

Jonathan Swan

Commerce recommends major tariffs on steel and aluminum



The Department of Commerce will recommend tariffs on steel and aluminum that, if applied, would be the first shots in a global trade war, according to two sources briefed on the report.

- **Aluminum:** 7.7% tariff on all aluminum exports from all countries. 23.5% on all products from China, Russia, Venezuela and Vietnam. A quota on imports from all countries to a maximum of 86.7% of their 2017 exports to the U.S.
- **Steel:** Global tariff of 24% on all imports. Tariff of 53% (at least) on steel imports from Brazil, China, Costa Rica, Egypt, India, Malaysia, Korea, Russia, South Africa, Thailand, Turkey and Vietnam. A quota of 63% of 2017 exports for the countries listed in the prior sentence. All other countries can export at 100% of 2017 levels, but above that face tariffs.

The fight over whether to use the Section 232 law to impose tariffs has already become the hottest trade fight inside the Trump White House. Gary Cohn, Steven Mnuchin, Rex Tillerson and James Mattis have all been fighting against these tariffs on steel and aluminum — arguing they would harm the global economy and damage relationships with allies.

The opposition of Mattis is important because these are national security recommendations. Congress would also likely be extremely upset about the imposition of national security tariffs in direct conflict with the Secretary of Defense.

What we're hearing

The only exclusions: Domestic companies can apply for exclusions based on national security or a lack of domestic supply.

A former senior government trade official said that without major exemptions, these recommendations would represent:

"[T]he opening shot in a trade war... a declaration of war against the world on aluminum and steel... These are some of our closest treaty allies... These are some serious numbers."

Quote from a trade expert:

"This would be beyond a trade war. You're talking about blowing up the WTO."