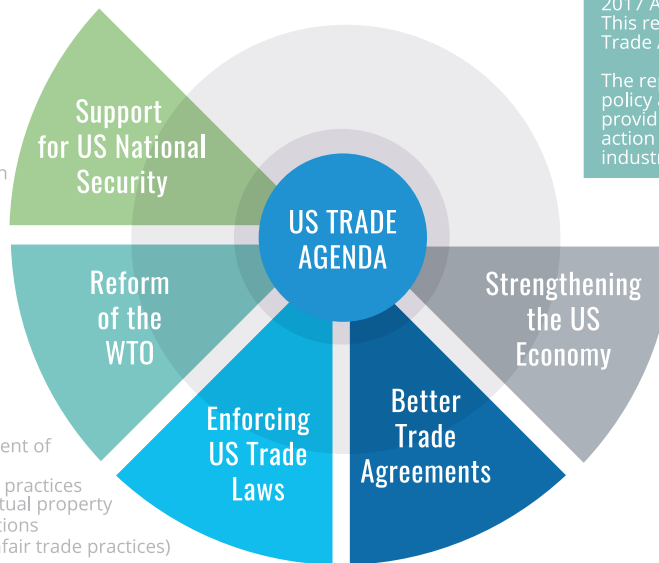


## THE TRUMP ADMINISTRATION'S TRADE AGENDA

- Building a 'strong America'
- Preserving national sovereignty, including the power to make trade rules
- Being more responsive to economic competitors
- Recognising the importance of technology
- Working with allies - reciprocal co-operation

- Reforming WTO laws and mechanisms, particularly Dispute Settlement
- Refocus of the WTO as forum for trade negotiations
- Defending US rights under WTO law

- Strong focus on compliance and enforcement of existing US trade laws
- Investigations into *inter alia* discriminatory practices relating to technology transfer and intellectual property
- Initiation of further antidumping investigations
- Focus on Section 201 (safeguards), 301 (unfair trade practices)



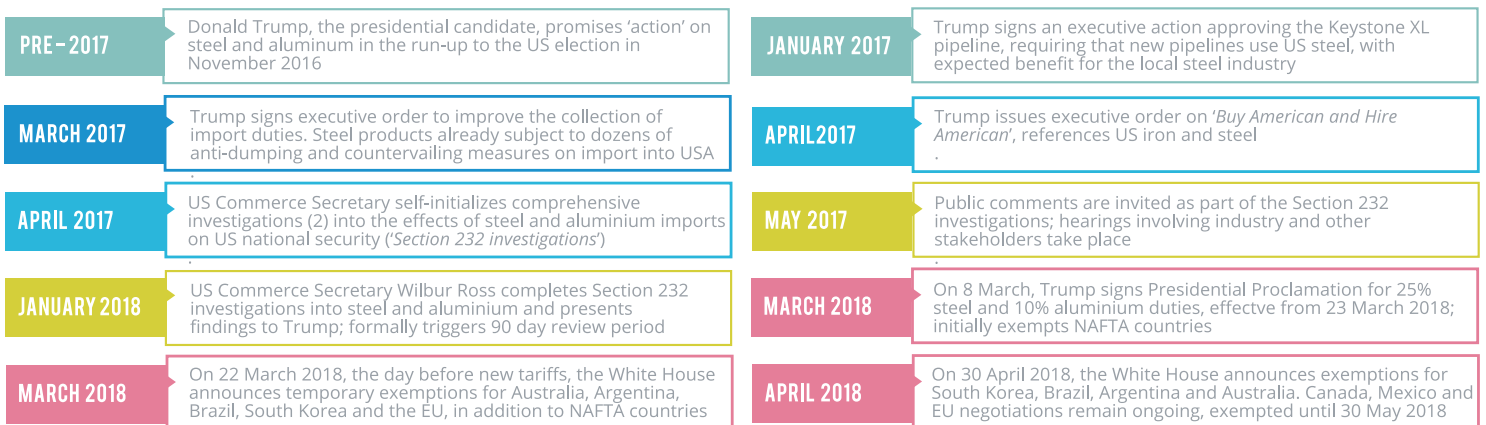
On 1 March 2018, US President Trump submitted the 2018 Trade Policy Agenda and 2017 Annual Report to the US Congress. This report is prepared pursuant to the US Trade Act of 1974.

The report provides insight into US trade policy and its likely future direction, while also providing important context to the remedial action relating to the steel and aluminium industries

- Tax reform, esp. in terms of corporate taxes and switching from worldwide to territorial tax system
- Regulatory reform and reduction of red tape
- Reducing US trade deficit

- Re-negotiation and modernisation of NAFTA
- Review of other agreements
- Preparing for bilateral negotiations, *inter alia* with African regions, UK

## A TIMELINE OF DEVELOPMENTS - STEEL AND ALUMINIUM



## SECTION 232 - STEEL AND ALUMINIUM

What is a **Section 232 Investigation**? And how does it relate to the new steel and aluminium tariffs?



