STEEL & ALUMINUM 232 TARIFFS
CHINA IS A BIG WINNER

China — the very country at the root of the global steel and aluminum oversupply problem — has been one of the main beneficiaries of the Section 232 tariffs. First, the Department of Commerce has excluded far more metal from China than from allies like Canada — both in absolute terms and as a percentage of historical trade. Second, downstream North American manufacturers are losing contracts for finished products to offshore suppliers due to uncertainty in North American steel and aluminum markets. Third, China's oversupply has increased since the tariffs were imposed — with Chinese crude steel production increasing 6.6% in 2018 to 928.3 million metric tonnes (from 870.9 MMT in 2017).[1]

THE DEPARTMENT OF COMMERCE GRANTS SIGNIFICANT EXCLUSIONS TO CHINA[2]

FOR STEEL:

- The total volume of steel excluded from China is three-times greater, in absolute terms, than the volume of steel excluded from Canada (430,444 metric tons for China vs. 134,648 MT for Canada).
- The volume excluded from China to date is equal to **57%** of U.S. imports from China in 2017.
- In contrast, the volume of steel excluded from Canada to date is equal to **2%** of U.S. imports of subject steel from Canada in 2017.

FOR ALUMINUM:

- The total volume of aluminum excluded from China is over five-times greater, in absolute terms, than the volume of aluminum excluded from Canada (654,371 MT for China vs. 118,950 MT for Canada).
- The volume excluded from China to date is equal to **102%** of U.S. imports from China in 2017.
- In contrast, the volume of aluminum excluded from Canada is equal to **4%** of U.S. imports of subject steel from Canada in 2017.

STEEL & ALUMINUM 232 TARIFFS
EXCLUSIONS BY COUNTRY

	% imports excluded		imports excluded by volume (metric tons)	
Country	**Steel**	**Aluminum**	**Steel**	**Aluminum**
China	57	102	430,443	654,371
Japan	100	1,193	1,727,379	381,920
Thailand	289	2,522	583,049	289,194
Canada	2	4	134,648	118,949

1 https://www.worldsteel.org/en/dam/jcr:dcd93336-2756-486e-aa7f-64f6be8e6b1e/2018%2520global%2520crude%2520steel%2520production.pdf
2 https://www.mercatus.org/bridge/commentary/tariff-exclusion-requests-one-year-update

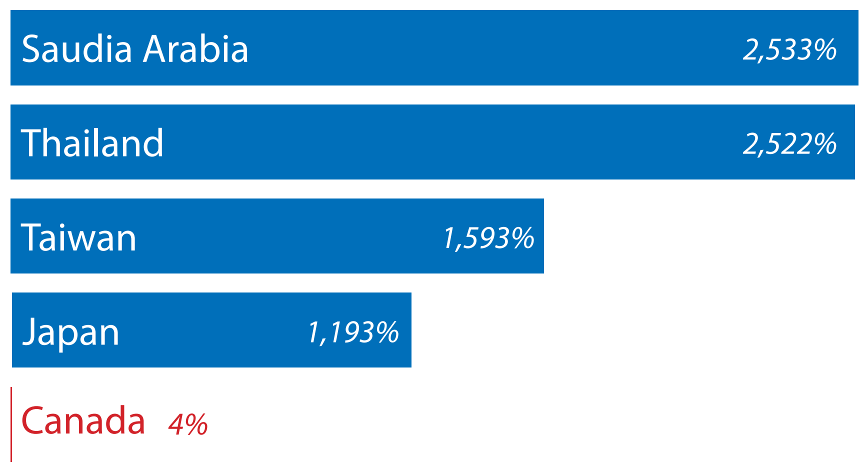
SECTION 232 TARIFFS ARE DISTORTING GLOBAL MARKETS

Several exclusions approved by the Department of Commerce exceed historical trade, resulting in distortions to global markets and long-established supply chains.

STEEL exclusions approved in excess of historical trade include: Poland (equal to 1,783% of U.S. imports from Poland in 2017), Romania (1,228%), Belgium (305%), Thailand (289%), Singapore (196%), Netherlands (121%), and Japan (100%).

ALUMINUM exclusions approved in excess of historical trade include: Saudi Arabia (equal to 2,533% of U.S. imports from Saudi Arabia in 2017), Thailand (2,522%), Taiwan (1,593%), Japan (1,193%), Luxembourg (603%), Indonesia (235%) and South Africa (178%).

ALUMINUM 232 TARIFFS DISTORTING MARKETS
EXCLUSIONS EXCEED HISTORICAL TRADE



AMERICAN & CANADIAN MANUFACTURERS LOSE CONTRACTS TO CHINA DUE TO SECTION 232 TARIFFS

Increasingly, U.S. and Canadian companies are losing contracts to offshore suppliers, particularly from China, as a result of rising North American steel and aluminum prices. For example:

TRICO GROUP (ROCHESTER HILLS, MI)

Trico has shut down one of its North American auto parts manufacturing facilities due to the uncertainty from the tariffs. Production was moved to China and other offshore facilities.

LINTON CRYSTAL TECHNOLOGIES (ROCHESTER, NY)

Linton Crystal Technologies — an industrial equipment supplier — has moved operations and design work to China to avoid the tariffs, and plans to lay off American workers.

BILLCO PRODUCTS (HOLLAND, MI)

Billco — a hotel furniture manufacturer which relies on metal parts (e.g., door handles, gliders and other hardware) — has faced a 10% cost increase due to the tariffs that the company has not been able to pass on. The company lost a bid to outfit a hotel when a Chinese competitor offered less than half the price.

STRIPMATIC PRODUCTS (CLEVELAND, OH)

Stripmatic lost a contract to produce tubes for commercial sausage stuffing to a Chinese competitor due to the impact of higher domestic steel prices.