The American steel industry is essential to U.S. national and economic security and our critical infrastructure, supports nearly two million American jobs, and is the cleanest and most energy efficient of the major steel industries in the world. The industry urges the new Administration and Congress to preserve the steel tariffs and quotas currently in place, ensure any new climate policies do not put the industry at a competitive disadvantage, and make significant new investments in infrastructure with strong Buy America requirements.

Tariffs

- Repeated surges in unfairly traded steel imports over the past decade threatened our national security and led the U.S. government to impose steel tariffs in 2018.

- The steel tariffs and quotas worked to stabilize the industry, but the COVID-19 shock caused a significant drop in demand for steel, both in the U.S. and around the world. As a result, global steel overcapacity is growing again to an estimated 700 million metric tons – eight times the total steel output of the U.S. – threatening a new surge in imports similar to those that followed previous global demand shocks.

- Preserving the steel tariffs and quotas is essential to preventing another import surge that would undermine a critical industry and destroy good-paying jobs.

Climate Policy

- The American steel industry is the cleanest and most energy efficient of the leading steel industries in the world. Of the seven largest steel producing countries, the United States has the lowest CO₂ emissions intensity per ton of steel produced and the lowest energy intensity.

- Today’s innovative steel products help our customers, and ultimately consumers, to reduce their energy and carbon footprints. For example, steel is a critical component in the continued development of wind, solar and tidal renewable energy systems. Advanced high strength steels help auto manufacturers reduce vehicle mass, thus increasing fuel efficiency and reducing tailpipe emissions.

- Any new climate policies should not place undue costs on the operations of domestic steel producers that are not borne by our international competitors. This is essential to ensure that any efforts intended to reduce CO₂ will actually result in fewer global emissions, rather than encouraging the importation of foreign steel made with higher carbon emissions (a well-recognized phenomenon known as “carbon leakage”).

- The American steel industry therefore strongly supports the establishment of an effective border adjustment mechanism so that imported energy-intensive goods bear commensurate climate-related costs as competing U.S.-made goods.
Infrastructure

- The new Congress and Administration should make increased federal investment in infrastructure an immediate policy priority to strengthen our economy, increase demand for essential manufactured goods, and create new jobs.

- Lack of adequate investment in our nation’s infrastructure carries serious economic, safety and security risks. Crumbling bridges, bursting water pipes, poorly developed energy systems and congested highways jeopardize American lives and the ability to facilitate commerce throughout the country.

- Each trillion dollars invested in infrastructure has the potential to create three million jobs over the next five years. Infrastructure investment is not a bailout; it is critical to our economy and essential to maintain our national competitiveness.

- Infrastructure is a public trust that should be built with American-made materials. All taxpayer-funded projects should be subject to strong Buy America requirements to ensure that only domestically melted and poured steel is utilized to build our public infrastructure.
Tariffs Worked

- The American steel industry is essential to our national and economic security and critical infrastructure, supports nearly two million American jobs and is among the most energy efficient in the world.

- Repeated surges in unfairly traded steel imports over the past decade threatened national security and led the U.S. government to impose steel tariffs in 2018.

- The steel tariffs and quotas have worked:
  
  - Foreign imports, which took almost 27 percent of the market in 2017, fell to just 19 percent in 2019;
  
  - Capacity utilization increased from 74 percent to almost 80 percent in two years;
  
  - Many previously idled steel mills were able to restart and rehire laid-off workers; and
  
  - The industry began investing billions of dollars in new and upgraded plants.

The Global Pandemic

- During the COVID-19 shock, steel customers in automotive and other industries suspended and slowed activity, and steel demand plummeted, falling by 25 percent in April 2020 alone.

- American steelmakers cut back production and capacity utilization fell by nearly 30 percentage points between the middle of March and early May.

- While most steel plants continued to operate to supply essential materials to our economy and to relief efforts, the industry was operating at just over half of its capacity -- the lowest rate since the Great Recession more than a decade ago.