The United States has imposed safeguard duties on the importation of hundreds of articles of steel and aluminium from 23 March 2018 onwards. These measures are based on the findings of the Section 232 investigations completed in January 2018.

### Key details

- Section 232 forms part of US trade law, specifically the **Trade Expansion Act of 1962** (19 U.S.C. §1862 / Public Law 87-194)
- Section 232 is entitled '**Safeguarding National Security**' and deals with emergency planning, investigations, impact of foreign competition on domestic industries, domestic production for national defense
- 'National defense' is not further defined in the legislation
- Investigations are undertaken by the US Department of Commerce.
- To date, 26 Section 232 investigations have been completed - the last time '**National Security**' was used as basis was in 2001 (iron ore and semi-finished steel - however no national security risk was found to justify further measures)

### Factors authorities consider

**When embarking on a Section 232 investigation, a number of factors are considered:**

- Quantity, quality and availability of imports
- Impact of foreign competition on the economic welfare of the essential *domestic* industry
- Requirements of the defense industry, as well as essential civilian sectors
- Growth requirements of domestic industries to meet the defense requirements of the country
- Displacement effects of such imports on domestic products, causing substantial unemployment, loss of investment, loss of productive capacity, loss of substantial skills and the decrease of revenues on government

## FINDINGS OF THE INVESTIGATIONS

- + Excess global production of steel and aluminium, with China's excess production capacity exceeding that of US annual production
- + National security encompasses a range of sectors and interests: national defense requirements, US critical infrastructure, energy generation etc.
- + 64% of US aluminium consumption is derived from imports, employment decreased by 58% between 2013-2016.
- + **Steel recommendations:** global tariff of >24%; or applying a 53% tariff to 12 specific countries; or applying a global quota of 63% (based on 2017 trade)
- + **Aluminium recommendations:** global tariff of 7.7%; or applying a 23.6% tariff plus quota to specific countries; or applying a global quota of 86.7%

The report and its findings were submitted by the Dept. of Commerce to President Trump for consideration, and for a decision to be taken

## REMEDIAL ACTION BY THE USA



President Trump agrees with the overall findings of the report:

- **Decides to impose duties** on hundreds of steel and aluminium products (25% on steel products, 10% on aluminium)
- Starting date for tariffs: 23 March 2018, for an indefinite period
- Applicable to products identified in the *Presidential Proclamation*
- Remedies are intended to bring industry utilisation back to 80% of capacity
- Exempts a number of countries from these tariffs, links exemptions to bilateral negotiations and quantitative restrictions

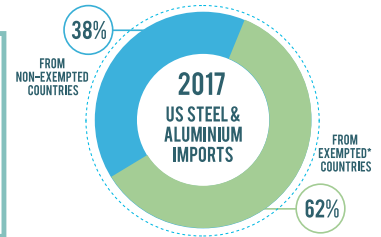
25%  
STEEL

10%  
ALUMINIUM

## PROFILE OF UNITED STATES IMPORTS OF STEEL AND ALUMINIUM

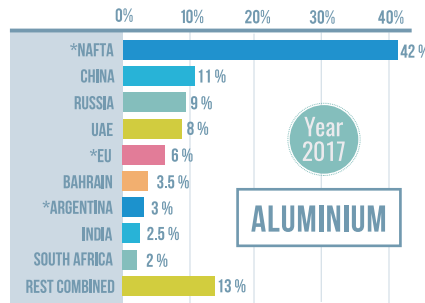
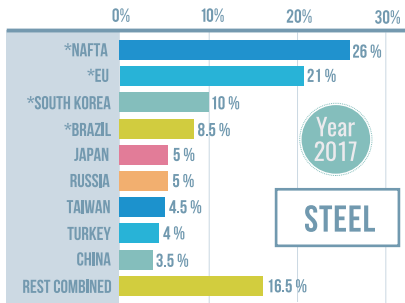
The United States is a prolific net-importer of steel and aluminium, with significant import growth in recent years. When President Trump proclaimed special duties on steel and aluminium products on 8 March 2018, effective from 23 March 2018 onwards, these remedies applied to specific tariff lines only, while certain countries were temporarily exempted (initially to 30 April, and then to May 31, 2018 per *Proclamation of 30 April*). Trump linked these to successful trade negotiations (or re-negotiations) and other strategic reasons. No African country has been exempted. The tariff lines may change over time, and company-specific exemptions may also be granted to US importers).

Note: the aggregated trade data in these charts and tables relates only to the tariff lines specifically listed in the official Presidential Proclamation. Not all available steel and aluminium products are covered by these remedies.



