

Mark J. Nuzzaco

**Vice President, Government Affairs
Association for PRINT Technologies**

Section 232 Aluminum Tariffs

International Newspaper Group Meeting

In Partnership With

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Chicago, Illinois



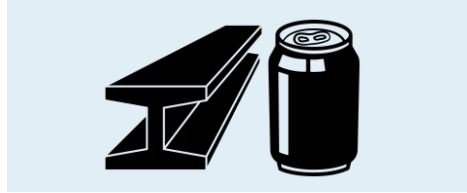
President Trump initiated a Section 232 investigation of U.S. steel and aluminum industries to determine viability of tariffs

The Department of Commerce ultimately recommended additional tariffs

Section 232

- Section 232 of the Trade Expansion Act of 1962 authorizes the secretary of commerce to investigate the impact of imports on U.S. national security
- This investigation considers, among other factors:
 - Domestic production necessary for national defense
 - Loss of skills, unemployment, or decrease in government revenue
 - Impact of foreign competition on domestic industry

Commerce Department released Section 232 report, recommending tariffs to boost steel and aluminum industries



Steel recommendations

A global tariff of at least 24% on all steel imports

or

A tariff of at least 53% on steel imports from 12 countries including Brazil, China, India, Korea and Russia, and a quota by product equal to 2017 exports to the US

or

A quota on steel for all countries equal to 63% of 2017 exports to the US

Aluminum recommendations

A global tariff of at least 7.7% on all aluminum imports

or

A tariff of 23.6% on aluminum from China, Hong Kong, Russia, Venezuela and Vietnam, and a quota for all other countries equal to 2017 exports to the US

or

A quota on aluminum for all countries equal to a maximum of 86.7% of 2017 exports to the US

President Trump announced his intent to impose tariffs on both aluminum and steel imports

The tariffs



Steel — 25% tariffs on steel imports



Aluminum — 10% tariff on aluminum imports (excludes aluminum scrap, powders and flakes)

The tariffs have faced harsh criticism from Republicans, allies and other foreign governments



“Tariffs on steel and aluminum are a tax hike the American people don’t need and can’t afford. I encourage the president to carefully consider all of the implications of raising the cost of steel and aluminum...” — Senate Finance Chairman Orrin Hatch (R-UT)



“We will not sit idly while our industry is hit with unfair measures that put thousands of European jobs at risk... The EU will react firmly and commensurately to defend our interests.” — European Commission President Jean-Claude Juncker

