

Re: U. S. Steel's Opposition to Exclusion Request BIS-2018-0006-6319 by California Steel Industries, Inc.

Founded in 1901, United States Steel Corporation ("U. S. Steel") is the largest U.S.-headquartered integrated producer of flat-rolled and tubular steel products. U. S. Steel has blast furnaces in Illinois, Indiana, Michigan, and Pennsylvania; iron mines in Minnesota; and finishing operations in six additional states (Alabama, California, Arkansas, Mississippi, Ohio, and Texas). U. S. Steel employs approximately 17,500 hardworking Americans. Due to the Department's Section 232 Investigation, Report, and Recommendations, and President Trump's Section 232 action, in March 2018, U. S. Steel announced the restart of its idled blast furnace "B" and steelmaking operations at Granite City, Illinois, with approximately 1.5 million tons of annual raw steelmaking capacity. The "B" blast furnace should be operational in June 2018. On June 5, 2018, U. S. Steel announce the restart of Granite City's idled "A" blast furnace, with approximately 1.2 million tons of annual raw steelmaking capacity and for which we anticipate hiring an additional 300 new employees and being operational by October 2018. U. S. Steel also has an unfinished electric arc furnace at its Fairfield, Alabama facility that, if completed, would have 1.2-1.4 million tons of annual raw steelmaking capacity. U. S. Steel is optimistic that the Section 232 action will strengthen national security by reducing imports by 37 percent and returning the domestic industry to at least 80 percent capacity utilization.

For the reasons explained in the Objection Form and explained in more detail below, U. S. Steel strongly opposes this exclusion request filed by California Steel Industries, Inc. ("CSI" or "the Requestor"):

- The Department is only authorized to grant requests for exclusion from Section 232 tariffs; it is not authorized to grant requests for exclusion from the Section 232 quotas that cover the requested products;
- Slab steel imports' threat to national security requires the denial of this and all other requests for exclusions from the Section 232 tariffs for slab;
- The steel product subject to the exclusion request is a standard product;
- Contrary to the CSI's claim, U. S. Steel has sufficient capacity available to satisfy the customer order underlying the exclusion request, and has a very clear understanding of the quality and delivery parameters required for CSI because U. S. Steel has supplied CSI in the past, and has engaged in technical review of CSI's specifications and slab protocols as part of their ordering process
- If one adds the total amount of slab that CSI requests exclusions for (starting with their May 2018 requests through today), it exceeds 33,865,000 nt – which is equivalent to more than eleven times their stated rolling capacity;
- CSI's exclusion requests raise significant circumvention concerns; and

- Granting CSI’s exclusion request would further deteriorate the domestic slab industry that has been repeatedly battered by unfairly traded imports for years, inhibit the domestic slab—and downstream flat-rolled—industries from restarting idled capacity and rehiring hardworking Americans, and threaten U.S. national security. In other words, the Section 232 relief is required, and the exclusion must be denied, for the domestic steel industry to reach sustainable capacity utilization rates to strengthen U.S. national security.

Accordingly, the Department must deny all of CSI’s exclusion requests to exclude imported slab from the Steel 232 tariffs.

I. REASONS WHY THIS EXCLUSION REQUEST SHOULD BE DENIED

A. The Department is Not Authorized to Grant Exclusions from Section 232 Quotas

In Presidential Proclamation Adjusting Imports of Steel into the United States of May 31, 2018, the President announced a long-term exemption for imports from Brazil.¹ The annual quota for U.S. imports of slab from Brazil is 3,505,707,831 kgs.² Though Presidential Proclamation Adjusting Imports of Steel into the United States of March 8, 2018, authorized the Department (and other Administration agencies and officials) to “provide relief from the additional duties”³ (*i.e.*, the Section 232 tariffs), no Presidential Proclamation has provided the Department authorization to provide relief from the Section 232 quotas. Earlier this month, Department officials were reported as explicitly stating “The Presidential Proclamations do not provide authority to grant product exclusions for quota countries.”⁴ Thus, the Department must deny all of CSI’s exclusion requests for slab imports from Brazil.

B. CSI’s Exclusion Request Should be Denied on National Security Grounds

As the Department found in its Section 232 Report, vertically-integrated steel producers are vital to national and economic security. U.S. national security depends on the domestic industry’s ability to manufacture steel from start to finish in America. The ability to melt and pour steel is fundamental to our national and economic security. The hot end of the steel value chain is where steel is actually made and accounts for the largest share of investment in a new mill, most (up to 90 percent) of the cost of the finished product, and roughly two-thirds of total steel employment. Once a furnace is idled, it is difficult and costly to restart. The steel slab products that CSI is seeking to exclude are products that U. S. Steel is capable of making.

¹ *Adjusting Imports of Steel into the United States*, 83 Fed. Reg. 25,857 (Jun. 5, 2018). See Attachment 1, which is the referenced Presidential Proclamation, with the relevant pages from the Annex that list the quotas applicable to Brazil.

² See Attachment 1.

