November 29, 2017

The Honorable Donald J. Trump
President of the United States
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Trump:

On behalf of the Alliance for American Manufacturing (AAM), I write to stress the need for significant, enforceable outcomes at the upcoming Global Forum on Steel Excess Capacity meeting in Berlin. It is necessary to accelerate the work of the Global Forum and to directly press China and others for verifiable and enforceable net reductions in their excess production and overcapacity. If our trade partners are unwilling, they should face real consequences while safeguarding U.S. companies, their workers, and our national security.

The domestic steel sector continues to be plagued by massive global industrial overcapacity, fueled by dangerous investment decisions made by foreign governments without regard to market demand. For instance, despite slowing demand in the Chinese market, Beijing continues to maintain high levels of steel production with subsidies and other forms of state support. According to Duke University’s Center on Globalization, since 2007 when China first acknowledged its overcapacity issues, it has nonetheless added over 550 million metric tons of capacity, more than six times total annual U.S. production.

Without the definite agreement and active participation of major global steelmaking countries to sharply reduce global overcapacity, and to do so promptly, it is necessary to take broad action to safeguard American jobs and our ability to produce steel for national security purposes. This includes an immediate conclusion to the Section 232 investigations you initiated in April regarding the national security implications of imports of steel and aluminum. Already, a needless delay in completing these investigations by your administration has made matters worse as foreign countries have rushed product into our market in anticipation of your promised action to adjust imports. According to the American Iron and Steel Institute, steel imports have surged 20 percent this year and for some specific product lines the resulting import increase is even worse. South Korea, for example, produces a staggering amount of oil country tubular goods (OCTG) despite having no internal market for the energy-related product – meaning much of it ends up in the United States where we have experienced a 255 percent import increase this year.

Left unchecked, the overcapacity crisis continues to take its toll on our steelmaking capabilities and our highly skilled workforce, which are vital to both our economic welfare and national security. And, for the thousands of steelworkers left unemployed this holiday season, seeing the results you promised throughout your campaign and well into your presidency can’t come soon enough. Thank you for your attention to this important matter.

Sincerely,

Scott N. Paul
President
Alliance for American Manufacturing