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*February 27, 2018*

## Trump Favors Commerce's Harshest Steel and Aluminum Tariffs, Sources Say

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By

Jennifer Jacobs

February 23, 2018, 4:47 PM EST Updated on February 24, 2018, 12:17 PM EST

- President said to seek 24 percent duty on steel imports
- Also said to consider a 10 percent tariff on foreign aluminum

President Donald Trump has told confidants that he wants to impose the harshest tariffs on steel and aluminum imports recommended by the Commerce Department, according to three people familiar with the matter.

Trump has said he wants to slap a global tariff of 24 percent on steel imports, the most severe of three options presented to him in a report in January. He's also considering as much as a 10 percent duty on all aluminum entering the U.S., which would be more than 2.5 percentage points higher than the harshest of Commerce's recommendations.

The process is ongoing, White House officials said on Friday.



Follow the Trump Administration's Every Move

AK Steel Holding Corp. jumped more than 6 percent in late trading, joining a rally among metals producers on the news. Steel Dynamics Inc. , Nucor Corp. , Alcoa Corp. and Century Aluminum Co. also advanced.

Tariffs on such widely used commodities could spark retaliation from nations including China and allies like Canada, while potentially raising prices on everything from cars to beer cans. Some political analysts and economists have speculated the president would take a targeted approach to the tariffs, and he's under pressure from members of his own Republican party to refrain from measures that may antagonize other countries and disrupt supply chains.

### Tensions Rising

With trade tensions on the rise, Liu He, Chinese President Xi Jinping's top economic adviser, plans to head to the U.S. with days, said a person familiar with the matter. He'll be the second member of China's powerful Politburo to travel to the U.S. this month.

"As with every decision he makes, the security of the American people and the American economy will be the president's primary concerns while he considers his potential options," White House spokesman Raj Shah said in a statement. "President Trump is committed to achieving fair and reciprocal trade relationships that protect the American worker and grow our economy."

The Commerce Department concluded in a report last month that steel and aluminum imports imperil U.S. national security. Commerce recommended a range of options for the president, including imposing tariffs for certain nations and setting import quotas. Trump has until April 11 to make a decision on steel and April 19 for aluminum.

Trump promised on the campaign trail in 2016 to revive U.S. coal and steel industries, which rallied voters in places like southwest Pennsylvania. A special election on March 13 to fill an open seat in Pennsylvania's 18th

Congressional District is likely to be viewed as a bellwether for the midterm elections in November.  
Announcement Pending?

Trump warned Republicans not to be “complacent” during the midterms in a speech at the Conservative Political Action Conference on Friday.

He is contemplating an announcement about the tariffs at an event in Pennsylvania days before the special election, according to a person familiar with the matter.

There is resistance even within his own administration. The Commerce Department overnight released a memo from the Defense Department warning about making rash trade decisions. Trump’s economic adviser Gary Cohn and national security adviser H.R. McMaster are against any action, one person familiar with the matter said.

White House aides said there is widespread agreement in the administration that China has systematically engaged in policies intended to destroy the U.S. domestic steel industry. While China accounts for just a small fraction of U.S. imports, it’s accused of flooding the global market and dragging down prices.

#### Targeted Approach

Trump may still opt for a more targeted approach, as Defense Secretary James Mattis has urged. At a meeting with lawmakers earlier this month, Ross himself suggested the president might want to be “surgical” in his application of any tariff or quota.

The president last year ordered the Commerce Department to probe whether imports of steel and aluminum pose a threat to U.S. national security, invoking the seldom-used Section 232 of the 1962 Trade Act, which allows the president to impose tariffs without congressional approval.

The Commerce report outlined a range of actions, or no action, that the president is entitled to take.

For example, Trump could impose a global tariff on all steel imports of at least 24 percent. Alternatively, the president could slap a tariff of at least 53 percent on steel imports from a select number of countries, including China, India and Brazil, while other countries would have their shipments capped at the amount they exported to the U.S. last year. Finally, the report suggested Trump could order a quota on all steel products equal to 63 percent of each country’s 2017 exports.

U.S. allies are some of the biggest sources of its steel purchases. They include the largest supplier, Canada, along with South Korea, Mexico and Germany.