³ *Adjusting Imports of Steel into the United States*, 83 Fed. Reg. 11,625, 11,627 (Mar. 15, 2018). See Attachment 2, which contains relevant excerpts of the referenced Presidential Proclamation.

⁴ See, e.g., “U.S. won’t grant 232 product exclusions for countries with quota deals,” *Inside U.S. Trade*, June 6, 2018, at **Attachment 3**.

Up until several years ago, the domestic industry sold 1 million tons of slab a year on the commercial market. Today, the domestic industry sells only a small fraction of that due to certain foreign-owned U.S. producers of downstream finished steel products decision to take advantage of low-priced imports of slab to maintain employment in their foreign headquarters/operations at the expense of American jobs.⁵ These are the same producers requesting product exclusions for slab at Commerce and country exemptions for Brazil, India, Japan, Mexico, and Russia. Included as **Attachment 4** is a letter from the USW supporting U. S. Steel's opposition to this product exclusion request. This letter emphasizes the significant negative impact on U.S. employment that imports of slab have already had and that granting any product exclusion request will exacerbate those job losses.

Low-priced slab imports create a domino effect by distorting inputs costs for downstream steel products. Slab imports first displace and injure domestic slab producers and then displace and injure domestic flat-rolled producers with distortive cost structures based on unfairly traded slab imports. Providing any additional exclusions, exemptions, or other special or preferential treatment to imports of slab—as 2 of top 3 import sources and over half of total 2017 slab imports are—would exacerbate imports' threat to national security by further reducing domestic slab—and downstream flat-rolled—capacity, investment, and employment, moving more steel production overseas and decreasing the competitiveness of vertically-integrated producers' finished steel products, defeating the entire purpose of the Steel 232 action.

Put simply, if the Steel 232 tariffs are intended to encourage and incentivize domestic steel manufacturing – it is critical that they encourage and incentivize domestic slab production – which is the key to financial health of domestic manufacturers such as U. S. Steel.

C. The Slabs That CSI Wants to Exclude from the 232 Tariffs Can be Readily Sourced in United States

Another basis for denying CSI's exclusion request is because the semi-finished products requested for exclusion are products readily available in the United States. Slab requested for exclusion is a product that can be readily produced, and is already being produced, in the United States. U. S. Steel produces or has the capacity to produce slab at the following locations:

- Edgar Thomson Plant in Braddock, Pennsylvania;
- Gary Works in Gary, Indiana;
- Granite City Works in Granite City, Illinois (U. S. Steel announced the reopening of one blast furnace in March (which should be operational in June) and the other in June (which should be operational in October);
- Great Lakes Works in Ecorse, Michigan; and

⁵ CSI's parent owners are located in Brazil and Japan. U. S. Steel stands ready to confidentially provide the Department data on its historic commercial sales of slab.

- An unfinished electric arc furnace (EAF) in Fairfield capable of producing a minimum of an additional 1.2 million tons of raw steel if finished.

CSI's entire argument for exclusion is that it must import this product because there is insufficient domestic availability of this product. CSI's request relies on grossly outdated data to support its allegation that there is insufficient U.S. supply of slabs. The studies cited by CSI (see pages 4 and 5 of their exclusion request narrative) are at least 15 years out of date and do not reflect the significant reduction in U.S. capacity utilization that has occurred because of the increase in imports.⁶ Contrary to CSI's claim, U. S. Steel produces the entire spectrum of grades and dimensions of steel slabs identified in CSI's requests and has significant excess production capacity and is able to meet 100% of the volume cited in CSI's exclusion request.

U. S. Steel is well experienced in producing slabs with chemistry compositions destined for the flat-rolled and API pipe products that CSI produces. Our operational steelmaking and slab casting footprint provides flexibility and capability to satisfy the criteria of the broad spectrum of ASTM, API, and other customer or governing society specifications routinely used to produce the hot rolled, cold rolled, and coated flat-rolled products, as well as line pipe that are fundamental to CSI's myriad exclusion requests.

D. The Totality of the CSI Slab Exclusion Requests Significantly Exceed Their Stated Rolling Capacity

If one adds the total amount of slab that CSI requests exclusions for (starting with their May 2018 requests through today), it exceeds 33,865,000 nt – which is equivalent to more than eleven times their stated rolling capacity. The Department should not even consider such requests that combine for such a large multiple of the requestor's rolling capacity.

Indeed, a general “theme” of CSI's requests is that by allowing it to continue importing cheap foreign slab (to the detriment of domestic slab mills), CSI can produce finished steel products in the United States that can then better compete with imports that are subject to the 25 percent tariff. In short, they are arguing that the Department should exempt semi-finished steel products from the Steel 232 tariffs and just target finished steel products. However, this was a fundamental issue extensively addressed in the Steel 232 investigation – and the conscious decision of the Department, and ultimately the President, was to impose the Steel 232 tariffs on semi-finished steel products – including slab. CSI is simply attempting to re-argue an issue already conclusively decided by the President.

