



March 15, 2021

The Honorable Gina Raimondo
Secretary of Commerce
Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Re: President Trump's Section 232 Tariffs

Dear Secretary Raimondo:

On behalf of the Coalition of American Metal Manufacturers and Users (CAMMU), I congratulate you on your nomination and confirmation as Secretary of Commerce. CAMMU members look forward to working with you on policies that create jobs and strengthen the U.S. manufacturing sector.

CAMMU is a broad organization of U.S. businesses and trade associations representing more than 30,000 U.S. companies and more than one million American workers in the manufacturing sector and the downstream supply chains of a wide variety of industries.¹ Our member companies support the medical, medical devices, aerospace, agriculture, appliance, automotive, consumer goods, construction, defense, electrical, food equipment, and recreational industries, among others. The more than one million jobs our members provide are often in small cities and rural locations where their economic contribution makes a critical difference in their communities.

The Section 232 tariffs on steel and aluminum have damaged CAMMU members and other U.S. steel- and aluminum-using manufacturers, placing them at a disadvantage when competing with global competitors. We were therefore surprised by your March 4 comment on MSNBC that "the data show that those [Section 232 and aluminum] tariffs have been effective."

As we wrote to President Biden on February 10, 2021, there is, in fact, scant evidence that the Trump steel and aluminum tariffs have helped the domestic steel industry, as the sector continues to close plants and shed jobs, but numerous published studies provide evidence of the damage caused by these tariffs to our nation's economy, its small manufacturing businesses, employment in the manufacturing sector, and to carefully constructed supply chains. The Trump tariffs have increased the costs of goods manufactured in America when compared to overseas competitors whose governments do not impose an artificial tax on their inputs. If these tariffs are not terminated, the result will be lost business for U.S. manufacturers and lost U.S. jobs.

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

The following provides an overview of the data that CAMMU has compiled regarding the negative consequences of the Section 232 steel and aluminum tariffs:

- **Broad cost, narrow benefit:** The Trump steel and aluminum tariffs sought to protect a small subsection of those domestic industries at the expense of the nation's economy as a whole. Over 6.2 million Americans work in industries that use steel, while the steel industry itself directly [employs](#) only 141,700 workers. The tariffs have shifted 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 in November 2019 than in March 2018 in the protected industries. A [study by the Federal Reserve Board of Governors](#) indicates that increased input costs due to the tariffs are associated with 75,000 fewer jobs in the U.S. manufacturing sector. U.S. manufacturers would have been far better off with measured and targeted enforcement strategies that do not hurt the vast majority of the sector and its employees.
- **Many steel products are no longer readily available:** Companies cannot manufacture products out of raw materials that they cannot procure. U.S. manufacturers increasingly report that the quality of the steel and the [availability of specialty materials](#) is a significant concern. As we informed President Biden in our February 10 letter, 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.
- **Cost of tariffs paid by U.S. manufacturers and U.S. consumers:** Researchers from Columbia University, the Federal Reserve Bank of New York and Princeton University [found](#) that the cost burden of these tariffs are borne by U.S. manufacturers and consumers. The American Action Forum published a [study](#) that found that, based on 2019 import levels, “U.S. and retaliatory tariffs currently impact over \$460 billion of imports and exports, and [former President Trump’s] tariffs are increasing annual consumer costs by roughly \$57 billion annually.”
- **Domestic steel industry is not making needed investments or restructuring:** Former President Trump’s protection of the domestic steel industry did not require the industry to make investments to modernize its facilities, restructure or hire more workers. Evidence suggests that the increased revenue and profits enjoyed by the steel industry simply went into the pockets of company executives and shareholders. The initial minimal benefits for steel producers gained from the tariffs [quickly subsided](#) because the protection did not result in the needed restructuring and investments in the U.S. that have plagued the industry for years. Some domestic steel producers did [announce](#) significant investments—in Mexico, while in the U.S., since the tariffs were implemented, the steel industry has [announced](#) closures of mills across the U.S., idling of smelters and reduced work hours at plants in Louisiana, Kentucky, West Virginia and Pennsylvania. Meanwhile, downstream users of steel and aluminum have watched the decrease of imported steel and aluminum and the increasing importation of downstream products containing the metals, such as their overseas competitors’ products, entering the U.S. tariff-free.
- **Cost of retaliation by U.S. trade partners:** The Trump administration’s broad, pretextual use of Section 232 tariffs to assist aluminum and steel producers also imposes costs beyond the manufacturing industries, as many U.S. trade partners imposed retaliatory tariffs of their own. Specifically, tariffs imposed by the EU, China, Turkey, India and Russia in response to U.S. steel

and aluminum tariffs [targeted over \\$9 billion](#) worth of American products, for an estimated total tax of \$2.11 billion. These costs are directly passed on to American producers and consumers.

Unfortunately, the Commerce Department’s exclusion process cannot solve the economic harm to U.S. steel- and aluminum-using manufacturers caused by the Section 232 steel and aluminum tariffs. In a September 2020 report, the Government Accounting Office (GAO) [stated](#) that the Department of Commerce determined it would “typically recommend approving exclusion requests if objecting parties are unable to produce the requested product within an 8-week period.” Yet GAO found 6,548 instances where Commerce had “denied the exclusion requests even though the objector had indicated it would possibly take longer than 8 weeks to provide the product.”

The delays in obtaining information on whether Commerce will grant exclusions has caused significant problems for U.S. manufacturers — if they cannot determine the price and/or delivery time for an important input like steel and aluminum, they cannot provide their customers the certainty they require. In turn, their customers may choose to source the desired part from an overseas competitor who charges less due to their ability to access global prices for steel and aluminum rather than the artificially inflated prices U.S. manufacturers must pay under the Section 232 tariff regimes. The September GAO report detailed the exclusion delays, [finding](#) that “Commerce did not decide about three quarters of requests within its established timeliness guidelines, taking more than a year to decide 841 requests.”

CAMMU members are ready to meet with you to provide additional data on the damage that the Trump Section 232 steel and aluminum tariffs are causing U.S. manufacturers, and we are ready to work with you on policies that will strengthen the manufacturing sector.

Sincerely,



Paul Nathanson
Executive Director
Coalition of American Metal Manufacturers and Users
Paul.Nathanson@policyres.com
202-828-1714

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

Link: [February 10, 2021 CAMMU Letter to President Biden](#)