

ISSUE BRIEF | White House imposes steel and aluminum tariffs on EU, Canada and Mexico

May 31, 2018

What is the issue?

The Trump administration will proceed with tariffs on steel and aluminum from the European Union, Canada and Mexico. The tariffs take effect June 1 and are expected to challenge ongoing NAFTA negotiations. As a result, all three countries have announced retaliatory tariffs on numerous U.S. imports.

Department of Commerce Secretary Wilbur Ross made the announcement May 31, citing national security concerns. "Without a strong economy, you can't have strong national security," he said. "The president's overwhelming objective is to reduce our trade deficit."

According to the [Washington Post](#), officials from the three countries – among Washington's closest allies for decades – dismiss the idea that their shipments threaten domestic security. "Europe, Canada, and Mexico are not China, and you don't treat allies the same way you treat opponents," said Sen. Ben Sasse (R-Neb.).

Trade talks with EU, Canada and Mexico will continue as the tariffs – 25 percent on imports of steel and 10 percent on aluminum – take effect. Other trading partners, including Argentina, Australia, Brazil and South Korea have already negotiated voluntary export limits.

How will this impact my business?

The commercial foodservice equipment and supplies industry depends on a reliable, global supply chain to make quality products, effectively compete throughout the world and employ thousands of people in North America. Tariffs have already complicated these business fundamentals through price increases and the unintended consequence of creating supply shortages, which may become more significant, constraining production of finished goods.

What is NAFEM doing to address this issue?

NAFEM is actively working with the [Coalition of American Metal Manufacturers and Users](#) (CAMMU) to oppose the tariffs, which threaten jobs and global competitiveness.

According to the Coalition, "We are deeply disappointed that the Trump Administration has decided to move forward with imposing steel and aluminum tariffs on the EU, Canada, and Mexico. Make no mistake: restricting the raw material supply in the U.S. and imposing tariffs on imports from our closest trading partners places American manufacturers directly in harm's way. The pain will by no means be limited to the manufacturing sector; a slew of other U.S.-made products will soon be penalized with retaliatory tariffs by our major export trading partners.

The last time the U.S. imposed steel tariffs in 2002, more than 200,000 American manufacturers lost their jobs. The consequences of these tariffs could be even worse for U.S. companies as the 2002 tariffs did not apply to Canada and Mexico.

Our member manufacturers – even those who only use steel and aluminum produced in the U.S. – have already experienced price spikes and increased lead times for the steel and aluminum inputs they use to make finished products.

The bottom line is that when U.S. manufacturers pay vastly more for steel and aluminum than manufacturers anywhere else in the world, it undermines their ability to compete and be successful on the global market. The tariffs particularly impact small- and medium-sized companies who will lose business to their overseas competitors. Our members are also reporting concerns over their own exports as their overseas customers shift to non-U.S. suppliers who do not face government restrictions on steel and aluminum. And when a customer removes you from their supply chain, especially for smaller, family-owned businesses, it is tough to bring that work back to the U.S.

This trade war will negatively impact manufacturing workers who have benefited from the other pro-manufacturing policies already implemented by the Trump Administration – and in most cases more than undoing growth generated from the tax cuts enacted late last year. Plans by U.S. manufacturers to expand will be put on hold indefinitely. Companies will be forced into difficult choices about technology, investment and jobs. We urge President Trump to change course now to protect and sustain millions of U.S. manufacturing jobs.”

What should my company do to address this issue?

Members should contact the White House and their U.S. Senators and Representatives immediately to indicate their continued opposition to the tariffs. To help, we've attached a toolkit of communications materials.

Who should I contact with questions?

For questions on this topic, please contact Charlie Souhrada, CFSP, NAFEM's vice president, regulatory & technical affairs: csouhrada@nafem.org or +1.312.821.0212; or visit www.nafem.org.