E. CSI's Exclusion Request Raises Significant Circumvention Concerns

Yet another basis to deny CSI's exclusion requests is that they raise significant circumvention concerns and will create undue burden on CBP if they are granted. First, circumvention concerns exist also because as noted above the excess volume requested by CSI beyond its annual rolling capacity can be sold to other producers of finished products, again defeating the very purpose of the product exclusion process. In addition, to grant CSI's requests

⁶ Indeed, the second footnote (no. 5) on page 5 of CSI's submission cites to the steel 201 investigation report – which was issued in December of 2001.

would require CBP to carefully check a variety of chemistry, grade and dimension combinations to ensure the exclusion would only apply to qualified products on a frequent and ongoing basis, as CSI seeks to have more than eleven times its maximum annual rolling capacity, and more than 31,000,000 nt more than their documented 2015-2017 average consumption, excluded. This is precisely the type of undue burden that the product exclusion process seeks to avoid.

F. Conclusion

In Proclamation 9705 of March 8, 2018 (“Adjusting Imports of Steel Into the United States”), the President concurred with the finding of the Secretary of Commerce that “steel articles are being imported into the United States in such quantities and under such circumstances” that the national security of the United States is threatened and impaired.⁷ To reduce imports to a level that would enable domestic steel producers to revive idle production facilities, thereby increasing production, the President imposed a 25 percent ad valorem tariff on certain steel products. Additionally, the tariff relief is intended to create long-term viability of the domestic steel industry so that the United States does not become reliant on foreign producers to meet its national security needs. As such, the Secretary of Commerce may grant exclusions from the duties only in situations where the steel articles are determined not to be: 1) in a sufficient and reasonable available amount; 2) of a satisfactory quality; or 3) based upon specific national security considerations. None of those criteria are met in this exclusion request. It is important for the effectiveness of this measure, and for the protection that it is designed to provide the national security of the United States, that this exclusion request be denied. If granted, this exclusion request would 1) inhibit both the domestic slab—and downstream flat-rolled—industries’ ability to achieve sustainable capacity utilization rates; and, thus 2) serve to undermine the very national security goals that this Section 232 measure is designed to achieve. Further, as noted by the United Steelworkers Union—which represents employees at U. S. Steel:

{T}o ensure that the Section 232 duties have the intended impact of increasing U.S. production and, therefore, employment of American-produced steel the Department should deny these steel slab product exclusion requests. The Section 232 tariff should be fully applied to these imports. The US domestic steel industry continues to have idled furnace capability, slab making capacity and laid-off steelworkers that would meet much of the demand that these exclusions seek. The U.S. should not be considering any slab exclusion while we have our own ability to produce these slabs at market prices and availability.⁸

To the extent the Department decides to grant any part of CSI’s exclusion requests, the exclusion should be extremely limited in volume and duration to fully incentivize idled domestic slab capacity to restart as soon as possible. As noted above, U. S. Steel has both significant unused slab capacity as well as a strong interest in restarting idled facilities and re-hiring hardworking Americans and commercially selling significant volumes of slab if market conditions permit.

⁷ *Adjusting Imports of Steel into the United States*, 83 Fed. Reg. 11,625, 11,627 (Mar. 15, 2018). See Attachment 2, which contains relevant excerpts of the referenced Presidential Proclamation.

⁸ See Attachment 4, Letter from Leo W. Gerard, USW International President, to Secretary Wilbur Ross, May 23, 2018.

II. CONFIDENTIALITY

As the Department of Commerce will note, certain information requested in the excel document entitled: Objection Filing to Posted Section 232 Exclusion Request Steel (OMB Control 0694-0138) has not been provided by U. S. Steel because it is confidential business information of the company. Information such as capacity and capacity utilization is not information that U. S. Steel publicly releases and is considered proprietary business information in antidumping and countervailing duty proceedings at the Department⁹ and the U.S. International Trade Commission. The requested information is of a kind that the provider would not customarily make available to the public."¹⁰ It is therefore exempt from the Freedom of Information Act, 5 U.S.C. § 552 as trade secrets and commercial or financial information obtained from a person and privileged or confidential."¹¹ Thus, U. S. Steel has business proprietary information related to the Object Form fields 1.c, 3.b, 3.c, and 3.d and stands ready to provide that information confidentially upon request.

* * *

Attachments (4)

⁹ See e.g., 19 C.F.R. § 351.105(c).

¹⁰ *Critical Mass Energy Project v. Nuclear Regulatory Comm'n*, 975 F.2d 871, 871 (1992).

¹¹ See 5 U.S.C. § 552(b)(4); 15 C.F.R. § 2004.4.

ATTACHMENT 1

Presidential Documents

Proclamation 9759 of May 31, 2018

Adjusting Imports of Steel Into the United States

By the President of the United States of America

A Proclamation

1. On January 11, 2018, the Secretary of Commerce (Secretary) transmitted to me a report on his investigation into the effect of imports of steel mill articles on the national security of the United States under section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862).

