



# PUBLIC POLICY PRIORITIES

for the American Steel Industry

2025



American Iron and Steel Institute





## Introduction

The American Iron and Steel Institute (AISI), representing integrated and electric arc furnace (EAF) steelmakers of carbon, alloy and stainless steel and key suppliers and downstream processors, is pleased to provide the Trump administration and the 119th Congress the public policy priorities for the domestic steel industry.

The American steel industry serves as the backbone of the manufacturing sector and is critical to the U.S. economy and national security. Our nation's critical infrastructure and every major defense system rely on steel to operate effectively. Steel is also essential to the everyday lives of all Americans — cars and trucks, the roads and bridges they drive on, home appliances and the electricity grid that powers them, and the entire energy sector, from oil and gas to wind, solar and nuclear energy, depend on steel.

The trade and tax measures enacted during the first Trump administration provided a much more competitive environment for the American steel industry and led to the industry investing billions of dollars in new and upgraded facilities, as well as in research and development to produce new advanced grades of steel for our customers. The American steel industry is also the cleanest and most energy-efficient of the major steel industries in the world. But our industry faces significant challenges from foreign unfair trade practices and global steel excess capacity that can fuel surges in dumped and subsidized steel imports into the U.S. market, threatening our industry and the jobs we support. In addition to the unfair trade challenges faced by the American steel industry, there are several Environmental Protection Agency regulations that if not reconsidered threaten the global competitiveness of our operations and the jobs supported by them.

2025 presents an opportunity for the new administration and Congress to take a holistic look at the key issues impacting steel manufacturing. As policymakers work to ensure America's national security and strengthen our economy, AISI urges consideration of three sets of important policy priorities:

- Enhancing existing trade measures to address foreign unfair trade practices;
- Ensuring common-sense regulations that foster innovation; and
- Implementing tax policies to encourage new and continued investment.

AISI is proud to represent an industry that plays such an essential role in people's everyday lives and strengthens America's economic vitality and national security. The following papers detail AISI's policy recommendations that will enable the continued success of the American steel industry.



## Enhance Trade Measures to Address Foreign Unfair Trade Practices

Driven by government subsidies and other trade-distorting government policies, global overcapacity in the steel industry reached 573 million metric tons in 2024. This overcapacity is not limited to any one country or region of the world, as trade-distorting policies and practices affecting the steel industry are utilized in many countries.

One significant source of overcapacity is China, where steel production in 2024 is forecast to exceed one billion metric tons for the fifth year in a row, despite a dramatically slowing demand for steel in that country. As a result, Chinese steel exports to the world have doubled since 2020 and are on pace to exceed 100 million metric tons in 2024, which is more than the total annual U.S. production of steel. But while China is the largest and best-known perpetrator of market-distorting policies and practices affecting steel, it is not the only country pursuing such policies. Over the last 10 years, Vietnam has increased its steel production by 243 percent, meanwhile Vietnamese steel exports to the U.S. have increased by 264 percent since 2014.

The Chinese government is also expanding its unfair trade practices beyond its borders by subsidizing its steel producers in building additional export-oriented steelmaking capacity outside of China — particularly in Southeast Asian countries like Indonesia. From 2010 to 2020, crude steel capacity in the Association of Southeast Asian Nations (ASEAN) region doubled and significant additional capacity expansion is underway, over 80 percent of which is the result of Chinese cross-border investments. In Indonesia alone, steel production has increased 600 percent over the last 10 years, including a recent joint venture between Indian and Chinese steel producers that will substantially increase stainless steel melt-and-pour capacity. The resulting downstream products typically are cold rolled and finished throughout Asia, then designated for the export market. These cross-border subsidies are helping build new sources of unfair trade that will follow the China model, putting American steel companies, our supply chain, our workers, and the two million jobs the steel industry supports, at risk.



Due to existing Section 232 tariffs and Section 301 tariffs on China, as well as significant antidumping and countervailing duties on Chinese steel, most Chinese steel exports do not come directly to the United States. But widespread transshipment of steel through third countries — including key trading partners like Mexico — means these exports still impact the U.S. steel market, as traders and importers pursue schemes to circumvent and evade U.S. tariffs and trade remedy orders. In addition, Chinese steel exports to third countries can displace sales of locally produced steel in those markets and lead to increased exports of third country steel production to the U.S. market.

