



NEWS

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Will President Bush Lift Steel Tariffs and Save American Jobs?

Upcoming Report Gives President Opportunity to Right Economic Wrong

WASHINGTON – President Bush must decide this month whether to continue the 30 percent tariff he imposed on steel in March of 2002 for its full three-year duration. The International Trade Commission (ITC) is due to deliver an 18-month report to the President on the steel industry later this month, and this presents the President with an opportunity to end the tariffs.

While the tariffs were enacted for the purpose of protecting domestic steel from “unfair trade practices,” all indications are that they have instead punished multiple industries that consume steel. Domestic steel prices have risen by more than 30% since the tariffs were enacted – the price of hot-rolled steel almost doubled between late 2001 and July 2002. Foreign steel manufacturers have responded to the tariffs by shipping product to foreign consumers, causing shortages for American steel consuming industries.

The Consuming Industries Trade Action Coalition undertook a study earlier this year, finding that in 2002, higher steel prices resulted in 200,000 American jobs lost, and \$4 billion in lost wages. Sixteen states lost at least 4,500 steel consuming jobs each, including key electoral battleground states Pennsylvania and Florida.

Domestic steel consumers, unable to realistically raise prices in the current market, have been forced instead to lay off employees and in some cases close entire plants. It is likely that if the tariffs continue into 2004 and 2005, the result will be a wave of plant closings in nearly every state that consumes steel.

“The steel tariffs were an anti-free market, protectionist move last year, and they still are,” said taxpayer advocate Grover Norquist. “But now we have the hard proof that they’ve done more harm than good.”

President Bush has not yet indicated whether or not he will lift the tariffs. “Most administrations don’t get this kind of opportunity to fix an economic policy mistake,” Norquist continued. “We hope he will take it.”

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.