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Section 232 Investigation on the Effect of Imports of Steel on U.S. National Security

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Press Release: Presidential Memorandum Prioritizes Commerce Steel Investigation

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Today President Donald J. Trump signed a presidential memorandum calling on Secretary Wilbur Ross to prioritize a Department of Commerce investigation initiated last night into the effects of steel imports on US national security. The study will consider overcapacity, dumping, illegal subsidies, and other factors, to determine whether steel imports threaten American economic security and military preparedness.

“We are going to fight for American workers and American-made steel by conducting a thorough investigation into steel imports,” said President Trump. “Thanks especially to Secretary Wilbur Ross for helping lead this critical effort.”

After a thorough investigation, if any national security threats from steel imports are identified, Secretary Ross will provide a report that includes recommendations for next steps. Under Section 232 of the Trade Expansion

Act, the President has broad power to adjust imports—including through the use of tariffs—if excessive foreign imports are found to be a threat to US national security.

“We will conduct this investigation thoroughly and expeditiously so that, if necessary, we can take actions to defend American national security, workers, and businesses against foreign threats,” said Secretary Ross. “This investigation will help determine whether steel import issues are making us less safe in a world that is increasingly fraught with geopolitical tensions.”

The United States is relatively unusual in that it has no tariffs on steel but has had to impose antidumping or countervailing duties in over 150 cases, with 13 more currently pending.

Our military often needs specialty steel alloys that require unusual production skills and are used for armor, vehicles, ships, aircraft, and infrastructure. As a result, a robust and healthy domestic steel production industry may be deemed necessary to guarantee military supply chains in the event of conflict.

While these defense concerns continue to loom, the US steel industry has struggled in recent years. Industry employment has been declining, companies are highly leveraged, and businesses remain both capital intensive and lacking strong cash flow. Imports now represent 26% of the market and the US steel mills and foundries are operating at just 71% of capacity.

The investigation will include a formal request for public comment to be published in the Federal Register, followed by a public hearing.

Please visit www.commerce.gov/steel for more information on this investigation.

Remarks by Secretary Ross as Prepared For Delivery

Thank you, Mr. President, for your leadership on this and so many other important issues.

I proud to stand here today and say that, under your leadership, we are restoring the primacy of American national security, American workers, and American businesses.

For years, we have simply reacted to over 150 cases of improper imports of foreign steel into this country.

With our investigation launched last night, the federal government will finally become proactive.

This investigation will help ensure steel import issues do not make us less safe in a world that is increasingly fraught with geopolitical tensions.

The sheer volume of steel trade cases makes it clear that global steel overcapacity has an impact on our economy, but for the first time we will examine its impact on our national security.

We will conduct this investigation thoroughly and expeditiously so that we can fully enforce our trade laws and defend this country against those who would do us harm.

I look forward to the completion of this investigation so that I can report not just the findings, but also any concrete solutions that we may deem appropriate.

Thank you again Mr. President.

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Fact Sheet: President Donald J. Trump: Standing Up to Unfair Steel Trade Practices

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PRESIDENT DONALD J. TRUMP: STANDING UP TO UNFAIR STEEL TRADE PRACTICES

“We’re going to use American steel, we’re going to use American labor, we are going to come first in all deals.”

– President Donald J. Trump

A JUSTIFIABLE AND NECESSARY ACTION: As imports of steel to the United States continue to rise, an examination of foreign practices is urgently needed.

- Despite America’s existing domestic steel industry, imports of steel into the United States have risen 19.6 percent between February 2016 and February 2017.
- Recent reports by the United States International Trade Commission (USITC) have found that steel imports injure the United States steel industry.
 - The USITC has found domestic steel makers are harmed where nations that export steel products to the United States unfairly subsidize their products or sell them at artificially low price.

TAKING STEPS TO PUT AMERICA’S STEEL INDUSTRY FIRST: President Donald J. Trump is taking action to ensure America’s steel industry comes first, in addition to his Buy American and Hire American policies.

- Today, the President signed a Presidential Memorandum prioritizing an investigation initiated by the Secretary of Commerce into whether steel imports threaten to impair the national security.
 - The investigation is being conducted under Section 232 of the Trade Expansion Act of 1962.
- The Secretary of Commerce is directed to expedite his investigation of the effects of steel imports on the national security to determine the following:
 - Whether steel imports cause American workers to lose jobs which are needed to meet security requirements of the domestic steel industry.
 - Any negative effects of steel imports on government revenue.
 - Any harm steel imports cause to the economic welfare of the United States, recognizing the close relationship between economic prosperity and national security.
- By law the investigation must be concluded and a report submitted within 270 days.
- If the report concludes that steel imports threaten to impair the national security, and the President concurs, he may take several actions, including tariffs, to eliminate the negative effects of steel imports on the national security of the United States.

