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New Tariffs Proposed on Steel and Aluminum

MANUFACTURING

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On March 8, President Trump announced that the United States would begin imposing tariffs on imported steel and aluminum. While on the campaign trail in 2016, Mr. Trump clearly stated his intent to strengthen our global position, renegotiate trade agreements, and bring back manufacturing to the United States.

The tariffs announced today include a 25% tariff on imported steel and a 10% tariff on imported aluminum. However, it appears that there may be a temporary exclusion for our North American trading partners (Canada and Mexico), providing that the NAFTA agreement is renegotiated in the near-term (currently, policymakers are on their seventh round of discussions).

Many politicians (including prominent Republicans) are concerned about the retaliation from trade partners around the world. China has insinuated that a trade war may be looming. And the European Union announced a potential retaliation of its own, with a proposed 25% tariff on American-produced goods, including motorcycles and spirits.

The news closer to home, however, appears to be more optimistic. Earlier this week, U.S. Steel announced that it would be restarting an idle blast furnace and would begin steel production at a plant in Illinois as a result of the planned tariffs on steel imports. The steelmaking facility was shut down over two years ago, largely due to the low cost of imported steel and the inability to produce in a competitive environment. U.S. Steel's CEO, David Burritt, announced that the company plans to bring back 500 jobs. Additionally, an aluminum manufacturer in Kentucky announced plans to hire 300 people.

Of course, as is often the case, with the good news may come bad news. There is mass speculation that these tariffs will be detrimental to the United States, and will cause the loss of thousands of U.S. jobs as manufacturers pay more for their raw materials.

It likely won't take long for global leaders to voice their discontent with the proposed tariffs.

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