

## Why GAO Did This Study

Citing national security concerns over excess global supply of steel and aluminum, in March 2018 the President placed tariffs on the import of some products using Section 232 of the Trade Expansion Act of 1962. At the President's direction, Commerce established a process to provide relief, or exclusion, from the tariffs.

GAO was asked to review Commerce's Section 232 tariff exclusion process. This report assesses (1) the process Commerce uses to decide exclusion requests and to what degree it has accepted submitted requests; (2) what criteria and factors affected Commerce's decisions; (3) how often Commerce met established guidelines for the timely resolution of requests; and (4) the extent to which Commerce reviewed the impacts of the tariffs on steel and aluminum imports, as directed.

GAO analyzed Commerce's Bureau of Industry and Security and International Trade Administration records from March 2018 to November 2019, as well as data from the U.S. Census Bureau and the Department of Homeland Security, and spoke with agency officials.

## What GAO Recommends

GAO recommends that Commerce (1) identify, analyze, and respond to factors in the process that may cause submission errors; (2) take steps to improve timeliness of exclusion request decisions and address the backlog; and (3) assign responsibility for reviewing the tariffs' impact and document the results. Commerce concurred with all three recommendations.

View [GAO-20-517](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or [GianopoulosK@gao.gov](mailto:GianopoulosK@gao.gov).

# STEEL AND ALUMINUM TARIFFS

## Commerce Should Improve Its Exclusion Request Process and Economic Impact Reviews

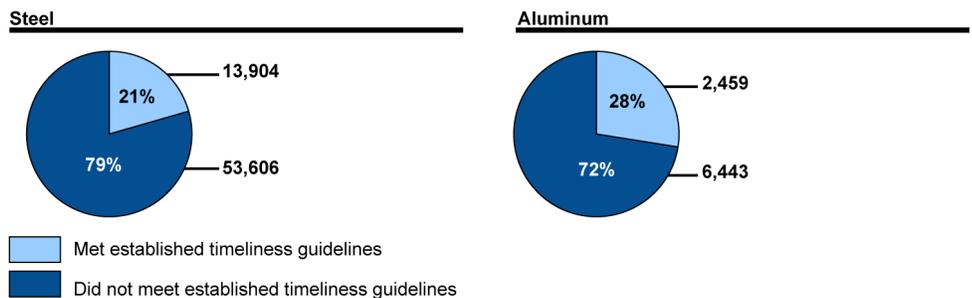
### What GAO Found

The Department of Commerce (Commerce) has a four-phase process to review companies' requests to be excluded from having to pay Section 232 steel and aluminum tariffs. Commerce ensures an exclusion request is complete, accepts public input, evaluates materials submitted, and issues a final decision. Between March 2018 and November 2019, Commerce received over 106,000 requests; it rejected over 19,000 of them prior to decision due to incorrect or incomplete information. Although rejections may delay relief for requesters and can increase work for Commerce, the agency has not identified, analyzed, or taken steps to fully address the causes of these submission errors.

In deciding exclusion requests, Commerce examines objections from steel and aluminum producers to find whether the requested products are reasonably available domestically in a sufficient amount. Commerce may also decide exclusion requests based on national security issues, but has not done so. While Commerce approved two-thirds of exclusion requests, it most often denied requests that had technical errors or where a domestic producer had objected.

Commerce did not decide about three quarters of requests within its established timeliness guidelines, as shown in the figure, taking more than a year to decide 841 requests. Commerce took steps to improve timeliness, such as streamlining the review process for some requests and creating a new submission website, but continues not to meet guidelines and had a backlog of 28,000 requests as of November 2019. Until Commerce takes additional steps, companies will continue to encounter delays in obtaining relief.

**Most Steel and Aluminum Exclusion Decisions Did Not Meet the Department of Commerce's Established Timeliness Guidelines from March 2018 to November 2019**



Source: GAO analysis of Regulations.gov data. | GAO-20-517

Commerce has not documented the results from any reviews of the tariffs' impacts or assigned responsibility for conducting regular reviews. GAO found evidence of changes in U.S. steel and aluminum imports and markets. For example, imports covered by the tariffs declined after an initial surge and prices dropped after significant increases in earlier years. Evaluating whether the tariffs have achieved the intended goals and how they affect downstream sectors requires more in-depth economic analysis. Without assigning responsibility for conducting regular reviews and documenting the results, Commerce may be unable to consistently assess if adjustments to the tariffs are needed.