To address these growing challenges, American steel producers recommend the following trade policy actions:

- **Section 232 remedy on steel imports** — Ensure that the Section 232 steel tariff remedy achieves the objectives established in the 2018 Section 232 report, namely that the domestic steel industry operates at or above 80 percent capacity utilization. Absent effective relief under the Section 232 program, overproduction of steel in countries where there is significant government intervention in the steel sector can result in renewed injurious surges in steel imports, threatening the viability of domestic steel producers and U.S. national security. Improvements to the Section 232 program should include:
  - > Measures to address the rampant abuse of the existing Section 232 exclusions process by importers, including the outright elimination of General Approved Exclusions (GAEs);
  - > A requirement that only steel products from Canada and Mexico that were melted and poured in North America are eligible for duty-free treatment;
  - > Reinstatement of the 25 percent tariff and/or downward adjustments in quota and tariff-rate quota levels to account for reduced domestic demand for specific steel products, for example by reducing the quota on oil country tubular goods (OCTG) from Korea; and
  - > Expansion of the Section 232 measures on steel to downstream products such as laminations and cores for electrical transformers, automotive exhaust systems, fabricated structural steel and prestressed concrete strands.
- **Section 301 tariffs** — Expand the China tariffs to apply to all steel originally melted and poured in China, regardless of where that steel is finally processed. By applying a “melt and pour” rule, the Section 301 tariffs will help address the transshipment of Chinese steel through third countries.
- **Trade remedy legislation** — Enact the bipartisan, bicameral Leveling the Playing Field 2.0 Act, which would authorize the Commerce Department to apply the countervailing duty law to transnational subsidies like those being used to subsidize offshore Chinese steel production, strengthen the antidumping law by ensuring the ability of the Commerce Department to make “particular market situation” adjustments in antidumping investigations in all instances where home market costs or prices have been distorted, set clear statutory deadlines for anti-circumvention inquiries and ensure the countervailing duty law can be applied to currency manipulation by foreign governments.
- **USMCA** — Update the United States-Mexico-Canada Agreement (USMCA) to strengthen the tools available to prevent the transshipment and circumvention of steel and key steel-containing goods from outside North America through Canada and Mexico, and to further incentivize the use of North American steel in manufactured products, such as automobiles and light trucks.



## Ensure Common-Sense Regulations that Foster Innovation

Over the past four years, numerous government agencies, especially the Environmental Protection Agency (EPA), have imposed onerous and often technically unachievable regulatory burdens on steelmakers. Many of these regulations, especially with regard to air emissions limits, present significant challenges for domestic steel operations — despite numerous government analyses showing minimal risk to human health from these domestic steelmaking operations. AISI urges the incoming administration to reject these burdensome regulations and replace them with a more common-sense approach that balances environmental protection with reasonable regulations and recognizes the American steel industry's global leadership in clean steel production.

- **Air rules on integrated steel plants** — The integrated steel industry has been subject to a suite of aggressive regulations that impose potentially job-killing requirements and threaten to degrade the industry's competitiveness. The administration should reconsider three such regulations that will adversely impact nearly every aspect of the integrated steelmaking process: the Integrated Iron and Steel Rule, Taconite Ore Processing Rule and Coke Ovens Rule. These three final rules should be reconsidered to establish workable standards for steelmakers.
- **Particulate matter (PM<sub>2.5</sub>)** — Restore EPA's primary annual PM<sub>2.5</sub> National Ambient Air Quality Standard (NAAQS) to 12 micrograms per cubic meter. The recent reduction of the standard of 9 micrograms per cubic meter will result in excessive costs and lost growth opportunities for steelmakers. The standard of 9 micrograms is at, or even below, naturally occurring levels of PM<sub>2.5</sub> and will hinder facility investment by steel companies in many parts of the country.



