

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: April 19, 2018

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations
Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File: 18-0002-S35
Assignment No.: 18-03-0286

SUBJECT: Resolution (Buscaino – Blumenfield) to OPPOSE Section 232 Proclamation
Imposing Tariffs on Steel and Aluminum Imports

CLA RECOMMENDATION: ADOPT Resolution (Buscaino – Blumenfield) to include in the City's 2017-18 Federal Legislative Program, OPPOSITION to President Donald Trump's Executive Order that imposes tariffs on steel and aluminum imports.

SUMMARY

On March 8, 2018, President Trump signed a Section 232 Proclamation imposing a 25 percent tariff on steel imports and a 10 percent tariff on aluminum imports, effective March 23, 2018. According to the Resolution, President Trump has indicated that the tariffs are intended to reinvigorate American industry and protect national security by boosting domestic aluminum and steel manufacturing as foreign products become more expensive.

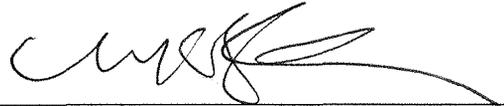
The Resolution states that the tariffs could result in a rise in the cost of raw materials for major American manufacturers, such as Ford, General Motors, Boeing, and Anheuser-Busch, adversely affecting jobs in factories owned by those companies; eventually creating a negative ripple effect on product pricing if manufacturers pass on the increased cost of steel and aluminum to consumers.

According to the Resolution, Canada and Mexico are exempt from the tariffs. However, since the signing of the Executive Order, additional exemptions were granted to: Argentina, Australia, Brazil, the European Union, and South Korea. Additionally, the White House has indicated that it might impose quotas to control the amount of foreign metal imported into the United States, and has set a May 1, 2018 deadline for the exempted countries to negotiate terms regarding the quotas.

In a letter dated May 31, 2017, the Harbor Department submitted comments in response to the US Department of Commerce, Bureau of Industry and Security's April 26, 2017 request for comments on the *Section 232 National Security Investigation of Imports of Steel*. The Harbor Department has indicated that it will continue to monitor the Section 232 Proclamation on steel and aluminum tariffs.

DEPARTMENTS NOTIFIED

Harbor Department


Mandana Khatibshahidi
Analyst

Attachments:

- (1) Resolution (Buscaino – Blumenfield)
- (2) Harbor Department Comments on Section 232 National Security Investigation of Imports of Steel

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, on March 8, 2018, President Donald Trump signed a 'Section 232 Proclamation' imposing a 25% tariff on steel imports and a 10% tariff on aluminum imports, effective March 23, 2018; and

WHEREAS, President Trump has indicated that the tariffs are intended to reinvigorate American industry and protect national security by boosting domestic aluminum and steel manufacturers as foreign products become more expensive; and

WHEREAS, other sectors of American manufacturing could be hurt by rising steel and aluminum prices since the tariffs would raise the cost of raw materials for companies such as Ford, General Motors, Boeing, and Anheuser-Busch, and adversely impact jobs in factories owned by those companies; and

WHEREAS, the tariffs could have a negative ripple effect on product pricing if manufacturers pass on the increased cost of steel and aluminum to consumers; and

WHEREAS, currently, only Canada and Mexico are exempt from the tariffs as the U.S. continues to negotiate the North American Free Trade Agreement with both countries; and

WHEREAS, President Trump is using an obscure trade law that allows action to defend national security to impose the tariffs; however, critics claim that this move by the President undermines the rules of the World Trade Organization, and could disrupt the whole global trading system; and

WHEREAS, many politicians, businesses, and nations have denounced the tariffs, and there is growing concern over an impending trade war;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-2018 Federal Legislative Program OPPOSITION to President Donald Trump's Executive Order that imposes tariffs on steel and aluminum imports.

PRESENTED BY: _____
JOE BUSCAINO
Councilmember, 15th District

SECONDED BY: _____

MAR 21 2018



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Eric Garcetti *Mayor, City of Los Angeles*

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President

David Arlan
Vice President

Patricia Castellanos

Anthony Pirozzi, Jr.

Edward R. Renwick

Eugene D. Seroka

Executive Director

May 31, 2017

Mr. Brad Botwin
Director, Industrial Studies
Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue, NW, Room 1093
Washington, DC 20230

Re: Comments on Section 232 National Security Investigation of Imports of Steel

Dear Mr. Botwin:

The Port of Los Angeles is pleased to provide comments in response to the Bureau of Industry and Security's April 26, 2017, request for comments on the Section 232 national security investigation of imports of steel.¹

The importation of slab steel is an important activity at the Port of Los Angeles. We are not only the leading container port in the nation, but the Port also handles approximately 1.5 million tons of semi-finished steel slabs per year for California Steel Industries, Inc. (CSI), the largest single user of the Port by tonnage. CSI and its steel manufacturing customers transform these 20-ton slabs into steel sheet and then into products like pipes and culverts – a long, labor intensive U.S. manufacturing process. Since steel slabs are almost never produced for sale domestically, CSI imports them through the Port supporting hundreds of ILWU jobs at the Port, in addition to over 1,000 steel jobs at CSI, and more than 7,000 jobs throughout the supply chain.

The Port of Los Angeles supports enhancing U.S. competitiveness and creating jobs. We respectfully ask you to consider the significant impacts of the importation of slab steel on the Port of Los Angeles and the local and regional economy.

Sincerely,

EUGENE D. SEROKA
Executive Director

¹ Notice request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel, 82 Fed. Reg. 19205 (April 26, 2017) (the "Notice").