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## POLITICS

# Trump to Impose Steep Aluminum and Steel Tariffs

President plans next week to approve 25% duties on steel imports and 10% on aluminum over the objection of allies and some advisers



'When it comes to a time when our country can't make aluminum and steel, you almost don't have much of a country,' Mr. Trump told steel and aluminum executives at the White House on Thursday. PHOTO: EVAN VUCCI/ASSOCIATED PRESS

By *Jacob M. Schlesinger, Peter Nicholas and Louise Radnofsky*

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WASHINGTON—President Donald Trump's pledge Thursday to impose stiff tariffs on steel and aluminum imports sparked worries of a looming global trade war, sending stocks tumbling, drawing protests from a broad swath of American industries dependent on the metals, and prompting threats of retaliation across Asia, Europe, and North America.

The move fulfills a Trump campaign promise that helped fuel his surprise 2016 campaign victory in the industrial Midwest, and he told a White House meeting of industry executives that his coming measures—25% tariffs on steel imports, 10% on aluminum—would revive domestic manufacturing. “You’re going to see a lot of good things happen. You’re going to see expansion of the companies,” the president said.

But the impact on companies that use steel was swift and sharp. The Dow Jones Industrial Average tumbled more than 500 points, or 2%, after the announcement, as shares of big steel users, including auto makers Ford Motor Co. and General Motors Co., dropped even further.

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## HEARD ON THE STREET

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- Market's Message: U.S. Allies and Consumers Will Pay Steel-Tariff Bill

A cascade of industry trade groups moved quickly to denounce the moves, including beer and boat makers worried about costlier aluminum, and manufacturers of

chemicals, air conditioners, and oil pipelines all concerned about pricier steel inputs.

“It’s going to be expensive,” said Ed Bolas, chief financial officer at DyCast Specialties Corp., a Minnesota maker of parts for products including cutting tools and engines. “All of it will impact

the consumer.”

Mr. Trump’s announcement marks his biggest move to date to carry out his “America First” trade policy aimed at upending decades of U.S. leadership fostering globalization. The swift backlash underscores the dramatic ways that system may now be changing.

The decision was controversial inside his own administration, coming over the objections of some top advisers, and surprising many in the White House who first learned of the plans from news reports Wednesday night. Mr. Trump’s Defense Department had weighed in against the move, with a memo cautioning against harm to “our key allies” like Canada and Japan.

“These U.S. measures will have a negative impact on trans-Atlantic relations and on global markets,” warned Europe’s trade commissioner, Cecilia Malmstrom.

Mr. Trump portrays those markets fostered by his predecessors in alliance with Europe and other nations as having destroyed American industry, telling the steel and aluminum representatives that they had “been horribly treated by other countries.”

The president justified the tariffs by invoking a little-used Cold War era law that gives presidents broad discretion to curb imports deemed a threat to “national security.” The announcement was based on studies conducted by the Commerce Department, made public last month, which concluded metals imports had eroded the country’s ability to make its own weapons, tanks, and aircraft.

As a sign of how eager the president was to take big action, he chose the toughest of the three options presented to him by Commerce, which had also outlined a more targeted approach aimed only at certain countries.

Mr. Trump also felt such urgency to announce the decision that he did so providing no further details beyond the broad numbers, saying the concrete policies wouldn’t be announced until next week.

The new tariffs underscore Mr. Trump’s pivot in his second year in office to reorient decades of American policies aimed at expanding free trade and globalization. Thursday’s move comes about a month after the White House unveiled similar tariffs and quotas on solar panels and washing machines, invoking a different little-used 1974 trade law allowing U.S. industries to seek sweeping protection if they can show significant injury from a sudden surge in foreign competition.

Trump aides are also weighing a broad package of trade and investment penalties against China, as they complete a detailed study accusing Beijing of widespread theft and expropriation of American intellectual property. Thursday’s decision is aimed in particular at China, whose steel overcapacity has fueled a global glut hampering American producers.

Mr. Trump’s announcement appeared to be a diplomatic jab at Chinese President Xi Jinping, coming the same day his top economic adviser was meeting at the White House with the Trump economic team to try to ease trade tensions.

The new tariffs seem to reflect rising power inside the Trump administration of his economic nationalist aides, who have tangled over the past year with his more globalist free-trade oriented advisers. The infighting was evident Wednesday night, with some officials insisting a decision was imminent and others saying it was still being deliberated.

Peter Navarro, an economist who crafted much of Mr. Trump’s protectionist 2016 campaign platform, is slated for a promotion that would give him a greater voice in internal debates, after staff secretary Rob Porter, a free-trade Republican aide tasked with overseeing coordination of trade policy, was forced out in a spousal abuse scandal.

Mr. Trump has repeatedly said that his campaign pledge for greater steel protection won him the presidency, and his U.S. trade representative, Robert Lighthizer, talks of tougher trade policies creating a “new coalition” in support of trade, by winning over Democrats who have grown increasingly hostile to globalization over the past quarter-century. Mr. Trump is hoping to solidify his political base in advance of midterm congressional elections this year, and the announcement comes ahead of a March 13 special House contest in Pennsylvania steel country.

Indeed, many congressional Democrats and labor unions joined the metals executives in cheering new policy, which they had long advocated.

“This welcome action is long overdue for closed steel plants across Ohio,” said Ohio Democratic Sen. Sherrod Brown, who has been working closely with Mr. Trump and his trade team to craft such new policies. AFL-CIO President Richard Trumka issued rare praise for Mr. Trump, calling the move “a great first step” and pledging to “continue to work with the administration on rewriting trade rules to benefit working people.”

But the decision also is likely to open a rift between the White House and traditional free-trade Republicans in Congress, who have become increasingly vocal in recent weeks urging Mr. Trump to avoid taking such action.

Even Sen. Pat Toomey, a Republican representing Pennsylvania, blasted the move, saying that “invoking national security as a means of imposing new, huge tariffs on all kinds of imported steel is a big mistake that will increase costs on American consumers, cost our country jobs, and invite retaliation from other countries.”

The move also drew complaints from allies and trading partners, who have repeatedly warned that such action could prompt them to retaliate.

“We will not sit idly while our industry is hit with unfair measures that put thousands of European jobs at risk,” said Jean-Claude Juncker, president of the European Commission, vowing “countermeasures against the U.S. to balance the situation.”

Canadian Foreign Minister Chrystia Freeland said that “should restrictions be imposed on Canadian steel and aluminum products, Canada will take responsive measures to defend its trade interests and workers.”

A Chinese foreign ministry spokeswoman said “The U.S. has overused trade remedies” adding that “China will take proper measures to safeguard its interests.”

Opponents warn that the moves could undermine the global free-trading system, as the U.S. imposes broad trade restrictions unilaterally without first going through the World Trade Organization. U.S. presidents have generally avoided such actions since the WTO’s 1995 creation as a way of encouraging other nations to take their trade disputes to the Geneva-based arbiter.

Free-traders worry also about the Trump administration invoking “security” as a justification for a new trade policy. Global commercial rules do little to regulate such moves out of deference to national sovereignty, and many trade lawyers consider it a loophole that, if used widely, could undermine the force of the international system. That fear has for years discouraged most countries from using “national security” trade protections.

But Mr. Trump and his aides have been openly skeptical about the effectiveness and fairness of the WTO, and have regularly signaled a willingness to challenge its authority.

As the president told the executives Thursday: “The WTO has been a disaster for this country.”

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—Bob Tita, William Mauldin and Andrew Tangel contributed to this article.

Write to Jacob M. Schlesinger at [jacob.schlesinger@wsj.com](mailto:jacob.schlesinger@wsj.com)

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