- More than 10,000 steelworkers have lost their jobs since March.

- The industry is recovering, but is far below a viable long-run level.

- The impact of COVID-19 on the steel industry would have been far worse if the tariffs and quotas were not in place.

- The continuation of broad-based steel tariffs and quotas will be critical to ensuring the long-term viability of the American steel industry in the face of the severe threat posed by massive and growing overcapacity of steel globally.
History Could Repeat

- Previous major global economic downturns, like the Asian financial crisis of the late 1990s and the Great Recession of 2008, led to surges in steel imports into the U.S.

- Foreign steel industries dumped their excess production to the U.S. market when demand in their own markets deteriorated.

- Removing or weakening the tariffs risks history repeating itself, where previous steel import crises in the United States have followed major economic downturns.

Overcapacity Remains a Threat

- While most global steel producers cut back on production as a result of COVID-19, China continued its troubling production increase, even after setting a new record level of steel production last year.

- Global steel overcapacity is once again growing in China and elsewhere. Overcapacity is now reaching 700 million metric tons this year -- fueled by foreign government subsidies and other forms of state intervention. That would amount to almost eight times the total steel output of the United States last year!

- While China is the single largest source of global steel overcapacity, government subsidies and trade distortions in many countries around the world are contributing to the overcapacity crisis, and surges in imports have come from many different regions of the world.

- Preserving the current program of tariffs and quotas is essential to preventing another import surge that would destroy good paying jobs and undermine a critical U.S. industry.

December 2020
American Steel Is Clean and Energy Efficient

• The American steel industry is the cleanest and most energy efficient of the leading steel industries in the world. **Of the seven largest steel producing countries, the United States has the lowest CO₂ emissions intensity per ton of steel produced and the lowest energy intensity.**

• By contrast, Chinese steel production creates carbon emissions that are almost 2.5 times higher than in the U.S per ton of steel produced.

• Our emissions are lower because the U.S. makes a much higher percentage of its steel from electric arc furnaces than most other regions – 70 percent of our steel is made this way, recycling steel scrap to produce new steel using electricity.

• Integrated steel mills in the United States that employ blast furnace and basic oxygen furnace technologies are almost entirely fed by domestically-sourced iron ore pellets, in contrast to a strong reliance on imported sinter feed iron ore in China. On a per ton basis, use of iron ore pellets in steelmaking results in significantly lower emissions of pollutants such as SO₂, NOₓ, PM₂.₅ and dioxins.

• Domestic production of Hot-Briquetted Iron (HBI) and Direct Reduced Iron (DRI) using natural gas as a reductant stands to further increase blast furnace and electric arc furnace productivity and reduce CO₂ emissions.

Buying American-Made Steel Is Good for the Environment

• In addition to having the lowest CO₂ emissions intensity per ton of steel produced and the lowest energy intensity of major steel-producing nations, the United States requires that particulate emissions from steel making operations be regulated and mitigated with the proper installation and operation of air pollution controls. In much of the rest of the world, emissions of particulate matter are not regulated or controlled.

• The steel industry in the United States emits less than one-half of the amount of sulfur oxides per ton of steel produced, primarily sulfur dioxide (SO₂), compared to the global average.

• A broadly applicable “Buy America” program that requires qualifying steel to be “melted and poured” in the United States will advantage environmentally superior steel products made in the United States and will significantly reduce transportation-related CO₂ emissions.

American Steel Helps Our Customers Reduce Emissions

• Innovative steel products help our customers, and ultimately consumers, reduce their energy and carbon footprints. Steel is a critical component in the continued development of wind, solar and tidal renewable energy systems. Additionally,
electrical steels are at the core of the electrical grid, and we continue innovating and producing more efficient electrical steels to power the technologies of today.

- Advanced high strength steels (AHSS) help auto manufacturers reduce vehicle mass, thus increasing fuel efficiency and reducing tailpipe emissions.

- There are more than 3,500 steel grades available today. Approximately 75 percent of these modern steels have been developed in the past 20 years. Technological advancements in these steel grades promote environmental, social, and economic sustainability.