KEEPING HIS PROMISE TO THE AMERICAN PEOPLE: President Trump promised that he would scrutinize U.S. steel imports and seek a revitalization of the American steel industry.

- Then-Candidate Trump:
 - Observed that foreign nations are “dumping vast amounts of steel all over the United States, which essentially is killing our steelworkers and steel companies.”
 - Promised that “we will put new American steel into the spine of this country.”
 - Promised that “We’re going to use American steel, we’re going to use American labor, we are going to come first in all deals.”

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Fact Sheet: Section 232 Investigations: The Effect of Imports on the National Security

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FACT SHEET

Section 232 Investigations: The Effect of Imports on the National Security

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862) authorizes the Secretary of Commerce to conduct comprehensive investigations to determine the effects of imports of any article on the national security of the United States. Section 232 investigations include consideration of:

- domestic production needed for projected national defense requirements;
- domestic industry's capacity to meet those requirements;
- related human and material resources;
- the importation of goods in terms of their quantities and use;
- the close relation of national economic welfare to U.S. national security;
- loss of skills or investment, substantial unemployment and decrease in government revenue; and
- the impact of foreign competition on specific domestic industries and the impact of displacement of any domestic products by excessive imports.

Section 232 requires that the Secretary notify the Secretary of Defense that an investigation has been initiated. The Secretary also consults with the Secretary of Defense regarding methodological and policy questions raised in the investigation and can seek information and advice from other government agencies.

The Secretary's report to the President, prepared within 270 days of initiation, focuses on whether the importation of the article in question is in such quantities or under such circumstances as to threaten to impair the national security. The President can concur or not with the Secretary's recommendations, and, if necessary, take action to "adjust the imports of an article and its derivatives." In addition, the Secretary can recommend, and the President can take, other lawful non-trade related actions necessary to address the threat.

Since 1980, the Commerce Department has conducted fourteen Section 232 investigations. Past investigations and remedies have included the following:

- Integrated Circuit Ceramic Packaging – 1992
 - Defense provided research and development funding for industry
- Antifriction Bearings – 1988
 - Implementation of Buy American restrictions on super precision bearings for jet engines and miniature and instrument precision bearings for guidance systems
- Metal Cutting and Forming Machine Tools – 1986
 - Voluntary restraint agreements with multiple countries on imports and an aggressive domestic industry competitiveness action plan

For more information about Section 232 investigations, please visit: www.bis.doc.gov/232

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Section 232 Notification Letter to Secretary of Defense James Mattis (2017-04-19)

[Download PDF of original letter](#)

April 19, 2017

The Honorable James N. Mattis
Secretary of Defense
Washington, DC 20301-3010

Dear Mr. Secretary:

I am writing to notify you that I am initiating an investigation to determine the effects of imported steel on national security. I am taking this action pursuant to Section 232 of the Trade Expansion Act of 1962, as amended. Section 232 authorizes the Secretary of Commerce to initiate such an investigation and requires notice to be provided to the Secretary of Defense upon initiation of an investigation.

During the course of the investigation, Department of Commerce staff will consult with their counterparts in the Department of Defense regarding any methodological and policy questions that arise during the investigation. The investigation report will include information the Department of Defense can provide regarding the national defense requirements for steel. I look forward to our collaboration on this important issue.

Our point of contact is Brad Botwin, Director, Industrial Studies, Office of Technology Evaluation, Bureau of Industry and Security. Mr. Botwin can be reached at Brad.Botwin@bis.doc.gov and (202) 482-4060.

Sincerely,
Wilbur Ross

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Frequently Asked Questions: Section 232 Investigations: The Effect of Steel Imports on the National Security

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1. What is the purpose of a Section 232 Investigation?

Section 232 investigations are initiated to determine the effects of imports of any articles on U.S. national security. In this case, the Commerce Department is determining the effect of steel imports on the national security. Generally, steel products fall into one of the following five categories (including but not limited to): Flat products, long products, pipe and tube products, semi-finished products, and stainless products.

2. What authority is a Section 232 investigation conducted under?

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862) authorizes the Secretary of Commerce to conduct these comprehensive investigations.

3. Who initiates a Section 232 investigation?

The Secretary of Commerce initiated the Section 232 investigation on steel imports on April 19, 2017. Investigations may also be initiated based on an application from an interested party (industry, Congress) or a request from the head of any department or agency.

4. Why has the Secretary of Commerce initiated a Section 232 on steel?

The Secretary initiated the investigation on steel imports in light of the large volumes of excess global steel production and capacity – much of which results from foreign government subsidies and other unfair practices – which distort the U.S. and global steel markets. Steel is used in a variety of commercial, infrastructure and defense applications.

