Impact of Tariffs: U.S. Steel Industry Perspective

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Domestic Steel Shipments Increasing but Still Well Below Pre-recession Levels

U.S. steel mill shipments

Source: AISI

<table>
<thead>
<tr>
<th>Year</th>
<th>Shipments (million metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>95.2</td>
</tr>
<tr>
<td>2006</td>
<td>99.3</td>
</tr>
<tr>
<td>2007</td>
<td>96.6</td>
</tr>
<tr>
<td>2008</td>
<td>89.4</td>
</tr>
<tr>
<td>2009</td>
<td>56.4</td>
</tr>
<tr>
<td>2010</td>
<td>75.7</td>
</tr>
<tr>
<td>2011</td>
<td>83.3</td>
</tr>
<tr>
<td>2012</td>
<td>87.0</td>
</tr>
<tr>
<td>2013</td>
<td>86.6</td>
</tr>
<tr>
<td>2014</td>
<td>89.1</td>
</tr>
<tr>
<td>2015</td>
<td>78.5</td>
</tr>
<tr>
<td>2016</td>
<td>78.5</td>
</tr>
<tr>
<td>2017</td>
<td>82.5</td>
</tr>
<tr>
<td>2018</td>
<td>64.8</td>
</tr>
</tbody>
</table>

Source: AISI

2017 Jan - Sep: 82.5
2018 Jan - Sep: 64.8
Repeated Surges in Steel Imports in Recent Years Have Threatened the Viability of the Industry

U.S. steel imports
Sources: U.S. Census Bureau, AISI

million metric tons


steel mill product imports (LHS)
finished import market share (RHS)
Global Steel Overcapacity Continues to Disrupt Markets

Notes: Capacity data reflects all information on changes up to June 2018. An assumption of annual production data for 2018 is made by applying the y-o-y growth rate for the first five months of 2018 to the annual figure from 2017. The letter “e” denotes estimate based on available information from the first half of the year.
Source: OECD for capacity and worldsteel for production.
Chinese Steel Exports Have Soared in Recent Years

Chinese Steel Capacity and Demand

- China Capacity

- China Apparent Steel Use (ASU)

Chinese Steel Exports

Source: Worldsteel, OECD
China Transships Steel to the U.S. Market

- China exports billets to Turkey
- Turkey processes billets into rebar
- Turkey exports rebar to the U.S.
- China exports hot-rolled steel to Korea
- Korea processes hot-rolled into oil country tubular goods
- Korea exports oil country tubular goods to the U.S.
Section 232 Implementation Timeline

• March 8: Proclamation signed imposing 25 percent tariff on all steel mill imports except from Canada and Mexico, effective March 23

• March 23: Tariffs take effect, but imports from seven economies temporarily exempted (EU, Korea, Brazil, Argentina, Australia, Canada and Mexico) – representing 2/3rds of 2017 total imports

• April 30: Quotas on Korean imports announced, retroactive to January 1

• May 31: Quotas on imports from Argentina and Brazil announced, retroactive to January 1

• June 1: Imports from EU, Canada and Mexico become subject to tariff
  o Imports from Australia not subject to either tariff or quotas
Steel Imports Are Down Sharply Since April

U.S. steel imports
Sources: U.S. Census Bureau, AISI

million metric tons

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<tr>
<th>steel mill product imports (LHS)</th>
<th>finished import market share (RHS)</th>
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Sources: U.S. Census Bureau, AISI

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Finished Import Market Share Trending Down, Capacity Utilization Trending Up in Recent Months

**Finished import market share**
Sources: U.S. Census Bureau, AISI

**Raw steelmaking capacity utilization**
Source: AISI
Major Investment Announcements and Restarts since January 2017

- Blast furnace restarts in Granite City, IL
- JSW, USA Inc. 1MT meltshop in Baytown, TX
- New SBQ mill in Cleveland, OH
- New spooled rebar mill in Durant, OK
- Increased rebar capacity in Roanoke, VA
- New bar mills in Sedalia, MO and Frostproof, FL
- New seamless pipe mill in Baytown, TX; restart of idled pipe mill in Conroe, TX
- Restart in Georgetown, SC
- Expansion in Osceola, AR
Thank You / For More Information

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