Insight

Former CEA Chairs Urge President not to Impose Steel Tariffs

JULY 12, 2017

Dear Mr. President:

The undersigned former Chairs of the President's Council of Economic Advisers represent a broad swath of political and economic views. Among us are Republicans and Democrats alike, and we have disagreements on a number of policy issues. But on some policies there is near universal agreement. One such issue is the harm of imposing tariffs on steel imports.

Media reports indicate that you are contemplating using your authority under Section 232 of the Trade Expansion Act of 1962 to initiate the process of imposing steel tariffs because of a putative threat to national security.

We urge the Administration not to take this action. The United States already has over 150 countervailing and antidumping duties on steel imports, including some as high as 266 percent. We import steel from over 110 countries and territories, but the top source countries are important allies like Canada, Brazil, South Korea, and Mexico. Additional tariffs would likely do harm to our relations with these friendly nations; officials from Canada, United Kingdom, the European Union, Germany, and the Netherlands have already voiced concern.

Previous experience with emergency steel tariffs under President Bush bear out these concerns. Canada, Mexico, Argentina, Thailand, and Turkey were given exemptions in response to the backlash, and the World Trade Organization ultimately ruled against the steel tariffs.

The diplomatic costs might be worth it if the tariffs generated economic benefits. But they would not. Additional steel tariffs would actually damage the U.S. economy. Tariffs would raise costs for manufacturers, reduce employment in manufacturing, and increase prices for consumers.

We urge you to avoid a policy that would likely incur greater economic and diplomatic costs than any conceivable national security gain.

Sincerely,

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