



March 12, 2020

To: **Members of the U.S. House of Representatives and U.S. Senate  
House and Senate staff assigned to trade and/or steel issues**

**Please Continue to Support the Section 232 Action on Steel to Preserve the Domestic Steel Industry in the Face of the Coronavirus Shock**

**Background:** The American steel industry continues to face extraordinary challenges due to global oversupply driven by foreign government subsidies and other market-distorting policies. The Organization for Economic Cooperation and Development (OECD) estimates that global steel overcapacity increased to almost 500 million net tons in 2019 – five times the total annual U.S. production of steel. Chinese steel production alone, which represents 53 percent of global steel production, set a record of nearly 1.1 billion net tons in 2019 and increased an additional 7.2 percent on a year-over-year basis in January 2020.

**Situation:** The coronavirus epidemic is exacerbating the global glut in steel production and threatens to unleash a new surge in imports into the United States, which would be devastating to the American steel industry and our national security. **S&P Global Platts has reported that orders for flat-rolled steel from mills in China are down 50 percent from a year ago, while production remains at or near record levels.** As a result, the China Iron and Steel Association reported that inventories of finished steel products in China were 45 percent higher in late February compared to a year ago. **If the Section 232 steel tariffs were suddenly removed, as some groups have urged, these inventories of steel products as well as oversupply in many other countries around the world could quickly be shipped to the U.S. market, negatively impacting the domestic steel industry and its workers.**

It is also important to note that while the Section 232 has provided relief by curbing the import surges that had hit the steel industry prior to 2018, prices for steel today remain below historical averages. As of January 2020, the inflation-adjusted producer price index for steel mill products was more than 13 percent below its 2004-2020 average:



The American steel industry recognizes that the coronavirus pandemic presents a very serious threat. Steel producers strongly support policy initiatives to spur domestic economic activity, but the current challenges to the U.S. economy do not justify removal of the President's Section 232 measures on steel. As the Department of Commerce determined in 2018, steel remains essential to our national security, and the threats of renewed surges in steel imports in the face of the coronavirus shock only make the national security justification for the Section 232 action clearer.

**Request:** Any action to remove the Section 232 steel relief in the face of continued global overcapacity and mounting steel product inventories will only exacerbate the economic and national security challenges facing the nation. AISI therefore respectfully urges all members of the House of Representatives and the Senate to support the President's Section 232 action on steel.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Gibson". The signature is written in a cursive style with a large, prominent initial "T".

Thomas J. Gibson  
President and CEO