

February 2020

Nucor Public Affairs Update

Published January 31, 2020

Section 232 Steel Tariffs

The Section 232 steel tariffs continue to be effective in keeping dumped steel imports out of the U.S. steel market. However, due to various modifications including quota agreements with Argentina, Brazil and South Korea and exclusions of imports from Argentina, Canada and Mexico, only 25% or so of all steel imports are still covered by the tariffs. Nucor and other steelmakers continue to urge the Administration to maintain the 232 remedy.



On January 24, 2020, the President imposed additional Section 232 steel tariffs (effective February 8, 2020) on certain derivative steel products, such as steel nails, tacks, pins, and staples. We see this as a good development as we have urged the President to closely monitor surges in downstream products and take action as warranted.



Steel Imports

U.S. finished steel imports have declined since the 232 tariffs went into effect in March 2018, dropping from approximately 29.6 million net tons in 2017 to roughly 25.7 million net tons in 2018 and 21.1 million net tons in 2019. The share of the U.S. market taken by imports also fell, dropping from 26.9% in 2017 to 22.9% in 2018. This trend continues in 2019 as the estimated finished steel import market share for 2019 is 19%.

Vietnam Circumvention Trade Case

Building off the success of the May 2018 circumvention case finding that Vietnamese cold-rolled and coated coil made from Chinese substrate were circumventing U.S. duties on flat-rolled steel from China, the domestic industry filed two additional circumvention cases in June 2018. These cases cover U.S. imports of cold-rolled steel and coated-coil finished in Vietnam using Korean/Taiwanese steel inputs.

In December 2019, Commerce issued affirmative final determinations, finding that cold-rolled and coated coil imports from Vietnam were circumventing U.S. duties on imports from Korea and Taiwan. As a result of these affirmative determinations, U.S. imports of corrosion-resistant and cold-rolled steel finished in

Vietnam (using Korean/Taiwanese steel inputs) will be subject to duties of up to 456.2%. We are encouraged that the Administration is taking strong steps to halt illegal circumvention schemes.

Trade Case on Fabricated Structural Steel Imports

In February 2019, the American Institute of Steel Construction (AISC) filed trade remedy cases against imports of fabricated structural steel from China, Canada, and Mexico. This followed a surge of more than 1 million tons of imports from these countries.

On January 24, 2020, the Commerce Department determined that imports of fabricated structural steel from China, Canada and Mexico have been dumped and imports from China and Mexico have been subsidized. The International Trade Commission is currently investigating whether these unfairly traded imports injured the U.S. industry. If injury is found and relief is imposed on imports from all three countries, it should improve conditions in the U.S. market, with benefits experienced across the industry.

This case is vital to the hundreds of U.S. fabricators across the country that provide high-paying jobs and structural steel for buildings and infrastructure nationwide. It is also vital to Nucor and other U.S. steel producers, who rely on healthy demand from downstream industries.

NAFTA Renegotiation

In October 2018, The United States, Canada, and Mexico concluded negotiations to update the North American Free Trade Agreement (NAFTA). The new United States-Mexico-Canada Agreement (USMCA) was formally signed by President Trump, Canadian Prime Minister Trudeau and then Mexican President Pena Nieto in November 2018. The new agreement includes a number of enhancements supported by the three North American steel industries including the establishment of new rules of origin that will incentivize the use of North American steel in the manufacturing of autos and other steel-intensive goods. It also creates rules to address currency manipulation and state-owned enterprises and promotes increased cooperation between the three North American governments to address circumvention and evasion of our trade and customs laws.

The USMCA has been ratified by the Mexican Senate and the U.S. Congress passed implementing legislation that was signed by President Trump on January 29, 2020, with several Nucor teammates in attendance. The agreement must still be ratified by the Canadian legislature and the three countries must work to check off all requirements outlined in the deal before it can take effect. That could take months.



Canada Update

Following the October 2019 Canadian federal election that resulted in a Liberal minority government, Parliament was slow to start up again. The Liberals took their time to announce new Cabinet Ministers, and the House of Commons was only in session for a few days before rising for the holidays. The House of Commons only returned on January 27, 2020.

Prior to the return of the House, Prime Minister Justin Trudeau announced that his government would table legislation to ratify the USMCA on Wednesday, January 29. Ratifying the USMCA will be a top priority for the Liberals and because they have a minority government, they will need the support of one of the other parties for quick ratification.

The Government of Canada has also recently announced its commitment to improving the traceability of steel in the Canadian supply chain in order to increase firm efficiency, ensure responsible sourcing of materials and verify domestic content requirements when needed. Two companies, Peer Ledger Inc. and Mavennet Systems Inc., have been tasked with developing a proof of concept for a digital tracing system enabled by blockchain and artificial intelligence for the Canadian, and possibly North American, steel supply chain. The digital tool will seek to capture activities across the steel supply chain to provide government and industry users with better information on supply and demand, origin, and the quality of inputs and outputs.