— *With assistance by Andrew Mayeda, Joe Deaux, and Joseph Richter*

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## US Steel surges after Trump reportedly said he wants the highest possible tariffs on metal imports (X)

### UNITED STATES STEEL (X) STOCK NYSE

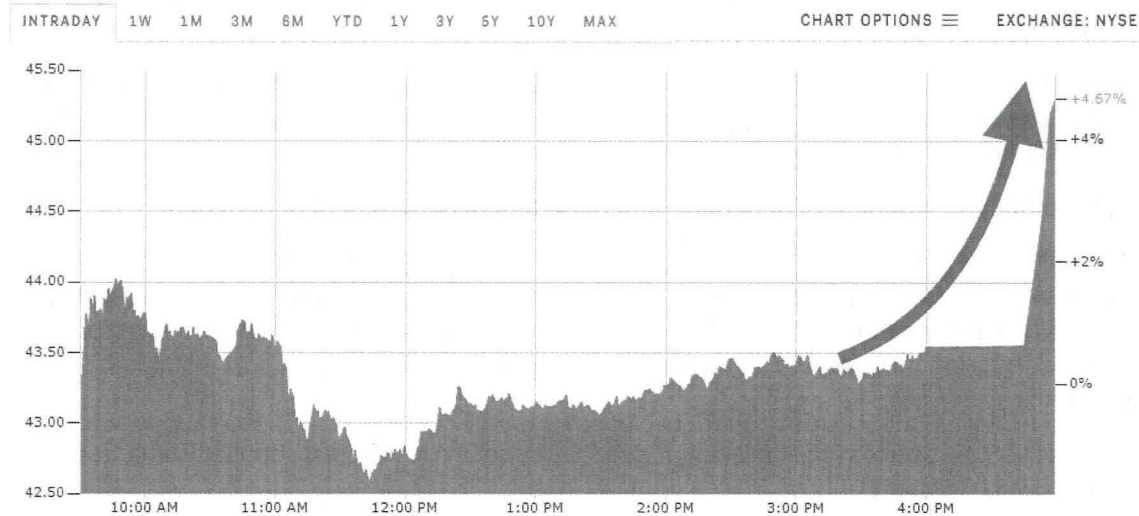
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▲ 45.84 USD 2.32 (5.33%) Pre-market 08:04:05 AM EST MI Indication

▲ 43.52 USD 0.54 (1.26%) Official Close 2/23/2018 NYSE

Prev. Close	43.52	Market Cap (USD)	7.45 B	Day Low	Day High	52 Week Low	52 Week High
Open	-	Volume (Qty.)	-	-	-	18.55	46.82



#### Markets Insider

Shares of US Steel jumped more than 5% early Monday after President Donald Trump reportedly told confidants he wants a 24% tax on imported steel and another 10% on aluminum imports.

Three people familiar with the matter told Bloomberg's Jennifer Jacobs the president prefers this option, the most heavy-handed of three presented to him by the Commerce department last month, as a way to protect national security.

It could also help spur jobs in states like Pennsylvania, home to many of the US's largest metals producers including US Steel and Alcoa, which Trump won on promises of revitalizing manufacturing. Kentucky-based Century Aluminum will likely rehire some 350 workers to bring its plant back to full production capacity from the current two-fifths levels if new tariffs spur demand as promised, CEO Michael Bless told Reuters last week.

But the move could also increase tensions between the US and countries from which it imports steel and aluminum, especially China, whose steel production skyrocketed from just 127.2 million tons in 2000 to 806.7 million in 2016, according to the World Steel Association.

Raising steel tariffs is something "other countries could easily follow," Nomura analyst Jordan Rochester said in a note to clients last week. It would be an action that no country has crossed since World War II, opening the way to a trade war."

Trump has until April 11 for a decision on the new steel tariffs , and April 16 for aluminum.

Shares of US steel are up 15% in the last 12 months, jumping more than 28% since the possible tariffs were first weighed by the White House earlier this month.

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## US steel stocks rally on Trump steel tariff comments

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**Mamta Badkar**

6 HOURS AGO

US steel stocks were rallying on Monday following reports that President Donald Trump wants to impose the harshest tariffs on imports of aluminium and steel.

Mr Trump wants to impose a 24 per cent tariff on imports of steel, according to a Bloomberg report published late on Friday.

The remarks helped spark a rally in shares of US steelmakers before the market open.

- Shares in United States Steel were up 4 per cent in pre-market trade
- Nucor Steel shares were up 3 per cent to \$69
- Shares in Steel Dynamics were up 2.7 per cent to \$48.75
- AK Steel shares surged 4.6 per cent to \$5.75
- Alcoa shares were up 2 per cent to \$47.60

Mr Trump appeared to reinforce the recommendations of US commerce secretary Wilbur Ross who, — following the probe, known as a ‘Section 232’ investigation of the effect of steel imports on national security — had recommended options to the president, including imposing a global tariff of “at least” 24 per cent on imports of steel and 7.7 per cent on aluminium.

When Mr Trump first ordered the probe last year he argued it had nothing to do with China arguing rather that steel is critical to the economy and military and that the US could not be dependent on foreign countries for the commodity.

However, China has already threatened retaliation, with an official at China’s commerce ministry saying earlier this month that “the spectrum of national security is very broad and without a clear definition it could easily be abused” and that if the decision were to hurt China’s interests, the country would “take necessary measures to protect our legitimate rights”.

The tough rhetoric comes as President Trump has made reforging America’s trade relationship with the world a key part of his agenda and sparked concerns on US protectionism.