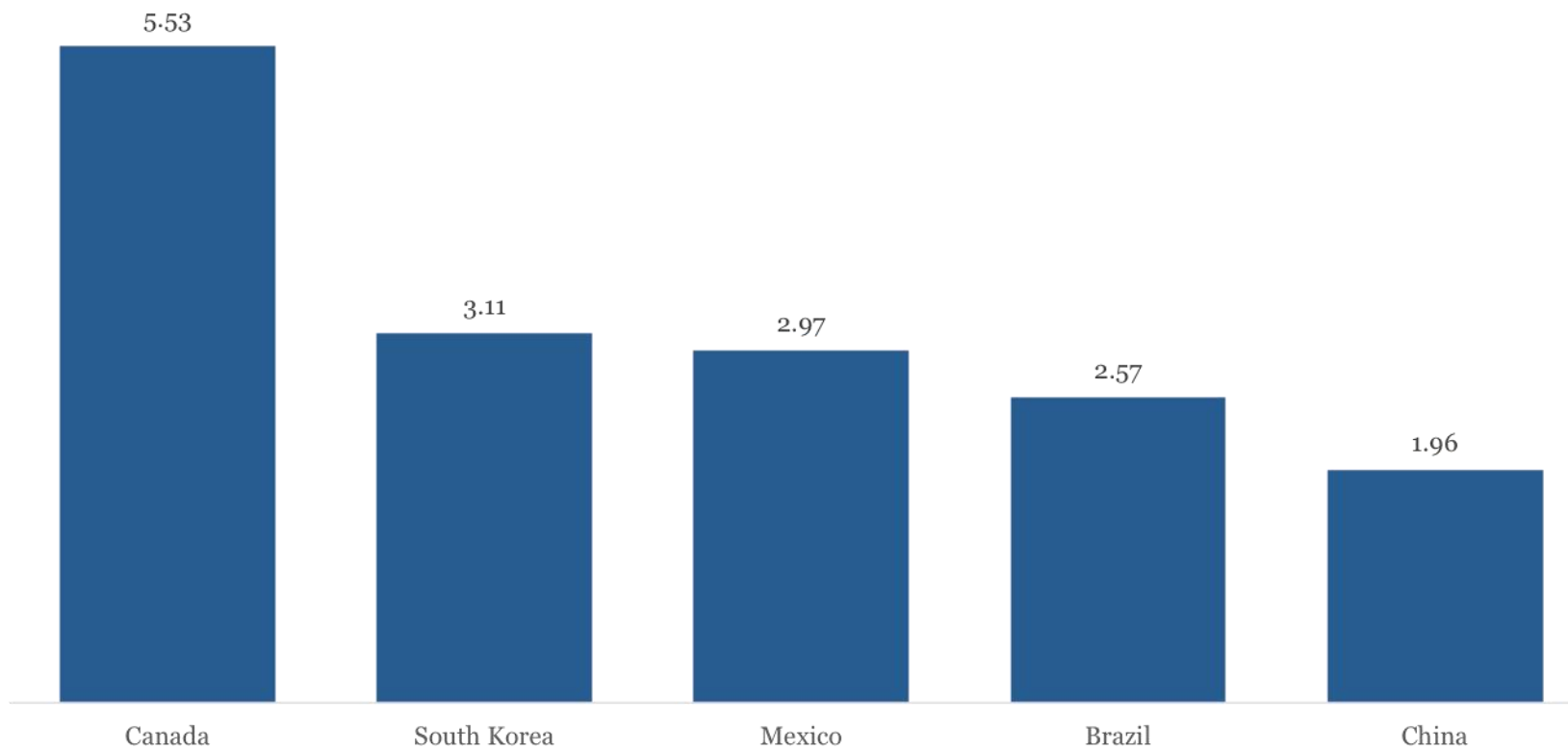


“What an extremely stupid move ... A desperate attempt by Trump to pander to his voters, which I think in fact runs counter to his ‘America First’ pledge.” — Li Xinchuang, vice secretary general of the China Iron and Steel Association



The global steel market in 2017:

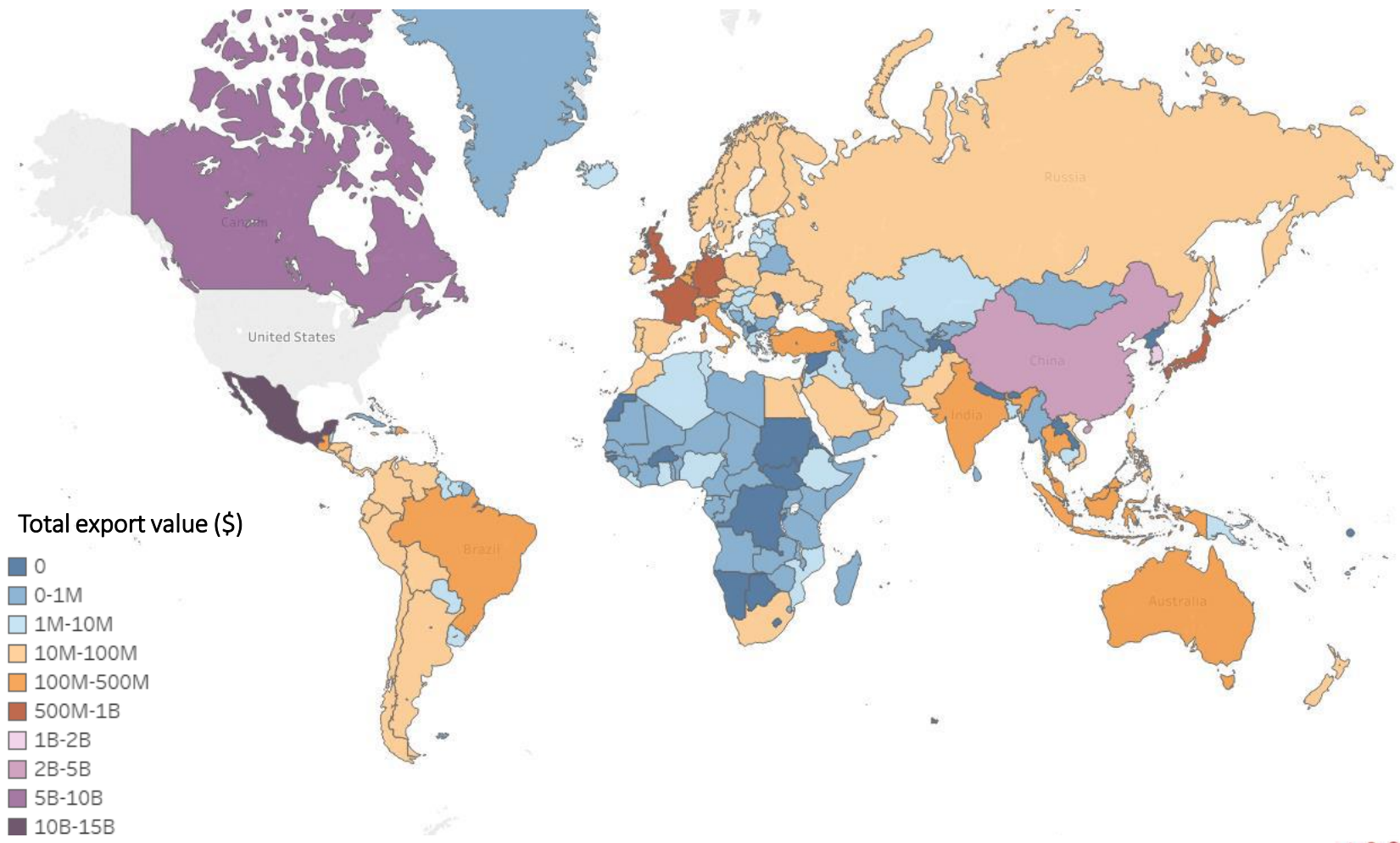
Biggest steel exporters to the US,
in billions of USD



