

# Brewers among losers in Trump's tariffs plan

Chicago Tribune staff

March 2, 2018

President Donald Trump announced Thursday that next week he will sign off on a 25 percent tariff for imported steel and 10 percent tariff for foreign aluminum. The decision was met with objections from manufacturers in numerous industries and many fellow Republicans.

Here's a look at some of the winners and losers under Trump's plan.

## Winners

**U.S. steelmakers and aluminum producers.** Companies who have cut production and employees as a result of imports may now have reason to restart their production lines. Chicago-based Century Aluminum, whose products include the high-purity aluminum needed to make military fighter jets, shut down some production lines at its Hawesville, Ky., smelter in late 2015. CEO Michael Bless told Reuters last week that tariffs or import quotas would allow it to move back toward full production and rehire 350 workers at that facility. Its shares closed up 7.5 percent Thursday.

Major steelmakers like Nucor and U.S. Steel have sites in Illinois, as do companies that manipulate steel into flat bars, coils, and other finished steel products.

"Illinois has a proud steel history," said Mark Denzler, vice president and chief operating officer of the Illinois Manufacturers' Association. "Presumably this action would aid the steel companies and you'll see increased production in the United States and Illinois."

## Losers

**Automakers and other manufacturers.** Companies that purchase steel — like automakers — will see higher prices for steel that could be passed onto consumers.

"The direct effect of a tariff on imported goods is generally to raise the production cost for businesses that use those goods ... as well as to raise the price for final users that consume them as end products," said Brent Neiman, professor of economics at the University of Chicago's Booth School of Business.

The American Automotive Policy Council, which represents General Motors, Ford and Fiat Chrysler, warned in a statement last month that tariffs on steel and aluminum would lead to higher prices for the materials in the U.S. compared with what foreign competitors pay. "This

would place the U.S. automotive industry, which supports more than 7 million American jobs, at a competitive disadvantage," Matt Blunt, the council's president, said in a Feb. 16 statement.

Shares in all three automakers closed down Thursday.

**Brewers and beer drinkers.** Brewers, which sell an increasing amount of beer in aluminum cans, worry the tariffs will usher in higher costs and supply limitations.

"This action will cause aluminum prices to rise and is likely to lead to job losses across the beer industry," Gavin Hattersley, CEO of Chicago-based MillerCoors, said in a statement. "We buy as much domestic can sheet aluminum as is available. However, there simply isn't enough supply to satisfy the demands of American beverage-makers like us."

The Beer Institute, which represents beer producers and importers, including MillerCoors and Constellation Brands' Chicago-based beer division, said the 10 percent tariff on aluminum would cost the industry \$347.7 million and more than 20,000 jobs.

**Buyers of canned food.** The tin cans that most vegetables, fruits, beans and other processed foods are sold in are made out of tinplate steel, but only 58 percent of domestic demand can be met by U.S. tinplate producers.

"We need that foreign metal. The concern is we won't have enough metal for product, and there would potentially be a product shortage," said Nick George, president of the Midwest Food Products Association, a trade association that advocates on behalf of food processing companies and related industries in Illinois, Minnesota and Wisconsin. "Will it raise prices? That is the concern."

**General contractors.** The tariffs will have an almost immediate impact on the cost of steel purchased for construction projects, whether it's rebar for highway projects or structural steel used in commercial projects, said Ken Simonson, chief economist for the Arlington, Va.-based Associated General Contractors of America.

"Steel is pretty ubiquitous in construction," Simonson said. "It would affect the cost of pretty much every construction project, ranging from a single-family home to a refinery to a bridge."

Aluminum is also used in construction, often in siding and architectural elements, Simonson said.

Copyright © 2018, [Chicago Tribune](#)