Recycling: Lifeblood of American Steel Production

- Domestic steel mills recycle their own steel scrap, as well as scrap from downstream product manufacturing processes and end-of-life products, to conserve energy, emissions, and natural resources.

- Each year, there are typically 60 to 80 million tons of steel scrap recycled into new steel products in North America. Over the past 30 years, more than one billion tons of steel scrap have been recycled into new steel in North America.

- Steel’s inherent durability and recyclability make it an ideal fit for the circular economy. Once produced, steel becomes a permanent resource that can be continuously recycled into new steel.

- When compared to other materials, steel products are superior at minimizing environmental impact when measured through a product’s entire life cycle. This highlights the industry’s commitment to recycling and the continuous recyclability of steel products.

Climate Policy Should Promote, Not Penalize, American Steel

- Policymakers should ensure government policies promote the American steel industry’s competitiveness to facilitate its role in reducing CO₂ emissions while minimizing negative impacts on domestic production and employment.

- Environmental and climate policies should not place undue costs on the operations of domestic steel producers that are not borne by international competitors. This will ensure that the production of steel is not shifted to areas of the world with higher levels of energy use and environmental impact.

- In particular, the steel industry supports the establishment of a strong and effective border adjustment mechanism so that imported energy-intensive goods bear the same climate-related costs as competing U.S.-made goods. This is essential to ensuring that any CO₂ reduction policies actually reduce overall global emissions.
Significant Infrastructure Investment Needed

- The new Congress and Administration should make increased federal investment in infrastructure an immediate policy priority to strengthen our economy, increase demand for essential manufactured goods, and create new jobs.

- Increased funding for infrastructure improvements through long-term legislation should aim to rebuild the nation’s transportation, water, and energy systems.

- Providing federal agencies and states with long-term, predictable, and flexible financing allows them to look forward and commit to major infrastructure needs like highway and bridge repair and construction, modernization of water transportation infrastructure and safe drinking water systems, and updating of our electrical grid and other energy infrastructure.

- Each trillion dollars invested in infrastructure has the potential to create three million jobs over the next five years. Infrastructure investment is not a bailout; it is critical to our economy and essential to maintain our national competitiveness.

Infrastructure Investment Is Critical to Steel

- The failure of our nation to invest in infrastructure carries serious economic, safety and security risks. Crumbling bridges, bursting water pipes, poorly developed energy systems and congested highways jeopardize American lives and the ability to facilitate commerce throughout the country.

- In its most recent Infrastructure Report Card, the American Society of Civil Engineers (ASCE) gave the U.S. infrastructure a D+ grade.

- The steel industry relies upon the nation’s road, rail, and water transportation network to move its raw materials and steel products.

- Inefficient and delayed modes of transportation, as a result of limited public investments in recent years, limit the competitiveness of the American steel industry.

Build Public Infrastructure with American Steel

- Infrastructure is a public trust that should be built with American-made materials. Long-standing Buy America provisions in federal programs must be maintained.

- Taxpayer-funded projects should utilize only domestically melted and poured steel to ensure that the full benefit of such investment is realized in the domestic economy.
• While current Buy America requirements apply only to projects that receive federal funding, the underlying principle should apply to all public infrastructure projects, regardless of how specific project financing may be arranged.

Buying American-Made Steel Is Good for the Environment

• The American steel industry is the cleanest and most energy efficient of the leading steel industries in the world. Of the seven largest steel producing countries, the United States has the lowest CO₂ emissions intensity per ton of steel produced and the lowest energy intensity.

• By contrast, Chinese steel production creates carbon emissions that are almost 2.5 times higher than in the U.S per ton of steel produced.

• Buying American-made steel will also greatly reduce the transportation-related CO₂ emissions associated with the importation of steel from other countries. As the Intergovernmental Panel on Climate Change has noted, continuing growth in transportation-related emissions could outweigh all other CO₂ mitigation measures.