

# Section 232 Aluminum Tariffs

The United States domestic primary aluminum industry is expanding production, hiring workers, and increasing reinvestment. Policymakers should commit to keeping the Section 232 protections to support the U.S. domestic aluminum industry.

## What is Section 232?

Section 232 of the Trade Expansion Act of 1962 allows the President to impose import restrictions based on an investigation and affirmative determination by the Department of Commerce that certain imports threaten to impair the national security.<sup>1</sup>

## Why were Section 232 tariffs implemented?

The U.S. primary aluminum industry is a vital part of the defense industrial base. Between 2001 and 2016, 18 aluminum smelters closed their doors, leaving only 5 operating and all slated for closure.<sup>2</sup> Employment in the industry fell by more than 60% between 2011 and 2017.<sup>3</sup>

When the Section 232 investigation was initiated in 2017, subsidies and other anti-competitive policies in China and other nations flooded U.S. and global markets with exports and undercut prices. In response, the United States implemented aluminum import restraints under Section 232 of the Trade Expansion Act of 1962, finding that depressed global prices posed material harm to the U.S. aluminum industry by pushing producers to the brink of financial viability and undermining national security.

## Have these Section 232 protections been effective?

Section 232 tariffs revitalized domestic primary aluminum industry.

Between March 2018 and February 2020, **U.S. production of primary aluminum increased by 37.6%** compared with the preceding two-year period, and prices for aluminum products rose.<sup>4</sup>

This increase in production was a result of restarts or production increases at five of the six remaining smelters. **Domestic aluminum production reached 1.14 million metric tons annually before COVID-19, up from 741,000 metric tons in 2017.**<sup>5</sup>

## How are the tariffs supporting American workers?

Section 232 tariffs increased production and employment in the both the domestic primary aluminum industry and many other downstream aluminum industries. Following the Section 232 tariffs, the industry quickly created **5,570 jobs** through restarting and expanding primary aluminum production and secondary mills. U.S. employment in primary and downstream aluminum industries increased by an additional **1,200** on net by February 2020.<sup>6</sup>

<sup>1</sup> 2021. "Section 232 of the Trade Expansion Act of 1962." Updated November 4, 2021 <https://crsreports.congress.gov>

<sup>2</sup> Scott, Robert E. 2017. "Testimony Before the U.S. Department of Commerce on Aluminum Imports." Washington, D.C. June 22, 2017.

<https://www.epi.org/publication/testimony-before-the-u-s-department-of-commerce-on-aluminum-imports/>

<sup>3-6</sup> Adam S. Hersh and Robert E. Scott. 2021. *Aluminum producing and consuming industries have thrived under U.S. Section 232 import measures*. Economic Policy Institute. Washington D.C. May 25, 2021 [https://www.epi.org/publication/aluminum-producing-and-consuming-industries-have-thrived-under-u-s-section-232-import-measures/#\\_note1](https://www.epi.org/publication/aluminum-producing-and-consuming-industries-have-thrived-under-u-s-section-232-import-measures/#_note1)

<sup>4</sup> [https://www.epi.org/publication/aluminum-producing-and-consuming-industries-have-thrived-under-u-s-section-232-import-measures/#\\_note1](https://www.epi.org/publication/aluminum-producing-and-consuming-industries-have-thrived-under-u-s-section-232-import-measures/#_note1)