September 3, 2021

President Joseph R. Biden
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden,

In connection with the administration’s ongoing discussions with the European Union on steel, we are writing to emphasize the importance of maintaining effective trade measures to prevent new surges of steel imports fueled by global overcapacity, including from the EU.

As you know, the American steel industry serves as the backbone of the U.S. manufacturing sector and is essential to our national and economic security and to our nation’s critical infrastructure. Our industry is also proud to be the cleanest and most energy efficient of the leading steel industries in the world.

Driven by global overcapacity in steel, repeated surges in steel imports over the past decade threatened our industry and the jobs it supports. The steel tariffs and quotas imposed in 2018 reversed this trend and worked to stabilize the domestic industry, allowing many previously idled steel mills to restart and rehire laid off workers.

In March, the Economic Policy Institute (EPI) released a report which confirms that following the imposition of the tariffs in 2018, steel industry conditions improved considerably, allowing American steel producers to invest $15.7 billion in new and upgraded facilities, creating thousands of new jobs, with billions of additional dollars invested in industry consolidation and restructuring to increase efficiency, preserving many additional jobs. The EPI report also confirms that elimination of the tariffs and quotas in the absence of concrete measures to eliminate excess capacity and the trade-distorting policies that fuel this overcapacity would put the American steel industry at risk of another import surge, undermining these new investments and jobs.

Indeed, the OECD has repeatedly documented that global steel markets remain plagued by chronic and growing excess capacity, driven by foreign subsidies and other forms of government support. While much attention has been focused on China as a source of this overcapacity, the EU is also a contributor to this problem. A 2021 study by
McKinsey & Company on “The future of the European steel industry” concludes that the European steel industry needs to reduce its own excess capacity by 25-30 million metric tons to achieve a sustainable capacity utilization rate. Certain EU governments have also announced aggressive new subsidy programs for their steel industries, which will distort competition and exacerbate the ongoing excess capacity crisis.

In addition, there are 22 existing antidumping and countervailing duty orders in place on EU steel products to address the unfair competition that has often plagued our relationship.

Accordingly, while we support efforts to discuss with the EU how to work together to address the steel overcapacity crisis, the administration must at the same time maintain effective trade measures to prevent another import surge from the EU that would destroy good paying jobs, undermine our industry, and increase the carbon footprint of U.S. steel consumption. These measures must be implemented on a product- and country-specific basis and ensure that stringent, effective tariffs will be automatically imposed if steel imports from the EU surge above a non-injurious level. This is exactly what the EU has done with regard to its own market by extending for another three years its steel safeguard measure, which imposes a tariff rate quota on steel imports from all around the world.

Furthermore, it must be underscored that current steel imports from the EU contain steel that has been melted and poured in a number of non-EU countries. For example, millions of tons of semi-finished steel from Russia, Ukraine, China and elsewhere enter the EU every year to be rolled, finished, and exported – all too often to the U.S. market. Such products finished in the EU from non-EU steel should not receive the benefits of any U.S.-EU agreement on steel trade.

Again, we support efforts to work with the EU to address global steel overcapacity. We have participated in talks to this end in the past with only limited support from our trading partners. There are many ways in which the U.S. and the EU can work together to address this common challenge, including through the establishment of stronger international trade rules against subsidies and other forms of market-distorting government intervention. We should also work with the EU to establish new trade approaches to address climate change, including by developing effective carbon border adjustment measures. But these forms of cooperation cannot substitute for maintaining effective trade measures against import surges, including from the EU, that jeopardize our production, national security, economic health, critical infrastructure and jobs.
Thank you for your continued support for our industry and its workers. We stand ready to work with you and your administration to build back better the U.S. economy and create and preserve good-paying manufacturing jobs.

Sincerely,

Kevin M. Dempsey
President and CEO
American Iron and Steel Institute

Thomas Conway
International President
United Steelworkers

Philip K. Bell
President
Steel Manufacturers Association