Sources: National Journal Research, 2018.

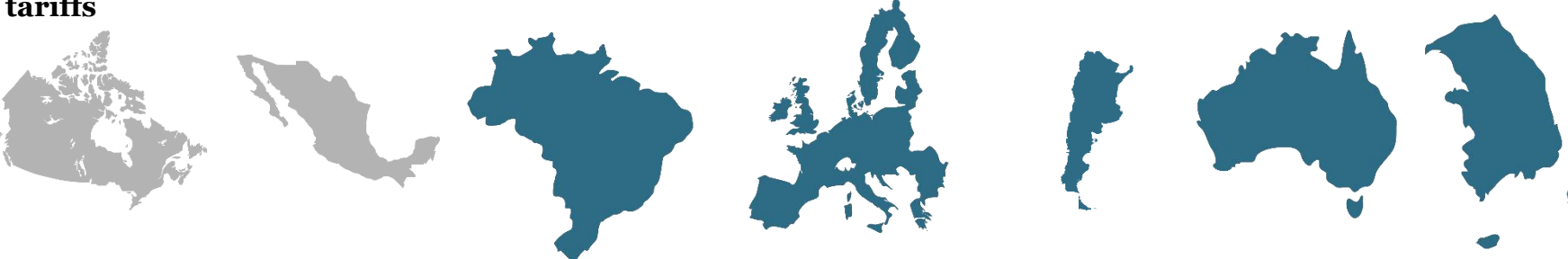
March 22, 2018 | Shruthi Ashok

Aluminum exports to the US in 2017:



While Trump imposed steel and aluminum tariffs, he left open the option for countries to negotiate

In a proclamation issued on March 22, Trump temporarily exempted several military allies from tariffs



“The tariffs on steel and aluminum imports from the following countries were suspended until May 1, 2018, pending discussions of satisfactory long-term alternative means to address the threatened impairment to US national security:

**Argentina;
Australia;
Brazil;
South Korea;**

} Agreed to a limit on steel & aluminum exports to the US in lieu of tariffs

**Canada;
Mexico;
And the member countries
of the European Union.**

} Tariff exemption was extended until June 1 for further negotiations, but tariffs were officially imposed on May 31

The European Union, Canada and Mexico promise to retaliate against steel and aluminum tariffs

Trade allies react negatively, threaten retaliation and WTO settlement disputes



“This is a bad day for world trade. The EU cannot react to that without any kind of reaction. We will immediately introduce a settlement dispute at the WTO and announce in the next coming hours counter balancing measures”

Jean-Claude Juncker, European Commission president

“Mexico deeply regrets and rejects the decision of the United States to impose these tariffs on imports of steel and aluminum from Mexico as of June 1, under the criterion of national security. Mexico will impose equivalent measures to various products in the face of US protectionist measures.”



Mexican Ministry of Economy



“Should restrictions be imposed on Canadian steel and aluminum products, Canada will take responsive measures to defend its trade interests and workers.”