2. In Proclamation 9705 of March 8, 2018 (Adjusting Imports of Steel Into the United States), I concurred in the Secretary's finding that steel mill articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States, and decided to adjust the imports of steel mill articles, as defined in clause 1 of Proclamation 9705, as amended (steel articles), by imposing a 25 percent ad valorem tariff on such articles imported from most countries, beginning March 23, 2018. I further stated that any country with which we have a security relationship is welcome to discuss with the United States alternative ways to address the threatened impairment of the national security caused by imports from that country, and noted that, should the United States and any such country arrive at a satisfactory alternative means to address the threat to the national security such that I determine that imports from that country no longer threaten to impair the national security, I may remove or modify the restriction on steel articles imports from that country and, if necessary, adjust the tariff as it applies to other countries, as the national security interests of the United States require.

3. In Proclamation 9711 of March 22, 2018 (Adjusting Imports of Steel Into the United States), I noted the continuing discussions with the Argentine Republic (Argentina), the Commonwealth of Australia (Australia), the Federative Republic of Brazil (Brazil), Canada, Mexico, the Republic of Korea (South Korea), and the European Union (EU) on behalf of its member countries, on satisfactory alternative means to address the threatened impairment to the national security posed by imports of steel articles from those countries. Recognizing that each of these countries and the EU has an important security relationship with the United States, I determined that the necessary and appropriate means to address the threat to national security posed by imports of steel articles from these countries was to continue the ongoing discussions and to exempt steel articles imports from these countries from the tariff proclaimed in Proclamation 9705, as amended, until May 1, 2018.

4. In Proclamation 9740 of April 30, 2018 (Adjusting Imports of Steel Into the United States), I noted that the United States had agreed in principle with Argentina, Australia, and Brazil on satisfactory alternative means to address the threatened impairment to our national security posed by steel articles imports from these countries and extended the temporary exemption of these countries from the tariff proclaimed in Proclamation 9705, as amended, in order to finalize the details.

5. The United States has agreed on a range of measures with these countries, including measures to reduce excess steel production and excess steel capacity, measures that will contribute to increased capacity utilization in the United States, and measures to prevent the transshipment of steel articles

and avoid import surges. In my judgment, these measures will provide effective, long-term alternative means to address these countries' contribution to the threatened impairment to our national security by restraining steel articles exports to the United States from each of them, limiting transshipment and surges, and discouraging excess steel capacity and excess steel production. In light of these agreements, I have determined that steel articles imports from these countries will no longer threaten to impair the national security and thus have decided to exclude these countries from the tariff proclaimed in Proclamation 9705, as amended. The United States will monitor the implementation and effectiveness of the measures agreed upon with these countries to address our national security needs, and I may revisit this determination, as appropriate.

6. In light of my determination to exclude, on a long-term basis, these countries from the tariff proclaimed in Proclamation 9705, as amended, I have considered whether it is necessary and appropriate in light of our national security interests to make any corresponding adjustments to such tariff as it applies to other countries. I have determined that, in light of the agreed-upon measures with these countries, and the fact that the tariff will now apply to imports of steel articles from additional countries, it is necessary and appropriate, at this time, to maintain the current tariff level as it applies to other countries.

7. Section 232 of the Trade Expansion Act of 1962, as amended, authorizes the President to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

8. Section 604 of the Trade Act of 1974, as amended (19 U.S.C. 2483), authorizes the President to embody in the Harmonized Tariff Schedule of the United States (HTSUS) the substance of statutes affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

NOW, THEREFORE, I, DONALD J. TRUMP, President of the United States of America, by the authority vested in me by the Constitution and the laws of the United States of America, including section 232 of the Trade Expansion Act of 1962, as amended, section 301 of title 3, United States Code, and section 604 of the Trade Act of 1974, as amended, do hereby proclaim as follows:

(1) The superior text to subheadings 9903.80.05 through 9903.80.58 of the HTSUS is amended by replacing "South Korea" with "Argentina, of Brazil, or of South Korea".

(2) For the purposes of administering the quantitative limitations applicable to subheadings 9903.80.05 through 9903.80.58 for Argentina and Brazil, the annual aggregate limits for each country set out in the Annex to this proclamation shall apply for the period starting with calendar year 2018 and for subsequent years, unless modified or terminated. The quantitative limitations applicable to subheadings 9903.80.05 through 9903.80.58 for these countries, which for calendar year 2018 shall take into account all steel articles imports from each respective country since January 1, 2018, shall be effective for steel articles entered for consumption, or withdrawn from warehouse for consumption, on or after June 1, 2018, and shall be implemented by U.S. Customs and Border Protection (CBP) of the Department of Homeland Security as soon as practicable, consistent with the superior text to subheadings 9903.80.05 through 9903.80.58. The Secretary of Commerce shall monitor the implementation of the quantitative limitations applicable to subheadings 9903.80.05 through 9903.80.58 and shall, in consultation with the Secretary of Defense, the United States Trade Representative, and such other senior Executive Branch officials as the Secretary deems appropriate, inform the President of any circumstance that in the Secretary's opinion might indicate that an adjustment of the quantitative limitations is necessary.

