



February 6, 2019

To: House Trade Staffers

Oppose Legislation (Gallagher-Kind, H.R. 940) Damaging to U.S. Steel Industry

Background: Dumped and subsidized steel from China and other countries around the globe have damaged the health of the U.S. steel industry for years. Unfairly traded imports have caused steel plants to shutter and production of certain steel products to move offshore. Without bold and immediate correction of this unacceptable trend that has been contributing to the offshoring of our industrial base, the U.S. could find itself in a dangerous situation – reliant on foreign nations for steel products crucial to virtually every U.S. military platform as well as our nation’s critical infrastructure.

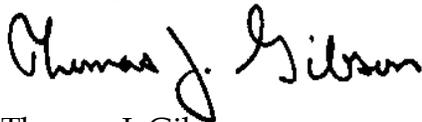
In response to the steel crisis that has been over a decade in the making, and after an extensive nine-month investigation by the Department of Commerce, the President last year determined under Section 232 of the Trade Expansion Act that imports of steel products threatened to impair our national security and imposed a 25 percent tariff on steel imports. This necessary action has allowed the U.S. industry to begin to recover. Capacity utilization at existing mills has increased in recent months to levels not seen in the last ten years. The Section 232 relief has also resulted in the reopening of some shuttered plants, and the recall of laid-off workers, as well as announcements to invest in new production facilities. But this recent progress will evaporate and our steel industry will again suffer dire circumstances if the tariffs are prematurely terminated, as is contemplated in the proposed legislation. The steel 232 tariffs are critical to providing much needed relief to the U.S. steel industry and to incentivizing other countries to join us in our continued fight to address the global overcapacity crisis. This is already occurring with Canada and the European Union enacting their own safeguards, and we encourage others to follow suit.

Situation: The Bicameral Congressional Trade Authority Act – legislation recently introduced by Senators Toomey (R-PA) and Warner (D-VA) in the Senate (S. 287) and by Representatives Gallagher (R-WI) and Kind (D-WI) in the House (H.R. 940) – would terminate the Section 232 steel relief unless both Houses of Congress pass a joint resolution of approval within 75 days. In addition, it would radically narrow the circumstances under which the President could take action to adjust imports to address a threat to national security. This legislation would seriously jeopardize the existing relief and gravely undermine the Section 232 statute’s effectiveness and potentially put our national security and domestic industries at risk, endangering countless manufacturing jobs in America. This legislation is being introduced just as the 232 steel tariffs are beginning to produce results in terms of increased capacity utilization, the restart of idled steel production facilities, the calling back of laid-off workers, and new investments that will drive more employment. Many have pointed to the increase in

domestic steel pricing as a reason to eliminate the tariffs. However, prior to the tariffs, domestic steel prices were driven down by artificially low import prices caused by unfair foreign government subsidies. It should also be noted that domestic steel prices in recent months have declined to levels at or near prices that existed just before the tariffs went into effect.

Request: AISI urges all members of the House and the Senate to strongly oppose this legislation that threatens the existing Section 232 relief for the steel industry and the new jobs and investments resulting from the relief. Thank you for your continued efforts on behalf of American manufacturing.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Gibson". The signature is written in a cursive, flowing style.

Thomas J. Gibson
President and CEO