

Import Restrictions: Protectionism for the Steel Industry Has Serious Negative Consequences

Background

- **Import Restrictions Are a Tax on American Consumers:** The domestic steel market is distorted by a variety of protectionist trade measures that raise prices, including: anti-dumping and countervailing duty orders, Buy American and Buy America laws, and potentially tariffs through Section 232.
- **Tariffs on Steel Would Destroy U.S. Jobs:** More than 12 million Americans work in manufacturing and construction industries, which rely on domestic and foreign steel to create finished products. Tariffs would raise costs and threaten those jobs.
- **Steel Imports Promote U.S. National Security:** Competitively-priced imports hold down procurement costs and help defense contractors provide the government with more bang for the buck. Steel is neither scarce nor technologically sensitive, and imports are readily available from a host of friendly allied nations.

We've Been Here Before

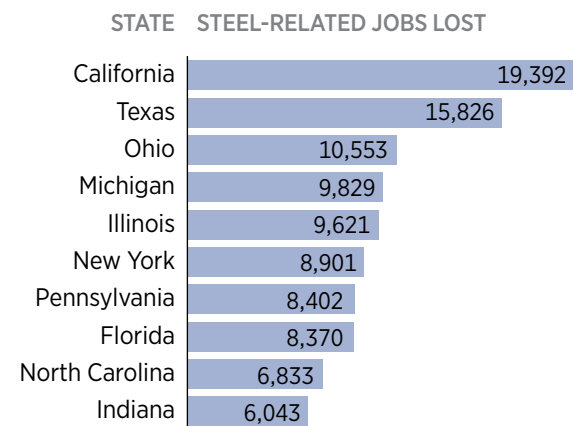
- **Bush Steel Tariffs:** In 2002, industry pressure led President George W. Bush to impose tariffs of up to 30 percent on many steel imports.
- **Job Losses:** A study by the Consuming Industries Trade Action Coalition (CITAC) found that 200,000 individuals in steel-consuming industries lost their jobs in 2002 because of higher steel prices, amounting to about \$4 billion in lost wages.

The Next Step

- **Reject the Imposition of Tariffs on Steel through Section 232 of the Trade Expansion Act of 1962.** Steel is a vital commodity for

Unintended Consequences

President Bush approved steel import tariffs of up to 30 percent in 2002. Over the course of that year, nearly 200,000 Americans working for companies that rely on steel lost their jobs, with 53 percent of the losses occurring in just 10 states.



SOURCE: Joseph Francois and Laura M. Baughman, "The Unintended Consequences of U.S. Steel Import Tariffs: A Quantification of the Impact During 2002."

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America's manufacturing and construction sectors, and steel imports play a vital role in many supply chains supporting the defense industry. Imposing tariffs under Section 232 would increase the cost of one of the most crucial intermediate goods for these two industries.

- **Congress Should Encourage the Administration to Ensure Transparency in Trade Cases.** Congress has delegated a great deal of its authority on trade to the Executive. It is crucial that Congress exercises its role as a check and balance on trade issues, especially regarding the use of unilateral action to restrict imports.