(3) The text of subdivision (e) of U.S. note 16 to subchapter III of chapter 99 of the HTSUS is amended by striking the last sentence and inserting in lieu thereof the following sentence: “Beginning on July 1, 2018, imports from any such country in an aggregate quantity under any such subheading during any of the periods January through March, April through June, July through September, or October through December in any year that is in excess of 500,000 kg and 30 percent of the total aggregate quantity provided for a calendar year for such country, as set forth on the internet site of CBP, shall not be allowed.”.

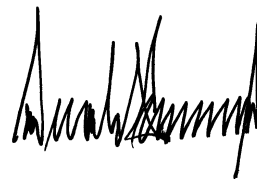
(4) The Secretary of Commerce, in consultation with CBP and with other relevant executive departments and agencies, shall revise the HTSUS so that it conforms to the amendments and effective dates directed in this proclamation. The Secretary shall publish any such modification to the HTSUS in the *Federal Register*.

(5) Clause 5 of Proclamation 9711, as amended, is amended by striking the phrase “as amended by Proclamation 9711,” in the first and second sentences and inserting in lieu thereof the following phrase: “as amended, or to the quantitative limitations established by proclamation,”. Clause 5 of Proclamation 9711, as amended, is further amended by inserting the phrase “or quantitative limitations” after the words “ad valorem rates of duty” in the first and second sentences.

(6) Clause 5 of Proclamation 9740 is amended by striking the phrase “as amended by clause 1 of this proclamation,” and inserting in lieu thereof the following phrase: “as amended, or to the quantitative limitations established by proclamation,” in the first sentence. Clause 5 of Proclamation 9740 is further amended by striking the words “by clause 4 of this proclamation” from the second sentence.

(7) Any provision of previous proclamations and Executive Orders that is inconsistent with the actions taken in this proclamation is superseded to the extent of such inconsistency.

IN WITNESS WHEREOF, I have hereunto set my hand this thirty-first day of May, in the year of our Lord two thousand eighteen, and of the Independence of the United States of America the two hundred and forty-second.

A handwritten signature in black ink, appearing to be "Donald Trump", located in the lower right quadrant of the page.

Heading/ Subheading	Article description	Quantitative Limitation
	7302.90.90.....	372,848 kg
9903.80.54	Rails other than those known as "standard rails," provided for in subheading 7302.10.10 (except for statistical reporting numbers 7302.10.1010, 7302.10.1035, 7302.10.1065 and 7302.10.1075).....	1,089 kg
9903.80.55	Rails known as "standard rails," provided for in subheading 7302.10.10 (except for statistical reporting numbers 7302.10.1015, 7302.10.1025, 7302.10.1045 and 7302.10.1055) or 7302.10.50.....	939 kg
9903.80.56	Products of tool steel and other products, provided for in subheading 7224.10.00 (except for statistical reporting numbers 7224.10.0005 and 7224.10.0075), 7224.90.00 (except for statistical reporting numbers 7224.90.0005, 7224.90.0045, 7224.90.0055, 7224.90.0065 and 7224.90.0075), 7225.30.11, 7225.30.51, 7225.40.11, 7225.40.51, 7225.50.11, 7226.20.00, 7226.91.05, 7226.91.15, 7226.91.25, 7226.92.10, 7226.92.30, 7227.10.00, 7227.90.10, 7227.90.20, 7228.10.00, 7228.30.20, 7228.30.40, 7228.30.60, 7228.50.10, 7228.60.10 or 7229.90.05.....	9,426,132 kg
9903.80.57	Blooms, billets and slabs, semi-finished, provided for in subheading 7207.11.00, 7207.12.00, 7207.19.00, 7207.20.00 or 7224.90.00 (except for statistical reporting numbers 7224.90.0015, 7224.90.0025, and 7224.90.0035).....	3,505,707,831 kg
9903.80.58	Ingots, provided for in subheading 7206.10.00, 7206.90.00 or 7224.10.00 (except for statistical reporting number 7224.10.0045).....	8,719 kg

ATTACHMENT 2

Presidential Documents

Proclamation 9705 of March 8, 2018

Adjusting Imports of Steel Into the United States

By the President of the United States of America

A Proclamation

1. On January 11, 2018, the Secretary of Commerce (Secretary) transmitted to me a report on his investigation into the effect of imports of steel mill articles (steel articles) on the national security of the United States under section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862).

2. The Secretary found and advised me of his opinion that steel articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States. The Secretary found that the present quantities of steel articles imports and the circumstances of global excess capacity for producing steel are “weakening our internal economy,” resulting in the persistent threat of further closures of domestic steel production facilities and the “shrinking [of our] ability to meet national security production requirements in a national emergency.” Because of these risks and the risk that the United States may be unable to “meet [steel] demands for national defense and critical industries in a national emergency,” and taking into account the close relation of the economic welfare of the Nation to our national security, *see* 19 U.S.C. 1862(d), the Secretary concluded that the present quantities and circumstances of steel articles imports threaten to impair the national security as defined in section 232 of the Trade Expansion Act of 1962, as amended.