## UNITED STATES SUPPLIERS OF STEEL AND ALUMINIUM

The charts below list the leading foreign suppliers to the United States of steel and aluminium products covered by the Presidential Proclamation on remedial tariffs [as a % of total]



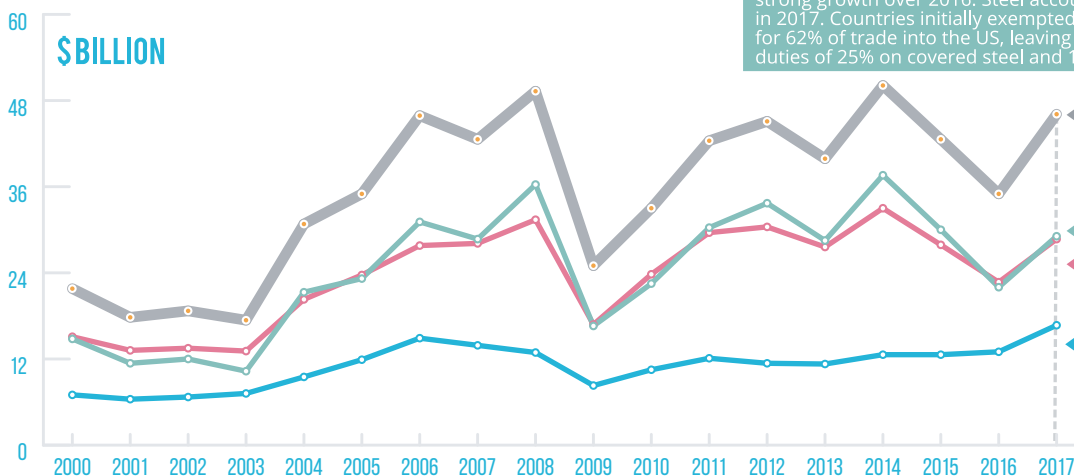
## COUNTRIES TEMPORARILY EXEMPTED\*



\* Exempted at date of implementation 23 March 2018 | EU and NAFTA exemptions potentially lapse on 30 May 2018

\* Status at date of implementation of tariffs [23 March 2018]

## UNITED STATES SUPPLIERS OF STEEL AND ALUMINIUM\*



US imports of steel and aluminium in 'covered' products were valued at \$46.1b in 2017. While lower than in 2014 by value, this represents strong growth over 2016. Steel accounted for \$29.1b and aluminium \$17b in 2017. Countries initially exempted from these measures accounted for 62% of trade into the US, leaving the remaining countries subject to duties of 25% on covered steel and 10% on aluminium products.

**\$46.1b** Total imports of steel and aluminium by USA from all sources

**\$29.1b** Total steel imports by USA

**\$28.7b** Total steel and aluminium imports by USA from exempted\*\* countries

**\$17b** Total aluminium imports by USA

\* Only products included in the first Presidential Proclamation of 8 March 2018

\*\* As of 23 March 2018

## AGOA IMPACT



Sub-Saharan African countries that are eligible for duty-free preferences under the African Growth and Opportunity Act are impacted (or potentially impacted) by the steel and aluminium tariff measures. **These remedies override the preferences offered under AGOA**, and no AGOA beneficiary is exempt. As a result, the overall number of products eligible for duty-free access to the US is impacted.

**South Africa**, which qualifies under AGOA, is the main beneficiary country that currently exports steel and aluminium products to the US in categories that are affected by the tariff remedies. Only some were eligible under AGOA; most were already duty-free under US Most-Favoured-Nation (MFN) principles. A very small portion is exported by Mozambique (<1%).

Key facts relating to AGOA / South Africa are listed alongside.

### Exports by AGOA beneficiaries\*

	2015	2016	2017
US steel and alu exports by AGOA beneficiaries	\$ 319m	\$ 346m	\$ 658m
-- no program / preferences claimed	\$ 166m	\$ 179m	\$ 504m
-- AGOA / GSP preferences claimed	\$ 153m	\$ 167m	\$ 154m

\* Data relates only to 'covered' products listed in the Presidential Proclamation as being included for special tariffs. AGOA exports were shipped almost exclusively from South Africa

### Impact on South Africa

South Africa is the only AGOA beneficiary currently exporting products to the US that are covered by the Proclamation. In terms of AGOA, none of the steel products claimed preferential access in 2017 and there is consequently no direct impact on AGOA (however South Africa exported \$278m worth of covered steel products to the US in 2017 under standard MFN market access). South Africa exported \$378m worth of covered aluminium products to the US in 2017; of this, \$153m worth of exports obtained AGOA preferences.

## RELATED RESOURCES

White House Proclamations	<a href="http://www.whitehouse.gov">www.whitehouse.gov</a>
US Department of Commerce	<a href="http://www.commerce.gov">www.commerce.gov</a>
Trade Law Centre (TRALAC)	<a href="http://www.tralac.org">www.tralac.org</a>
AGOA.info	<a href="http://www.AGOA.info">www.AGOA.info</a>



### Acknowledgements

This Infographic has been created by the Trade Law Centre (TRALAC). The continued support by USAID is gratefully acknowledged.

Eckart Naumann | TRALAC 4/2018