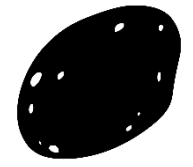
Chrystia Freeland, Canadian Foreign Minister

Mexico retaliated against the Sect. 232 tariffs in June

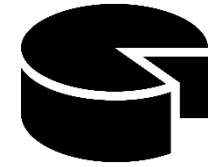
Tariffs from Mexico would affect about \$3 billion of US products



Pork
15%



Potatoes
20%



Cheese
20-25%



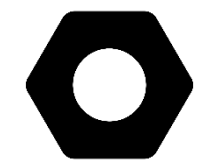
Cranberries
20%



Apples
20%



Bourbon
25%



Steel products
25%

The European Union's retaliatory tariffs took effect on June 22

Tariffs from the EU would affect about €2.8 billion of US products



Motorcycles

25%



Washing machines

50%



Clothing

50%



Cranberries

25%



Rice products

25%



Bourbon

25%



Steel products

25%

Canada's retaliatory tariffs took effect July 1

Tariffs from Canada would affect about \$12.8 billion of US products



Motorboats

10%



Appliances

10%



Household
products

10%



Food products

10%



Sweets/chocolate

10%



Whiskey

10%



Steel products

25%

Analyzing the overall impacts of the tariffs

Winners:

Aluminum and steel workers

Aluminum companies

Steel companies

Foreign manufacturers

Losers:

U. S. Printing Industry

U. S. Newspaper Industry

Canadian steel imports

American manufacturers

*Domestic farmers and
agriculture companies*

Establishment Republicans

US companies can apply for exclusion for specific products

Guidelines for exclusion

The Commerce Department is authorized to grant exclusions for specific steel and aluminum products based on the determination that:

- The product is not “produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality”

OR

- Upon specific national security considerations”

- Companies must be using the steel/aluminum products for business conducted in the US
- Separate requests must be made for each steel or aluminum product
- Tariffs paid during the evaluation period will be refunded

Product Exclusion Request Timeline

- March 23, 2018 – Aluminum Tariffs take effect.
- Anytime – Company submits an exclusion request.
- 30 Days Later – Deadline for another U.S. company to file an objection to an exclusion request.
- Within 7 days – Exclusion requester may rebut an objection.
- Within an additional 7 days – Objector may respond to a rebuttal (surrebuttal)
- 90 days later – Review period is supposed to end.

Product Exclusion Rebuttal and Surrebuttal

- DOC will not open the 7-day rebuttal period until the 30-day objection period has concluded, all complete objections have been posted in *regulations.gov*, and DOC indicates on the tracking sheet, which will be posted on the DOC website, that the 7-day rebuttal period has opened. The same type of process will be followed by DOC opening the 7-day surrebuttal comment period.
- DOC will not contact each submitter to notify that the rebuttal or surrebuttal review period have opened, so submitters will need to check the tracking sheet that will be posted on the DOC website for updates on 232 submissions.
- Only the individual or organization that submitted the exclusion request may submit a rebuttal during the rebuttal comment period. Only the individual or organization that submitted an objection to the exclusion request that received a rebuttal may submit a surrebuttal during the rebuttal comment period.

Extension of Exclusions to all Importers

- The DOC also has the discretion to make exclusions available to all importers if it finds the circumstances so warrant, and it will exercise this discretion as appropriate.
- This issue was specifically raised by APTech and printing industry representatives when they met with DOC officials in June.

Exclusions Requests Revisions cont.

Other matters clarified by the rule revision include:

- Criteria used to approve or deny requests;
- Requirements for objections;
- Clarification that trade associations may not file objections;
- A process for exclusions from quotas;
- Procedures for protecting confidential business information;
- Clarification that there is no formal renewal process.

APTech Tariff Portal

www.printtechnologies.org/tariffs

Sources Attribution

- Slide 3: “Secretary Ross Releases Steel and Aluminum 232 Reports in Coordination with white House,” U. S. Department of Commerce, February 16, 2018.
- Slide 4: Sources: Carla Mozee, “‘We will not sit idly’ — global leaders react to Trump’s steel tariffs,” MarketWatch, March 2, 2018; Joe Williams, “GOP Reaction to Trump Tariffs is Fast, Furious and Negative,” Roll Call, March 2, 2018.
- Slide 5 -6: National Journal Research, 2018.
- Slide 7: Sources: Carla Mozee, “‘We will not sit idly’ — global leaders react to Trump’s steel tariffs,” MarketWatch, March 2, 2018; Joe Williams, “GOP Reaction to Trump Tariffs is Fast, Furious and Negative,” Roll Call, March 2, 2018.
- Slide 8 – 12: National Journal Research, 2018.
- Slide 13 – 17: U.S. Department of Commerce