3. In reaching this conclusion, the Secretary considered the previous U.S. Government measures and actions on steel articles imports and excess capacity, including actions taken under Presidents Reagan, George H.W. Bush, Clinton, and George W. Bush. The Secretary also considered the Department of Commerce’s narrower investigation of iron ore and semi-finished steel imports in 2001, and found the recommendations in that report to be outdated given the dramatic changes in the steel industry since 2001, including the increased level of global excess capacity, the increased level of imports, the reduction in basic oxygen furnace facilities, the number of idled facilities despite increased demand for steel in critical industries, and the potential impact of further plant closures on capacity needed in a national emergency.

4. In light of this conclusion, the Secretary recommended actions to adjust the imports of steel articles so that such imports will not threaten to impair the national security. Among those recommendations was a global tariff of 24 percent on imports of steel articles in order to reduce imports to a level that the Secretary assessed would enable domestic steel producers to use approximately 80 percent of existing domestic production capacity and thereby achieve long-term economic viability through increased production. The Secretary has also recommended that I authorize him, in response to specific requests from affected domestic parties, to exclude from any adopted import restrictions those steel articles for which the Secretary determines there is a lack of sufficient U.S. production capacity of comparable products, or to exclude steel articles from such restrictions for specific national security-based considerations.

5. I concur in the Secretary's finding that steel articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States, and I have considered his recommendations.

6. Section 232 of the Trade Expansion Act of 1962, as amended, authorizes the President to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

7. Section 604 of the Trade Act of 1974, as amended (19 U.S.C. 2483), authorizes the President to embody in the Harmonized Tariff Schedule of the United States (HTSUS) the substance of acts affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

8. In the exercise of these authorities, I have decided to adjust the imports of steel articles by imposing a 25 percent ad valorem tariff on steel articles, as defined below, imported from all countries except Canada and Mexico. In my judgment, this tariff is necessary and appropriate in light of the many factors I have considered, including the Secretary's report, updated import and production numbers for 2017, the failure of countries to agree on measures to reduce global excess capacity, the continued high level of imports since the beginning of the year, and special circumstances that exist with respect to Canada and Mexico. This relief will help our domestic steel industry to revive idled facilities, open closed mills, preserve necessary skills by hiring new steel workers, and maintain or increase production, which will reduce our Nation's need to rely on foreign producers for steel and ensure that domestic producers can continue to supply all the steel necessary for critical industries and national defense. Under current circumstances, this tariff is necessary and appropriate to address the threat that imports of steel articles pose to the national security.

9. In adopting this tariff, I recognize that our Nation has important security relationships with some countries whose exports of steel articles to the United States weaken our internal economy and thereby threaten to impair the national security. I also recognize our shared concern about global excess capacity, a circumstance that is contributing to the threatened impairment of the national security. Any country with which we have a security relationship is welcome to discuss with the United States alternative ways to address the threatened impairment of the national security caused by imports from that country. Should the United States and any such country arrive at a satisfactory alternative means to address the threat to the national security such that I determine that imports from that country no longer threaten to impair the national security, I may remove or modify the restriction on steel articles imports from that country and, if necessary, make any corresponding adjustments to the tariff as it applies to other countries as our national security interests require.

10. I conclude that Canada and Mexico present a special case. Given our shared commitment to supporting each other in addressing national security concerns, our shared commitment to addressing global excess capacity for producing steel, the physical proximity of our respective industrial bases, the robust economic integration between our countries, the export of steel articles produced in the United States to Canada and Mexico, and the close relation of the economic welfare of the United States to our national security, *see* 19 U.S.C. 1862(d), I have determined that the necessary and appropriate means to address the threat to the national security posed by imports of steel articles from Canada and Mexico is to continue ongoing discussions with these countries and to exempt steel articles imports from these countries from the tariff, at least at this time. I expect that Canada and Mexico will take action to prevent transshipment of steel articles through Canada and Mexico to the United States.

11. In the meantime, the tariff imposed by this proclamation is an important first step in ensuring the economic viability of our domestic steel industry.

Without this tariff and satisfactory outcomes in ongoing negotiations with Canada and Mexico, the industry will continue to decline, leaving the United States at risk of becoming reliant on foreign producers of steel to meet our national security needs—a situation that is fundamentally inconsistent with the safety and security of the American people. It is my judgment that the tariff imposed by this proclamation is necessary and appropriate to adjust imports of steel articles so that such imports will not threaten to impair the national security as defined in section 232 of the Trade Expansion Act of 1962, as amended.

NOW, THEREFORE, I, DONALD J. TRUMP, President of the United States of America, by the authority vested in me by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, section 604 of the Trade Act of 1974, as amended, and section 232 of the Trade Expansion Act of 1962, as amended, do hereby proclaim as follows:

(1) For the purposes of this proclamation, “steel articles” are defined at the Harmonized Tariff Schedule (HTS) 6-digit level as: 7206.10 through 7216.50, 7216.99 through 7301.10, 7302.10, 7302.40 through 7302.90, and 7304.10 through 7306.90, including any subsequent revisions to these HTS classifications.