- **Electric Arc Furnace (EAF) air emissions** — Rework EPA's final rule on EAF air emissions and replace it with achievable standards that are based on industry best practices. In particular, EPA should drop the zero percent opacity standard which is unrealistic for even the most modern and well-controlled sources.
- **Cross State Air Pollution Rule (CSAPR)** — Reexamine the EPA's CSAPR that set the first-ever interstate ozone controls on nitrogen oxide (NOx) for steel producers. Recently stayed by the Supreme Court of the United States, this rule should be focused on the real causes of downwind ozone rather than imposing unnecessary burdens on steel plants.
- **Greenhouse gas (GHG) power plant rules** — Repeal and replace the EPA rules addressing GHG limits for existing coal-fired and new and existing natural gas-fired power plants. Work with industry to determine realistic standards that will not jeopardize the reliability and affordability of electricity supply to energy-intensive industries like steel producers.
- **Air permitting** — Overhaul EPA's complex and burdensome air permitting program which greatly inhibits investment in expansion and growth of steel producers. EPA should update and streamline the process by reversing the Biden administration's cumbersome permitting rules and overly conservative modeling guidelines.
- **Workplace heat injury and illness standard** — Pause the Occupational Safety and Health Administration (OSHA) regulatory process to develop a new heat injury and illness standard and institute a final rule that permits specific industries and employers to continue to maintain their own individualized heat safety measures, rather than mandate a blanket national standard.
- **Crystalline silica rule** — Alter the 2024 Mine Safety and Health Administration (MSHA) crystalline silica rule to maximize the safety and health of miners without imposing unachievable and unreasonable obligations on mine operators.



## Implement Tax Policies to Encourage Investment

To maintain our nation's global competitiveness, U.S. federal tax policy must retain the key pro-growth aspects of the Tax Cuts and Jobs Act of 2017 (TCJA). Prior to the enactment of that law, U.S. manufacturers and other businesses were subject to a combined (federal plus state) tax rate of almost 40 percent — the highest in the world. In addition, the pre-TCJA tax code failed to include adequate provisions to encourage capital investment and innovation in the manufacturing sector. The TCJA addressed these fundamental challenges for the U.S. economy by lowering the corporate tax rate to 21 percent and by providing for critical cost recovery systems such as 100 percent accelerated depreciation for capital investments and full expensing of research and development expenditures.

While the lower corporate tax rate remains in place, many of the key cost recovery provisions of the TCJA have expired or are being phased out. Maintaining or lowering the 21 percent corporate tax rate and restoring key cost recovery provisions are critical, as capital investment is crucial for economic growth and job creation in the American steel industry and the manufacturing sector. Accelerated depreciation and full expensing directly impact whether or not manufacturing companies will make new investments and are therefore particularly important for American steel producers.

AISI urges the new administration and Congress to enact the following tax provisions into law in 2025:

- **Corporate tax rate** – In order to ensure U.S. industry competitiveness with businesses from around the world, maintain or lower the current U.S. corporate tax rate of 21 percent to keep it in line with the average global corporate tax rate. In addition, repeal the corporate alternative minimum tax (AMT) of 15 percent that was enacted as part of the Inflation Reduction Act of 2022.
- **Accelerated cost recovery** — Restore provisions to promote domestic capital investment, such as 100 percent accelerated depreciation, full expensing of business capital expenditures, or other measures



that lower the cost of capital and allow businesses to deduct costs associated with capital investment, as the TJCA provisions are being phased out.

- **Expensing of research and development (R&D) costs** — Reestablish full first-year expensing of domestic R&D costs to spur continued innovation in the United States. This feature of the TCJA expired in 2022.
- **Interest deductibility** — Renew the allowance for depreciation, amortization and depletion in calculating the limitation on business interest deductibility. This will allow businesses to deduct their true expenses related to financing.
- **Percentage depletion** – Maintain the current percentage depletion tax deduction as it applies to iron ore and metallurgical coal, two key raw materials used in integrated steelmaking.
- **Key business tax credits** — Maintain tax credits that incentivize investment and production of wind, solar, nuclear, hydrogen, carbon capture and advanced manufacturing facilities, with appropriate bonus provisions for domestic content. Expand the advanced manufacturing production credit to incentivize transformer production and the use of domestic electrical steels, and to cover high-nickel scrap. Establish parity between carbon capture tax credits for utilization and sequestration.



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