

US metals end-users ask Biden to drop steel tariffs amid record prices

HIGHLIGHTS

Trump imposed 25% tariff on steel imports in March 2018

US HRC prices up 92% year-to-date

Current US mill utilization above 80%

A group representing US metal manufacturers and users issued a statement Sept. 1 calling on President Joe Biden to drop the US Section 232 tariffs on steel imports as domestic prices for hot-rolled coil have continued to reach historic highs.

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"The crisis involving steel prices and supply continues to worsen," the Coalition of American Metal Manufacturers and Users, or CAMMU, said in a statement, adding that the US has become "an island of high steel prices."

The daily S&P Global Platts TSI hot-rolled coil index rose by \$4/st Aug. 1 to \$1,942.25/st on an ex-works Indiana basis, marking a new high, with domestic HRC prices rising 92% from the start of the year, according to Platts data.

According to numbers provided by CAMMU, US manufacturers are now paying roughly \$1,334/st more for HRC compared with competitors in China and \$734/st more than European competitors.

In addition to the high prices, CAMMU highlighted the rebound in domestic steel capacity utilization as another reason the tariffs should end. US raw steel capacity utilization stood at 84.9% in the week ended Aug. 28, down slightly from 85% in the prior week, according to data from the American Iron and Steel Institute.

Former President Donald Trump applied the 25% import tariff on steel products in March 2018 using a national security justification under Section 232 of the Trade Expansion Act of 1962, with the stated goal of raising domestic steel mill utilization to above 80%.

"The domestic steel industry's capacity-utilization rate is up to 85%, far above the US Commerce Department's announced target of 80% that was used as a reason for the Trump Administration imposing the Section 232 steel tariffs in 2018," CAMMU said.

The timing of when the tariffs would end has been a question since their introduction.

When Trump applied the tariffs he said they would last for an "unlimited period of time," adding he expected them to remain in effect "for a very long time," with no firm deadline in place. Any decision on changing tariff levels or removing them must be made by the president under Section 232.

Groups representing US steelmakers have said the tariffs cannot be removed without addressing the underlying issue of global overcapacity as dropping the tariffs without tackling the underlying issues opens the US up to the potential for another import surge.

With Congress currently looking to move forward on a large infrastructure bill, current shortages in the US steel market will only get worse if the tariffs remain, CAMMU said.

"If US steel-using manufacturers can't get the steel that they need and at competitive prices, they will lose business to competitors in other countries who are paying far lower prices for steel," the group said. "...US manufacturers desperately need more steel, and one way to increase supply is for the Biden Administration to eliminate the Section 232 tariffs. With domestic steel producers enjoying record profits, it's clear that this tariff protection is no longer needed."

CAMMU, which represents more than 30,000 companies in the manufacturing sector and downstream supply chains, was set up in the wake of the Section 232 metals tariffs to oppose the trade measure.