(2) In order to establish increases in the duty rate on imports of steel articles, subchapter III of chapter 99 of the HTSUS is modified as provided in the Annex to this proclamation. Except as otherwise provided in this proclamation, or in notices published pursuant to clause 3 of this proclamation, all steel articles imports specified in the Annex shall be subject to an additional 25 percent ad valorem rate of duty with respect to goods entered, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on March 23, 2018. This rate of duty, which is in addition to any other duties, fees, exactions, and charges applicable to such imported steel articles, shall apply to imports of steel articles from all countries except Canada and Mexico.

(3) The Secretary, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the United States Trade Representative (USTR), the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, and such other senior Executive Branch officials as the Secretary deems appropriate, is hereby authorized to provide relief from the additional duties set forth in clause 2 of this proclamation for any steel article determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality and is also authorized to provide such relief based upon specific national security considerations. Such relief shall be provided for a steel article only after a request for exclusion is made by a directly affected party located in the United States. If the Secretary determines that a particular steel article should be excluded, the Secretary shall, upon publishing a notice of such determination in the *Federal Register*, notify Customs and Border Protection (CBP) of the Department of Homeland Security concerning such article so that it will be excluded from the duties described in clause 2 of this proclamation. The Secretary shall consult with CBP to determine whether the HTSUS provisions created by the Annex to this proclamation should be modified in order to ensure the proper administration of such exclusion, and, if so, shall make such modification to the HTSUS through a notice in the *Federal Register*.

(4) Within 10 days after the date of this proclamation, the Secretary shall issue procedures for the requests for exclusion described in clause 3 of this proclamation. The issuance of such procedures is exempt from Executive Order 13771 of January 30, 2017 (Reducing Regulation and Controlling Regulatory Costs).

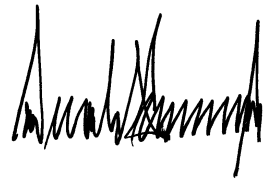
(5) (a) The modifications to the HTSUS made by the Annex to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time

on March 23, 2018, and shall continue in effect, unless such actions are expressly reduced, modified, or terminated.

(b) The Secretary shall continue to monitor imports of steel articles and shall, from time to time, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the USTR, the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, the Director of the Office of Management and Budget, and such other senior Executive Branch officials as the Secretary deems appropriate, review the status of such imports with respect to the national security. The Secretary shall inform the President of any circumstances that in the Secretary's opinion might indicate the need for further action by the President under section 232 of the Trade Expansion Act of 1962, as amended. The Secretary shall also inform the President of any circumstance that in the Secretary's opinion might indicate that the increase in duty rate provided for in this proclamation is no longer necessary.

(6) Any provision of previous proclamations and Executive Orders that is inconsistent with the actions taken in this proclamation is superseded to the extent of such inconsistency.

IN WITNESS WHEREOF, I have hereunto set my hand this eighth day of March, in the year of our Lord two thousand eighteen, and of the Independence of the United States of America the two hundred and forty-second.



ATTACHMENT 3

Daily News

U.S. won't grant 232 product exclusions for countries with quota deals

June 06, 2018

The Commerce Department will consider Section 232 product exclusion requests only from countries facing steel and aluminum tariffs, leaving those with quota deals unable to gain exemptions for products that are key to some U.S. businesses, sources told *Inside U.S. Trade*.

"The Presidential Proclamations do not provide authority to grant product exclusions for quota countries," a Commerce Department spokesman confirmed in an email. "The President retains authority to adjust quotas as needed."

Trade lawyers contend that the decision to keep countries with quota deals from receiving product exclusions will disadvantage U.S. companies that rely on inputs in short supply or unavailable in the U.S.

"This one-size-fits-all rule seems ill-advised when you have the possibility that companies could be seeking exclusion requests for products not produced in the U.S.," a trade lawyer told *Inside U.S. Trade*. "So, you have a U.S.-consuming company that needs this product to do further manufacturing and an input of that product is not made here, but yet they are going to be barred from obtaining that. U.S. businesses will potentially be hurt because their input that they need from a certain country would be subject to a quota and therefore not allowed to be considered for an exclusion request."

The Trump administration decided to hit the European Union, Mexico and Canada with steel and aluminum tariffs late last week after temporary exemptions expired on June 1. South Korea, Brazil and Argentina, meanwhile, have agreed to quota deals with the U.S.

The U.S. issued [updated Section 232 proclamations](#) that outlined the quota details for Argentina and Brazil. The U.S.' quota allocation for steel imports from Argentina includes 54 subcategories, 40 of which have already been filled. Brazil's steel quota is also divided into 54 subcategories, 18 of which have already been filled.

Because some products not made in the U.S. will be less available if product exclusions are not granted, "all you are really doing is hurting the U.S. industry that is producing something exponentially in the U.S. with certain inputs that are not made here, so, in a sense, it is stymieing their business model," one trade lawyer said.

The administration, the source continued, likely believes that "whatever the quota is, it's the deal we cut and so if you start to carve away pieces of that you undermine the theory of why you negotiated the quota in the first place."

The Commerce Department to date has received more than 11,000 steel product-exclusion requests and roughly 1,200 aluminum requests but has yet to issue any determinations.

