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Frequently Asked Questions: Section 232 Investigations: The Effect of Steel Imports on the National Security

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Friday, April 21, 2017

[Office of Public Affairs](#)

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1. What is the purpose of a Section 232 Investigation?

Section 232 investigations are initiated to determine the effects of imports of any articles on U.S. national security. In this case, the Commerce Department is determining the effect of steel imports on the national security. Generally, steel products fall into one of the following five categories (including but not limited to): Flat products, long products, pipe and tube products, semi-finished products, and stainless products.

2. What authority is a Section 32 investigation conducted under?

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862) authorizes the Secretary of Commerce to conduct these comprehensive investigations.

3. Who initiates a Section 232 investigation?

The Secretary of Commerce initiated the Section 232 investigation on steel imports on April 19, 2017. Investigations may also be initiated based on an application from an interested party (industry, Congress) or a request from the head of any department or agency.

4. Why has the Secretary of Commerce initiated a Section 232 on steel?

The Secretary initiated the investigation on steel imports in light of the large volumes of excess global steel production and capacity – much of which results from foreign government subsidies and other unfair practices –

which distort the U.S. and global steel markets. Steel is used in a variety of commercial, infrastructure and defense applications.

The Commerce Department's January 2017 Steel Industry Executive Summary found that overall U.S. capacity utilization was 71 percent in 2016, a drop from 77.5 percent in 2014. In 2016, import penetration of steel mill products was 25.5 percent. March 2017 steel imports to the United States are 34 percent higher than those in March 2016, a dramatic increase.

U.S. Government attempts to address foreign government subsidies and other unfair practices have not ended this distortion. There are 152 antidumping and countervailing duty orders on steel products in effect and another 25 investigations underway. The United States has encouraged other countries to reduce and address the underlying causes of excess capacity in the steel market. To date, these efforts have had little practical effect, and have not substantially alleviated the negative effect global excess capacity on the United States steel industry.

5. What does a Section 232 investigation consider?

Section 232 investigations include consideration of:

- domestic production needed for projected national defense requirements;
- domestic industry's capacity to meet those requirements;
- related human and material resources;
- the importation of goods in terms of their quantities and use;
- the close relation of national economic welfare to U.S. national security;
- loss of skills or investment, substantial unemployment and decrease in government revenue; and
- the impact of foreign competition on specific domestic industries and the impact of displacement of any domestic products by excessive imports.

6. How long does a Section 232 investigation take and who participates?

By law, the Secretary of Commerce has 270 days to present the Department's findings and recommendations to the President. Section 232 mandates that the Secretary provide notice to the Secretary of Defense upon initiation of the investigation. The Secretary also consults with the Secretary of Defense regarding methodological and policy questions raised in the investigation and can seek information and advice from other government agencies.

7. What actions does the statute allow the President to take?

Within 90 days after receiving the report from the Secretary, if the Secretary finds that an import threatens to impair U.S. national security, the President shall determine whether he concurs with the Department's finding and, if so, the nature and duration of the action that must be taken to "adjust" the imports of the article and its derivatives so that such imports will not threaten to impair the national security. Under Section 232, the President has broad power to impose trade remedies such as tariffs and quotas.

8. Where can I go to find more information about Section 232 investigations?

Since 1980, Commerce has conducted fourteen Section 232 investigations. Prior to 1980, the Department of the Treasury conducted Section 232 investigations.

For more information about Section 232 investigations, please visit: www.bis.doc.gov/232

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For Immediate Release

April 20, 2017

Remarks by President Trump at Signing of the Memorandum Regarding the Investigation Pursuant to Section 232(B) of the Trade Expansion Act

Oval Office

12:13 P.M. EDT

THE PRESIDENT: Thank you very much. We appreciate everybody for being here. It's a historic day for American steel and, most importantly, for American steelworkers. Thanks, especially, to Secretary Wilbur Ross for helping to lead this critical effort. We've been

working on it since I came to office, and long before I came to office. We're going to fight for American workers and American-made steel. And that's beginning immediately.

For decades, America has lost our jobs and our factories to unfair foreign trade. And one steel mill after another has been shut down, abandoned, and closed, and we're going to reverse that. Other countries have made a living taking advantage of the United States in so many ways, as you know, and I've been talking about that for a long time.

As I traveled the country, I saw the shuttered factories, of the shuttered dreams, and I pledged that I would take action. And I think it's probably one of the primary reasons I'm sitting here today as President.

And since the day I entered office, I have followed through on that pledge, big league, beginning with our withdrawal from the Trans-Pacific Partnership, which would have been a catastrophe for our businesses and for our workers. I'm very proud of that withdrawal.

Some people say, oh, gee, I wish you didn't do that, but the smart people say, thank you, thank you, thank you. That would have been another NAFTA disaster. And NAFTA, believe me, was a disaster and continues to be a disaster for our country.

