

Congress of the United States

Washington, DC 20515

September 18, 2024

Hon. Gina M. Raimondo
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave. NW 20230

Dear Secretary Raimondo:

As Chairman and Vice Chairman of the bipartisan Congressional Steel Caucus, we write today to express our concerns regarding the recent surge of imports of fabricated structural steel (FSS) and prestressed concrete strand (PC Strand) products and our support for the request made by the domestic steel industry to include such products as derivative products covered under Section 232.

We recognize and appreciate the substantial role that the U.S. Department of Commerce (Commerce) has already played in curbing unfair trade practices to ensure that American producers can compete on a level playing field. Your work in implementing Section 232 has been a lifeline for the American steel industry and its workforce. We are committed to working with the Administration to strengthen these measures to further combat government-supported overcapacity in global markets and circumvention of existing trade measures.

To that end, we urge Commerce to explore options to expand Section 232 protections for certain downstream products, particularly FSS and PC Strand. While Section 232 measures have been relatively effective at countering dumping practices on upstream products, the current lack of protections on downstream products has left a major loophole for bad actors to exploit. Since implementing Section 232 measures in 2018, FSS and PC Strand imports have surged. By 2023, FSS imports had expanded 84% by volume and 102% by value as compared to 2019¹. Likewise, PC strand has averaged a 14% import increase in the 5 years following Section 232 (2019-2023) compared to the five years prior (2014-2018)². Additionally, in 2022 and 2023, the domestic steel industry capacity utilization rate decreased³. This brought the U.S. steel industry further below the 80% threshold Commerce found as the critical point to protect national security and used as the main justification for implementing Section 232 measures⁴. We cannot continue to allow foreign actors an avenue to erode our steel industry.

Unfortunately, workers have already borne some of the effects of import pressures from flooded markets, as a company in South Carolina recently shut down a wire rod line⁵. We request swift action to prevent further losses caused by over-subsidized foreign steel in our markets.

Following the implementation of Section 232 measures, Commerce correctly identified surging imports of derivative steel products as a circumvention of the rule. We appreciate the government's diligence across two administrations to implement and then defend in court an expansion of Section 232 to cover certain steel

¹ U.S. Int'l. Trade Comm'n, *U.S. Imports By Quantity (HTS: 7308.90.9590, 7308.90.3000, 7308.90.6000)*, DataWeb, <https://dataweb.usitc.gov/> (last accessed Sep. 17, 2024);

² U.S. Int'l. Trade Comm'n, *U.S. Imports By Quantity (HTS 7312.10.3010 & 7312.10.3012)*, DataWeb, <https://dataweb.usitc.gov/> (last accessed Sep. 17, 2024).

³ <https://www.steelmarketupdate.com/2023/12/27/aisi-raw-steel-output-slips-in-all-regions/>

⁴ Proclamation No. 9705, 83 Fed. Reg. 11,625 (Mar. 15, 2018).

⁵ <https://www.msn.com/en-us/money/companies/liberty-steel-georgetown-pauses-production-of-wire-rod-50-workers-will-be-affected/ar-AA1njN9M?ocid=BingNewsSearch>

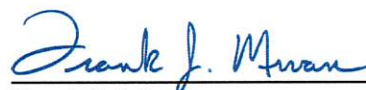
derivative products⁶. Consistent with these previous actions, we believe FSS and PC Strand should be included with the other derivative products protected by Section 232, which includes steel nails, tacks, drawing pins, corrugated nails, and staples.

The circumvention methods used by foreign entities to avoid Section 232 tariffs are not sophisticated, but they have proven effective. A simple fix to the loophole they are exploiting by adding FSS and PC Strand to Section 232 will have an outsized impact on U.S. jobs, industry, and national security. Thank you for your consideration of our request and your department's continuing hard work to protect American steel production.

Sincerely,



Eric A. "Rick" Crawford
Member of Congress



Frank J. Mrvan
Member of Congress

⁶ <https://www.strtrade.com/trade-news-resources/str-trade-report/trade-report/february/section-232-duties-on-steel-derivative-products-upheld#:~:text=In%20February%202020%20these%20tariffs,to%20steel%20derivatives%20was%20unlawful.>