"It makes you wonder, what level of analysis is really going on here?" the source said.

Some sources have said that tariffs are a better option for countries because such restrictions are less limiting than quotas.

"I would just point out ... that if you agreed to a quota, you are really putting yourself behind the eight ball," a trade lawyer familiar with the steel industry told *Inside U.S. Trade*. "They are absolute quotas. So, once you hit the limit you are done and effectively blocked out of the market and your customers won't buy from you anymore."

A former USTR official called the quota deals agreed to by several countries "puzzling" because "it's a worse idea from the perspective of the sellers."

"They are more restrictive than the tariffs because they are finite," the former official said. "They are very distorting because the first person to get to the customs window gets in. So, if your friend that exports the same thing gets in behind you, they are out of luck. This results in hoarding behavior, meaning a flood of exporters bringing in products and putting it in warehouses."

The Commerce Department's decision to accept requests only from countries hit with tariffs, however, "makes sense," the source continued, because such exclusions are easier to administer.

"It makes sense because when you say you are going to put a quota on a country, if you are going to allow exclusions it will mess up the quota," the source said. "You can't do a quota if you do exclusions because you can't keep track of the numbers so ... you literally can't keep track of the quota if you are granting exclusions on top of that."

For example, the source continued, "if I have a quota and that quota is 100 and I know 50 widgets came in already, if there is an exclusion, how do I know what percentage is the remaining 50? How do I fix that process?"

Another trade lawyer said allowing product exclusions from countries with quotas would "blow the whole process wide open."

"The point is, [some] imports are already composed of excluded products, so why should you say 'Oh, there's a quota now, I should have an exclusion on top of that?' It would just blow holes in the actual quota amount and would bleed into the economics behind the intended pricing and volume affects the administration is attempting to achieve."

Australia was also included in the crop of countries given temporary exemptions from the steel and aluminum tariffs because it was said to have agreed on "satisfactory means" with Washington. The details of its deal with the U.S. have yet to be published.

Sources said the deal was still incomplete as of late last month, when the temporary Section 232 exemptions were set to expire, and that Australia was resisting quotas in return for increasing its military purchases from the U.S.

President Trump in March said the U.S. and Australia were working on a "[security agreement](#)" that would allow Australia to dodge the steel and aluminum tariffs. — *Isabelle Hoagland* (ihoagland@iwpnnews.com)

Related News | Commerce Department | USTR | Section 232 |

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ATTACHMENT 4



Leo W. Gerard
International President

May 23, 2018

The Honorable Wilbur L. Ross, Jr.
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, D.C. 20230

Re: Section 232 Investigation Exclusion Requests for Slab Steel

Dear Secretary Ross,

I am writing today to inform you of our support for U. S. Steel's opposition to various product exclusion requests for imports of steel slabs. As your Department found in its Section 232 Report, vertically-integrated steel producers are vital to national and economic security. U.S. national security depends on the domestic industry's ability to manufacture steel from start to finish in America. The ability to melt and pour steel is fundamental to our national and economic security. As a former steelmaker, you know the hot end of the steel value chain is where steel is actually made and accounts for roughly two-thirds of total steel employment. And as you know, once a furnace is idled, it is difficult and costly to restart meaning that workers who lost their jobs as a result of closing a furnace face long odds to getting those jobs back.

Today, the domestic industry sells only a small fraction of the volumes of steel slabs that it did only a few years ago and this drastic reduction in domestic sales has cost many of our member their jobs. The decline in American sales is due to foreign-owned producers of downstream finished steel products based in the U.S. taking advantage of low-priced imports of slab to maintain employment in their foreign headquarters/operations at the expense of American jobs and US-based production. These are the same producers requesting product exclusions for slab. While USW represents the workers at some of these foreign-owned producers of downstream finished steel products, we also represent many still-laid-off American workers at US Steel and other producers with the capacity to increase or restart slab production here in the U.S.

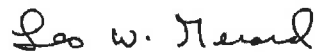
Low-priced slab imports create a domino effect by distorting input costs for downstream steel products. Slab imports first displace and injure domestic slab producers and then displace and injure domestic flat-rolled producers with distortive cost structures based on unfairly traded slab imports. Providing any additional



exclusions, exemptions, or other special or preferential treatment to imports of slab—as 2 of top 3 import sources and over half of total 2017 slab imports are—would exacerbate imports' threat to national security by further reducing domestic slab capacity, investment, and employment, moving more steel production overseas and decreasing the competitiveness of vertically-integrated producers' finished steel products, defeating the entire purpose of the Steel 232 action.

Therefore, to ensure that the Section 232 duties have the intended impact of increasing U.S. production and, therefore, employment of American-produced steel the Department should deny these steel slab product exclusion requests. The Section 232 tariff should be fully applied to these imports. The US domestic steel industry continues to have idled furnace capability, slab making capacity and laid-off steelworkers that would meet much of the demand that these exclusions seek. The U.S. should not be considering any slab exclusion while we have our own ability to produce these slabs at market prices and availability.

Sincerely,



Leo W. Gerard
International President

LWG/cdk