed by the Trump administration in 2018, the Section 232 steel and aluminum tariffs are contributing to a crisis for U.S. steel- and aluminum-consuming manufacturers just as these companies are needed to help the country recover from the economic challenges caused by the COVID-19 pandemic. The raw materials that make up our members' most critical input are priced at levels that are inflated over that of the global marketplace, and many products—particularly specialized types of steel and aluminum—are in short supply and subject to severe delivery delays, or simply not available at all. By jeopardizing the ability of businesses to access the steel and aluminum they need, the Trump tariffs have made it more difficult for American manufacturers to compete with finished products imported from overseas. Once this business moves offshore, it can take years for it to return—if at all.

By taking action to terminate the Trump tariffs, your Administration can prevent U.S. manufacturers from shutting down production lines, laying off workers, and potentially even closing their doors. By contrast, the ripple effects of allowing these Section 232 tariffs to remain are substantial. Our member companies report not only record steel prices, but also delivery times stretching 12-16 weeks, causing significant disruptions. Thousands of manufacturers cannot procure the necessary raw materials in the United States in sufficient and reasonably available commercial quantities—and of a satisfactory quality—leading American companies to rely on imports of steel and aluminum from many of our overseas allies.

The problems caused by the Trump tariffs cannot be resolved through the U.S. Commerce Department's broken product exclusion process. In its 2018 report to President Trump recommending the tariffs, the Commerce Department estimated that there would be 4,500 product exclusion requests from the steel and aluminum tariffs. The actual number of exclusion requests now far exceeds 200,000 and is growing, and the process has been plagued by delays, questionable decisions, and a complete lack of transparency. Numerous domestic steel producers continue to object to product exclusion requests and falsely claim that they can provide the steel product so that the exclusion is denied. Unfortunately, the Commerce Department recently proposed more burdensome changes to make it even more difficult for manufacturers to obtain a product exclusion. The exclusion process alone cannot address the shortages and price spikes that are hurting steel and aluminum-using manufacturers.

More than 6.2 million Americans work in industries that use steel, while the steel industry itself directly employs only 140,000 workers (pre-COVID 19 pandemic data). The Trump tariffs primarily served to shift injury from one industry to a much broader segment of the economy. The data on employment in steel and aluminum production shows a muted benefit of approximately 1,000 more jobs. By comparison, a study by the Federal Reserve Board of Governors indicated that increased input costs due to the tariffs are associated with 75,000 fewer jobs in the U.S. manufacturing sector.

Numerous other studies provide evidence of the damage caused by the Trump steel and aluminum tariffs to our nation's economy, its small manufacturing businesses, our relationships with long-standing trading partners, carefully constructed supply chains—and, ironically, the very notion of "national security" itself, which was the premise under which this trade action was based. In fact, U.S. national security has been weakened by the supply disruptions and other market imbalances in once stalwart defense, automotive, aerospace and other major industrial supply chains as a result of the Section 232 tariffs.

Rather than invest in new facilities, expand production capacity, and improve the health of the domestic steel industry, President Trump's steel tariffs simply allowed domestic producers to raise prices on their

products by effectively placing an added tax on competing imports. As a result, even those manufacturers who only buy steel from domestic producers are unable to obtain the steel that they need because of the domestic industry's capacity, or are unable to purchase steel at a competitive price, placing them at a growing disadvantage with overseas competitors who pay lower global market prices for these materials.

The Trump tariffs have also imposed added costs beyond the manufacturing industries, as many U.S. trade partners, including the EU, have placed retaliatory tariffs on U.S. agricultural products and other exports.

There is a consensus globally that a unified effort is required to address the issue of excess steel and aluminum capacity in China now estimated to be one billion tons, an ongoing problem for the U.S. and our trading partners. At the end of the Obama Administration and beginning of the Trump Administration, negotiations were underway at the Organization of Economic Cooperation and Development (OECD), led by the U.S., to work together with our trading partners to address this challenge. These talks ended after the U.S. imposed Section 232 tariffs on steel and aluminum imports, leaving those structural supply issues unaddressed. The Trump tariffs have failed to address these issues by any measure.

It's time for the U.S. to put counterproductive trade policies in the past. We ask that you move at once to terminate the Section 232 steel and aluminum tariffs and focus instead on re-engaging with our trading partners on a coordinated response to address the root cause of global oversupply in steel and aluminum: excess capacity in China.

Sincerely,



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On behalf of:

Associated Builders and Contractors
Hands-On Science Partnership
Industrial Fasteners Institute
National Tooling & Machining Association
North American Association of Food Equipment Manufacturers
Precision Machined Products Association
Precision Metalforming Association