



STEEL TARIFFS IMPACT U.S. TIRE MANUFACTURING

Domestic Steel Sources Not Available for Key Tire Components

Background

- Through Presidential Proclamation on March 8, 2018, President Trump announced the Administration would impose a 25 percent ad valorem tariff on all steel articles, with temporary exceptions for various countries.
- Since the March announcement, an array of countries have sought relief from the tariffs through renegotiated trade agreements and/or steel quotas.
 - South Korea, Argentina, Australia and Brazil reached agreements, with the United States to circumvent tariffs. The Brazil and Korea deals include quotas on imported steel.
 - The steel tariffs became effective on June 1 for the European Union, Canada and Mexico.
- The Department of Commerce created an exemption process for “any steel article determined not to be produced in the U.S. in a sufficient and reasonably available amount or of a satisfactory quality.”

Tire Industry Seeks Exemption

- As domestic suppliers cannot meet the steel volume and quality needs for crucial tire safety components, USTMA is working closely with suppliers including Bekaert Corp., Bridgestone Metalpha, and Kiswire America to request an exemption for specific types of tire cord-quality steel wire rod, tire cord and bead wire.
- The Department of Defense also weighed in on Section 232 duties by stating it does not have any domestic suppliers for tire rod steel used in military vehicles and trucks.

Steel is Critical to Tire Safety

- Tires are among the most highly engineered safety components on vehicles and are directly involved in all aspects of a vehicle’s movement.
- The steel wire is used both in a tire’s steel belts, providing strength, high load-carrying capacity, puncture resistance and durability and in the bead, which holds the tire to the rim.

Steel Production Differences

- Virtually all of the steel wire rod used by the U.S. tire manufacturing industry is sourced from foreign suppliers due to the stringent performance and quality requirements of tire manufacturing.
- Electric arc furnace technology, used in domestic steel mills, is unable to produce consistently the quality of tire cord-quality wire rod necessary for tire manufacturing.
- Tire cord-quality wire rod is produced using basic oxygen furnace technology, which is employed by foreign wire rod suppliers and is a product that cannot be supplied in the volume and under the quality necessary for military and civilian applications by domestic producers.

Consistent Tire Supply Is Essential

- Consistent tire supply is critical to the nation’s shipping and commerce needs, and bolsters national security, since the U.S. military relies on the tire industry to provide high performing and durable tires to aid in our national defense.



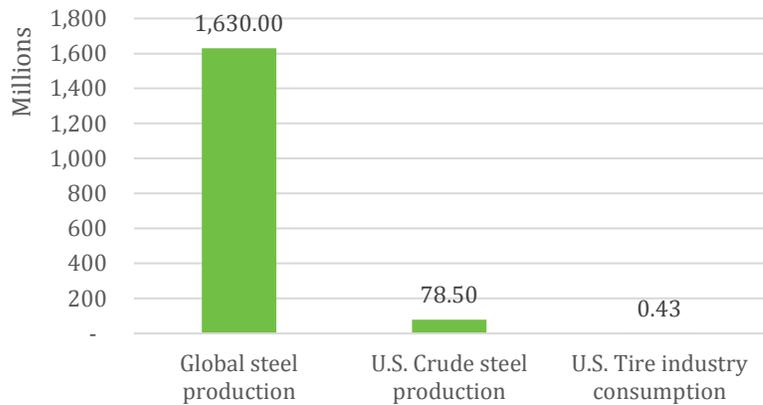
STEEL USE FOR TIRE MANUFACTURING

Key Facts and Figures

Tire Industry Uses Small Percentage of Steel Production

- U.S. tire industry consumption of steel in 2016 was approximately 429,266 metric tonnes.
- This represents 0.1% of global crude steel production and equates to about 1% of U.S. crude steel production.

U.S. Tire Industry Steel Consumption in Comparison with U.S. and Global Crude Steel Production (metric tonnes)

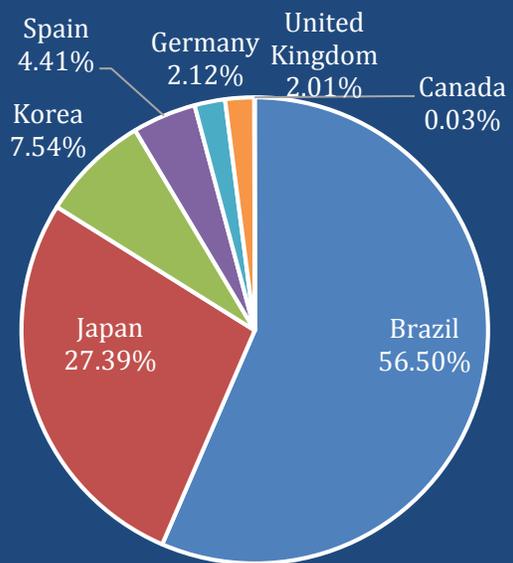


Sources: World Steel in Figures 2017. Brussels, Belgium: World Steel Association, 2017 and U.S. Tire Manufacturers Association, 2017.

Industry Steel Sourced from a Variety of Countries

- Tire-related steel imports are diversified, which minimizes any potential national security concern.
- Tire cord-quality wire rod is sourced from strategic allies of the U.S.

2017 U.S. Imports of Tire Cord-Quality Wire Rod



Source: U.S. International Trade Commission Interactive Tariff and Trade DataWeb, <https://dataweb.usitc.gov>