



Tariffs are Taxes on Manufacturers – Remove Section 232 Steel, Aluminum Tariffs

MESSAGE TO CONGRESS:

Manufacturers need globally priced and fairly traded raw materials while expecting foreign competitors to play by international rules.

Congress should retake control over tariffs and provide oversight prior to a President imposing Section 232 National Security tariffs

Washington should not replace tariffs with quotas, which are worse than the tax on imports in place

USTR should not impose tariffs on copper-based alloys as part of the Boeing-Airbus dispute

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While American manufacturers have long faced illegal competition from overseas, in the case of the Section 232 tariffs, it is our own government's policies that are hurting the nearly **7 million Americans** whose jobs rely upon steel and aluminum.

We need measured and targeted enforcement of our trade remedy laws that do not hurt the vast majority of the manufacturing sector while attempting to protect a small segment.

Metalworking manufacturing is a highly automated, high-skill industry, however, our highest operating expense is often purchasing raw materials – copper-based alloys, aluminum, steel or other flat-rolled metal, which amounts to 50-70% of costs. The tools, dies and stampings manufactured by our members, in many cases, are simply formed or shaped metal, still maintaining the characteristics of the original raw materials.

Any action restricting the supply of raw materials sends a ripple effect throughout downstream industries. The 232 tariffs have increased lead times, made U.S. manufacturing less competitive and encouraged our customers to source from overseas where they face no taxes on imports. Meanwhile, the steel industry in Nov. '18 surpassed the 80% capacity utilization rate targeted by U.S. officials. As steel producers enjoy record profits, downstream users of steel and aluminum see their competitors' products entering the U.S. tariff-free while containing foreign steel.

Tariffs are **increasing prices for both domestic and imports of steel and aluminum** and make the U.S. an **island of high steel and aluminum prices**. The finished parts that downstream users make will simply be made overseas and imported into the United States.

Quotas are worse than tariffs in that government intervention cuts off the supply of raw materials American manufacturers cannot produce goods without. Blocking imports entirely of critical inputs will cause major disruptions in the defense, automotive, aerospace and other supply chains.

Members of Congress Should:

- Co-sponsor the Bicameral Congressional Trade Authority Act of 2019 (S. 287/H.R. 940);
- Not replace tariffs with quotas;
- Ask USTR to not impose tariffs on copper-based alloys as part of the Boeing-Airbus dispute.