

## Nucor Public Affairs Update

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### Federal Policy Update

Through our Nucor Public Affairs team in Washington, D.C, our company engages policymakers at the federal level on issues important to the steel industry. Below is an update on some of the current policy issues impacting Nucor and the U.S. steel industry.

#### **Leveling the Playing Field 2.0**

In June, bipartisan legislation was introduced in the U.S. House of Representatives and the Senate that would modernize the tools the federal government has to combat unfair trade practices. Stepped up trade enforcement has significantly reduced steel imports from the record high levels we were experiencing a decade ago. Despite this progress, foreign producers persistently adapt their strategies to circumvent our trade laws, necessitating new and effective measures to counter these emerging threats.

One of the major provisions in the legislation targets cross-border subsidies, which is meant to address the problem of Chinese state-owned steel companies investing in new steel capacity in foreign countries. These foreign investments are one way China tries to avoid existing trade duties. Other provisions make it easier to bring successive trade investigations and strengthen tools for dealing with circumvention of trade duties.

Original bill sponsors in the House include Rep. Terri Sewell (D-AL), Rep. Bill Johnson (R-OH), Rep. Frank Mrvan (D-IN), and Rep. Beth Van Duyne (R-TX). The lead sponsors in the Senate are Sen. Sherrod Brown (D-OH) and Sen. Todd Young (R-IN).

#### **Global Arrangement on Sustainable Steel and Aluminum**

The United States and European Union are currently in discussions to establish a global arrangement aimed at addressing carbon intensity and overcapacity within the steel and aluminum industries. The U.S. steel industry, being a leader in low carbon steel production, could benefit from an agreement that promotes the use and trade of low carbon steel.

Leading the negotiations for the U.S. is the Office of the U.S. Trade Representative. The primary objective is to form a coalition of like-minded countries that will encourage the trade of steel and aluminum with low carbon emissions while implementing tariffs on products with higher carbon emissions. Additionally, the coalition aims to tackle market-distorting practices exhibited by certain countries, such as China, which have resulted in production overcapacity.

The negotiators are actively working to establish a mutually agreed-upon methodology for measuring embedded carbon in steel and aluminum. However, a significant challenge faced by negotiators is the divergence in approaches between the EU and the United States regarding carbon pricing. While the EU has already put a price on carbon, there is no similar federal carbon price in the United States. Moreover, the EU's establishment of a Carbon Border Adjustment Mechanism, designed to tax imports based on their carbon footprint, poses an additional obstacle in the negotiations.

Despite the complexities, both the United States and EU are hopeful to reach an agreement before the end of the year. Nonetheless, accomplishing this task will be challenging, given the various hurdles that need to be overcome.

### Federal Legislation Spurs Surge in Manufacturing Investment

Manufacturing is experiencing a remarkable resurgence in the United States, thanks in part to three recent pieces of federal legislation: the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the CHIPS Act. These laws have been instrumental in driving a substantial increase in spending on manufacturing facilities. As stated in a U.S. Treasury Department report, "Real manufacturing construction spending has doubled since the end of 2021."

This new spending is benefiting the steel industry. The three pieces of legislation passed by Congress are steel-intensive, and we expect the new spending resulting from these bills to add 5-8 million tons of incremental annual demand for steel over the next decade.

Interestingly, the Treasury Department also notes that this surge in manufacturing investment appears to be a distinctive trend specific to America, setting it apart from other advanced economies which have not experienced similar growth in this sector.

### Total Construction Spending: Manufacturing in the United States (Federal Reserve Economic Data)