The Commerce Department's January 2017 Steel Industry Executive Summary found that overall U.S. capacity utilization was 71 percent in 2016, a drop from 77.5 percent in 2014. In 2016, import penetration of steel mill

products was 25.5 percent. March 2017 steel imports to the United States are 34 percent higher than those in March 2016, a dramatic increase.

U.S. Government attempts to address foreign government subsidies and other unfair practices have not ended this distortion. There are 152 antidumping and countervailing duty orders on steel products in effect and another 25 investigations underway. The United States has encouraged other countries to reduce and address the underlying causes of excess capacity in the steel market. To date, these efforts have had little practical effect, and have not substantially alleviated the negative effect global excess capacity on the United States steel industry.

5. What does a Section 232 investigation consider?

Section 232 investigations include consideration of:

- domestic production needed for projected national defense requirements;
- domestic industry's capacity to meet those requirements;
- related human and material resources;
- the importation of goods in terms of their quantities and use;
- the close relation of national economic welfare to U.S. national security;
- loss of skills or investment, substantial unemployment and decrease in government revenue; and
- the impact of foreign competition on specific domestic industries and the impact of displacement of any domestic products by excessive imports.

6. How long does a Section 232 investigation take and who participates?

By law, the Secretary of Commerce has 270 days to present the Department's findings and recommendations to the President. Section 232 mandates that the Secretary provide notice to the Secretary of Defense upon initiation of the investigation. The Secretary also consults with the Secretary of Defense regarding methodological and policy questions raised in the investigation and can seek information and advice from other government agencies.

7. What actions does the statute allow the President to take?

Within 90 days after receiving the report from the Secretary, if the Secretary finds that an import threatens to impair U.S. national security, the President shall determine whether he concurs with the Department's finding and, if so, the nature and duration of the action that must be taken to "adjust" the imports of the article and its derivatives so that such imports will not threaten to impair the national security. Under Section 232, the President has broad power to impose trade remedies such as tariffs and quotas.

8. Where can I go to find more information about Section 232 investigations?

Since 1980, Commerce has conducted fourteen Section 232 investigations. Prior to 1980, the Department of the Treasury conducted Section 232 investigations.

For more information about Section 232 investigations, please visit: www.bis.doc.gov/232

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Frequently Asked Questions: Steel Anti-dumping (AD) and Countervailing Duty (CVD) Orders

[View original FAQ](#)

1. What are anti-dumping (AD) and countervailing duty (CVD) orders?

If a U.S. industry believes that it is being injured by unfair competition through dumping or subsidization of a foreign product, it may request the imposition of antidumping or countervailing duties by filing a petition with both the Department of Commerce and the United States International Trade Commission. The Department of Commerce investigates foreign producers and governments to determine whether dumping or subsidization has occurred and calculates the amount of dumping or subsidies. The International Trade Commission determines whether such dumping or subsidization has caused (or threatens to cause) material injury.

If both Commerce and the International Trade Commission make affirmative findings of dumping and injury, Commerce instructs U.S. Customs and Border Protection to assess duties against imports of that product into the United States.

For more information, please visit: <http://trade.gov/enforcement/operations/>

2. How many anti-dumping and countervailing duty orders are in place on steel products?

As of April 19, 2017, Commerce has 152 antidumping (AD) and countervailing duty (CVD) orders in place on steel from 32 countries. Twenty-eight of the 152 orders (18%) are on steel products from China – 16 AD and 12 CVD. The steel orders represent almost 40 percent of all AD/CVD orders in place. There are also 25 investigations underway for steel products, 16 in which Commerce has yet to issue final determinations and 9 investigations (on cut-to-length plate) for which Commerce has issued final determinations and are waiting for final determinations from the International Trade Commission.

3. Given the large number of orders, aren't all steel products already covered?

Given the large number of countries from which the United States imports steel and the myriad different products involved, there are still steel products from some countries which are not subject to orders. Further, some producers who are subject to orders have become adept at evading the duties.

4. Why are the AD and CVD orders not sufficient to protect the steel industry?

Antidumping and countervailing duty actions can address specific instances of unfairly traded steel products. While these measures have reduced the harm caused by unfairly traded imports for the specific steel products for which U.S. industry has sought relief, because of their limited scope, antidumping and countervailing duty remedies are not able to resolve the broader structural economic harm to the U.S. steel industry caused by massive global overcapacity and unfair foreign competition.

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External resource:

[Visit BIS.doc.gov/232](http://BIS.doc.gov/232) for more information on 232 investigation

Owner

- [Bureau of Industry and Security](#)

Points of contact

[William Reinert](#)