On Tuesday, I signed an order to enforce the Buy American laws and stop foreign countries from stealing contracts from American companies and, essentially, from American workers.

Today, I'm directing the Department of Commerce to immediately prioritize the investigation that began yesterday and really long before that -- because Wilbur and I have been working on this for a long time -- into foreign steel arriving into our markets, and to submit a report on the effects of these foreign steel products on the national security of the United States. It's not just the pricing, it's not just employment, it also has to do with the national security of our country, which people never talk about. I talked about it.

Maintaining the production of American steel is extremely important to our national security and our defense industrial base. Steel is critical to both our economy and our military. This is not an area where we can afford to become dependent on foreign countries. We have a product where we actually need foreign countries to be nice to us in order to fight for our people. And that's not going to happen any longer, believe me -- especially as it comes to steel.

This investigation will look at how steel imports are impacting the United States national security, taking into account foreign practices such as steel dumping. Dumping is a tremendous problem in this country. They're dumping vast amounts of steel in our country, and they're really hurting not only our country, but our companies. Their targeting of American industry and other foreign strategies designed to undermine American industry as a whole.

Based on the findings of this report, Secretary Wilbur Ross will make formal recommendations to the White House in a very, very, near future. He'll be back very soon with those recommendations that we will implement.

From now on, we're going to stand up for American jobs, workers, their security, and for American steel companies and companies generally. Today's action is the next vital step toward making America strong and prosperous once again.

And I want to just add -- I wasn't going to do this -- but I was in Wisconsin the other day, and I want to end and add by saying that Canada, what they've done to our dairy farm workers is a disgrace. It's a disgrace. I spent time with some of the farmers in Wisconsin, and, as you know, rules, regulations, different things have changed. And our farmers in Wisconsin and New York State are being put out of business, our dairy farmers. And that also includes what's happening along our northern border states with Canada, having to do with lumber and timber.

The fact is, NAFTA -- whether it's Mexico or Canada -- is a disaster for our country. It's a disaster. It's a trading disaster. And we'll be reporting back sometime over the next two weeks as to NAFTA and what we're going to do about it. But what happened to our dairy farmers in Wisconsin and New York State -- we're not going to let it happen. We can't let Canada or anybody else take advantage and do what they did to our workers and to our farmers. And again, I want to also just mention, included in there is lumber, timber, and energy. So we're going to have to get to the negotiating table with Canada very, very quickly. Again, just to tell you, this is another NAFTA disaster, and we're not going to let it continue onward.

I think what I'd like to do is ask a few of the people if they'd like to -- these are some of the great steel companies of our country. Now, some of those companies were much bigger years ago. U.S. Steel would be an example, and others would be examples. But they were much -- these were the greatest companies in the world years ago. And today, they've been hurt but they'll be great again. And they'll be great, I think, very soon. We're going to impose very, very strict regulations on unfair competition from the outside world.

Perhaps I could ask the head of United States Steel to say a few words.

MR. LONGHI: An honor, Mr. President, Mr. Secretary. I think the signing of this executive order clearly demonstrates your understanding of the fundamental importance that our industry has, not just to the national economy, but to our national defense.

THE PRESIDENT: Thank you very much. Anybody like to say something on behalf of your company or your workers?

PARTICIPANT: I would just like to thank you, Mr. President and Secretary Ross, for this action to protect not only our industries, our employees, but, frankly, our country. So thank you for this bold move.

THE PRESIDENT: Thank you very much.

MR. GERARD: Mr. President, on behalf of the workers in the industry -- President of the Steelworkers Union -- I have worked a long time with Wilbur, and we've been fighting this unfair trade for more than 30 years. Hopefully, this executive order will give us the tools we need to grow our companies back and put people back to work. And I have lots of faith that Secretary Wilbur Ross will help make that happen.

THE PRESIDENT: I have to say, the unions have been working with us very closely, and they've been great. So I appreciate that. Thank you very much.

So we're going to sign, and this is a very important signing. And we'll be back over a period of the next 30 to 50 days, I would say, and maybe sooner than that. But statutorily, we probably want to take a very good, strong, hard study. And we're going to do something really great for our industry, but in this particular case, for the steel industry. I look forward to it too.

(The President signs the executive order.)

So should I give this pen to labor or to steel? (Laughter.) And I'm going to look at it, and they're going to be a partnership. So how about we give it to the union for a change? Should we do that? Come on. You treat us fairly, that's all. Okay, you treat us fairly.

Q Mr. President, how will this affect your dealing with China on North Korea? Are you concerned that this will affect that at all?

THE PRESIDENT: This has nothing to do with China. This has to do with worldwide, what's happening. The dumping problem is a worldwide problem.

Thank you, everybody. (Applause.)

END

12:22 P.M. EDT



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