



FOR IMMEDIATE RELEASE

June 20, 2018

CONTACT: [Katie Niederee](#), [Julia Lawless](#)

202-224-4515

Hatch Opening Statement at Hearing on 232 Trade Actions

Secretary Ross Testifies

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing with U.S. Commerce Secretary Wilbur Ross to examine the use of tariffs under Section 232 of the Trade Expansion Act of 1962:

I intend to focus this morning on three investigations self-initiated by the Department of Commerce under Section 232 of the Trade Expansion Act of 1962.

It should come as no surprise that many of us on the committee have concerns about the process, effects, and strategy behind these investigations and resulting actions.

That includes the serious problems that Senator Wyden and I raised in April about the product exclusion process, a process that still needs significant improvement.

In February, the Department of Commerce completed two of its Section 232 investigations, one on imports of steel and the other on aluminum products.

As a result of those reports, the United States is currently imposing tariffs of 25 percent on steel products, and assessing tariffs of 10 percent on aluminum products.

Combined, these tariffs directly affect almost \$50 billion worth of goods, while also affecting many billions of dollars more in downstream goods.

American manufacturers are already suffering the consequences of increased cost and decreased supply of steel and aluminum inputs.

Take for example, Bish's Steel Fabrication. Bish's makes custom industrial equipment in my hometown, Salt Lake City, Utah, and sells to customers in the United States and around the globe.

Bish's has been in business since 1945, but because of the Section 232 tariffs, they are worried about their future.

Steel prices are going up. Not just foreign steel subject to tariffs, but also U.S. steel.

As a consequence, Bish's has lost its competitive edge against foreign manufacturers and the company tells me that contracts for future work have all but dried up.

And Jack's Ornamental Iron, another Salt Lake City manufacturer, saw its steel costs jump 20 percent in less than two weeks since the steel tariffs were announced.

These companies are small, Mr. Secretary, but they are important sources of jobs in our communities, and they are particularly vulnerable to the consequences of the steel and aluminum tariffs.

On the other end of the scale, multi-billion dollar investments for new manufacturing plants that employ thousands of workers are also being put at risk.

As you are aware, Mr. Secretary, the Shell Pennsylvania Chemical Project is one of the largest economic development projects in the United States.

I grew up in Pittsburgh, and I know how important this development is for Western Pennsylvania.

The project is expected to employ 6000 construction workers and 600 full-time employees once the facilities are operational.

Unfortunately, this project is being slowed down and these new jobs are being delayed because essential parts are being stopped by Customs as a result of the steel quotas.

These parts are individually customized under contracts concluded years ago, and are suddenly being stopped at the Port of Long Beach because they contain steel from Brazil.

I know delaying these construction and manufacturing jobs, and even putting some of these jobs at risk, was not the intent of the actions on steel, but it is the inevitable result.

The negative consequences of the steel and aluminum tariffs are not isolated to manufacturing. Rather, the effects have spread throughout the economy.

Take, for example, American farmers who are bearing the brunt of retaliation for these actions.

As many of us know, Mexico is the largest export market for American pork, including pig farmers in Utah.

Recently, Mexico announced it will impose tariffs of 20 percent on U.S. pork in retaliation for U.S. steel and aluminum tariffs. China, our second largest overseas market for American pork, is increasing tariffs by 25 percent.

I just don't see how the damage posed on all of these sectors could possibly advance our national security.

The steel and aluminum tariffs distract from the real trade issue that must be addressed.

The President has repeatedly stated that Chinese mercantilist policies harm U.S. companies and the U.S. economy—something I fully agree with.

However, these steel and aluminum tariffs utterly fail to address Chinese overproduction.

Of the steel and aluminum products targeted, only around 5 percent are from China.

Let me repeat that. Only 5 percent are from China.

In reality, these actions target our allies, particularly Canada and the European Union, with whom our trade in steel and aluminum products far exceeds our trade with China.

This is not just my opinion.

The U.S. Department of Defense has stated that it is "concerned about the negative impact on our key allies" of the steel and aluminum actions recommended by the Department of Commerce, particularly global tariffs and the use of quotas.

The lessons of the steel and aluminum tariffs are clear: these tariffs do not support U.S. national security.

Instead, they harm American manufacturers, damage our economy, hurt American consumers, and disrupt our relationship with our long-time allies while giving China a free pass.

That's why I was stunned to hear on May 23rd that the Department of Commerce has initiated another investigation under Section 232, this time into the national security implications of imports of automobiles and auto parts.

This investigation covers more than \$200 billion worth of trade, four times larger than that under the steel and aluminum investigations combined.

A car isn't a can of soup, Mr. Secretary.

For most American families, their car is the second biggest purchase they make, and many require a car to get to their jobs.

It is a significant financial commitment for most families, often paid for with debt, and I'm shocked that anyone would consider making it more expensive.

The average price of an imported car is \$23,200. If the Department of Commerce were to recommend a 25 percent tariff on cars, it would be recommending raising the cost of an average imported car for an American family by \$5,800.

To put that in perspective, the median household income in the United States is just over \$59,000.

That means that roughly ten percent of the median household income could be erased purely by the additional cost of a single car.

That's why I call tariffs a tax on American families.

And the Tax Foundation agrees.

It estimates that auto tariffs could result in a \$73 billion tax increase on American consumers and businesses, erasing many of the benefits of tax reform passed earlier this Congress.

Not only would these tariffs cost American families, but would also they put American jobs at risk.

The Peterson Institute calculates that auto tariffs could cause 195,000 workers to lose their jobs. That's nearly 200,000 people out of work, and that's before other countries retaliate against American auto manufacturers, which supports U.S. jobs by exporting \$65 billion worth of autos per year.

And once again, though supposedly pursued for national security reasons, tariffs on cars and trucks target our closest allies—namely Europe, Canada, Mexico, Japan, and South Korea—while allowing

China to continue its predatory trade policies undeterred.

Mr. Secretary, as you consider these tariffs, know that you are taxing American families, you are putting American jobs at risk, and you are destroying markets—both foreign and domestic—for American businesses of all types, sorts, and sizes.

I hope you consider that carefully as your Department conducts its investigation into the national security threat from imported automobiles and auto parts.

###