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Certain Effects of Section 232 and 301 Tariffs Reduced Imports and Increased Prices and Production in Many U.S. Industries

Additional U.S. tariffs imposed under section 232 on imports of steel and aluminum products and under section 301 on certain imports from China reduced U.S. imports of these products and increased U.S. production and prices of these products, affecting the many industries that produce or sell these products or use them as inputs, according to the U.S. International Trade Commission (USITC) in a report released today.

The report, [*Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*](#), was prepared in response to a direction by the House and Senate Committees on Appropriations in an explanatory statement accompanying the Consolidated Appropriations Act, 2022, enacted on March 15, 2022.

As directed by the explanatory statement, the USITC, an independent, nonpartisan, factfinding federal agency, conducted a retrospective analysis of any tariffs imposed under section 232 of the Trade Expansion Act of 1962 and under section 301 of the Trade Act of 1974 that were active as of March 15, 2022. These actions included section 232 tariffs imposed on certain steel and aluminum products beginning in March 2018 and section 301 tariffs imposed on thousands of products imported from China beginning in July 2018. The explanatory statement directed that the report focus on the effects on trade, production, and prices in the industries directly and most affected.

The report includes:

- A description of the statutory provisions and recent actions under sections 232 and 301, including the major findings from the U.S. investigations that led to imposition of the tariffs.
- A description of the status and chronologies of tariffs under sections 232 and 301 as of March 15, 2022.
- A review of recent trade, production, and price trends in the directly and most affected industries.
- An economic analysis of the effects of these tariffs on the directly and most affected industries.

The report finds that on average from 2018 to 2021:

U.S. importers bore nearly the full cost of these tariffs because import prices increased at the same rate as the tariffs. The USITC estimated that prices increased by about 1 percent for each 1 percent increase in the tariffs under sections 232 and 301.

Section 232 tariffs reduced imports of affected steel products by 24 percent, increased the price of steel products in the United States by 2.4 percent, and increased U.S. production of steel

products by 1.9 percent. U.S. production of steel was \$1.3 billion higher in 2021 due to section 232 tariffs.

Section 232 tariffs reduced imports of affected aluminum products by 31 percent, increased the price of aluminum products in the United States by 1.6 percent, and increased U.S. production of aluminum products by 3.6 percent. U.S. production of aluminum was \$0.9 billion higher in 2021 due to section 232 tariffs.

Section 232 increased domestic sourcing, and reduced production in downstream industries in the United States that use steel and aluminum products as inputs because of increased prices, although the magnitude of those effects varied across industries. Section 232 tariffs increased prices in downstream industries 0.2 percent on average, and decreased production in downstream industries 0.6 percent on average. U.S. production in downstream industries was \$3.5 billion less in 2021 due to section 232 tariffs.

Across all affected sectors, section 301 tariffs reduced imports from China by 13 percent, increased the value of U.S. production by 0.4 percent, and increased the price of U.S. products by 0.2 percent.

In specific sectors, effects of section 301 tariffs varied. For example, section 301 duties reduced imports of computer equipment by 5 percent, increased the price of computer equipment in the U.S. by 0.8 percent, and increased the value of U.S. production of computer equipment by 1.2 percent. The section 301 tariffs reduced imports of semiconductors by 72.3 percent, increased the price of semiconductors in the U.S. by 4.1 percent, and increased the value of U.S. production of semiconductors by 6.4 percent.

Consistent with the explanatory statement's direction to estimate effects in industries directly and most affected, the report estimates the effects of 232 tariffs on the U.S. steel and aluminum industries and downstream industries that intensively consume steel and aluminum and the effects of section 301 tariffs on industries in the United States that produce the products subject to 301 tariffs. In view of the one-year timeframe for the report's completion, the report does not include estimated effects of section 301 tariffs on downstream industries that consume products subject to 301 tariffs or on industries beyond those directly and most affected. The estimates concern effects on trade, production, and prices. The report does not estimate the tariffs' effects on other factors, for example, investment or their contribution to the national security or intellectual property protection concerns that led to the tariffs' imposition. The analysis focuses on short-term effects during 2018 to 2021 and does not address long-term effects as it is not a forward-looking analysis. The report is not an assessment of the complete, economy-wide impacts of the tariffs under sections 232 and 301 and cannot be used to draw broad conclusions about whether the tariffs under sections 232 and 301 did or did not produce a net benefit for the U.S. economy overall. The analysis in this report is, by design, not intended to address those questions.

Economic Impact of Section 232 and 301 Tariffs on U.S. Industries (Investigation No. 332-591, USITC Publication 5405, March 2023) is available on the USITC's Internet site at <https://www.usitc.gov/sites/default/files/publications/332/pub5405.pdf>.

About factfinding investigations: USITC general factfinding investigations, such as this one, cover matters related to tariffs, trade, and competitiveness and are generally conducted under section 332(g) of the Tariff Act of 1930 at the request of the U.S. Trade Representative, the House Committee on Ways and Means, the Senate Committee on Finance, or either branch of the Congress. The resulting reports convey the Commission's objective findings and independent analyses on the subjects investigated. The Commission makes no recommendations on policy or other matters in its general factfinding reports. Upon completion of each investigation, the USITC submits its findings and analyses to the requester. General factfinding investigation reports are subsequently released to the public unless they are classified by the requester for national security reasons.

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