

United States Senate
WASHINGTON, DC 20510

September 10, 2020

The Honorable Wilbur Ross
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Ross:

In June 2018, you were asked at a Finance Committee hearing about when our consumers could see relief from high steel prices. The question was prompted by concerns that the Section 232 national security tariffs on imported steel could allow certain actors to manipulate and distort the marketplace. You said the following:

What has been happening and is a very unsatisfactory thing is, there has been a lot of speculative activity—storing inventory, withholding product from the market—by various intermediary parties. So the price of steel and, for a while, the price of aluminum went up far more than is justified by the tariffs. And so we are starting an investigation into that, trying to find out whether there are people who illegitimately are profiteering out of the tariffs.

We're glad you agree with us on the problem. However, our Iowa constituents can tell you its answer: yes.

They know this answer only too well, and at the worst of times. Iowans have not only endured the pandemic and a drought, but a severe storm known as a derecho that devastated much of the state over August 10. The derecho's winds, which reached 140 miles per hour, left 8,000 homes destroyed, and damaged 43 percent of the state's soybean and corn crop. Below is a picture of a grain bin (made of steel) that was taken by Senator Grassley while surveying the damage – and that will need to be replaced.



In the wake of this catastrophe, opportunists are offering extremely high estimates to Iowans for the steel they need to rebuild their homes, farms, businesses, and communities. A number of farmers have told us that the increased prices for steel would collectively add hundreds of millions of dollars in costs for them. This can't happen.

President Trump understands recovery from the derecho requires quick action, which is why he expedited Iowa Governor Kim Reynolds's request for federal disaster assistance. Now it's time for you to act quickly as well: by lifting Section 232 tariffs on any steel that will be used in Iowa's recovery from the derecho, including for steel that can be used in construction projects, grain bins, machine sheds, and agricultural machinery.

The Department of Commerce's (Department) current policy is to grant an exclusion from steel tariffs when there is not a "sufficient and reasonably available amount" of a steel product, or there is a "national security consideration warranting an exclusion." To evaluate those conditions, the Department requires requesters for a tariff exclusion to undergo a process that requires submission of numerous forms, and that can take several months to conclusion.

We can assure you that you don't need paperwork or more than a moment to see that either of your Department's criteria is met here. When Americans can be taken advantage of after a natural disaster as we are seeing in Iowa, there clearly isn't enough supply. And every day our farmers have to wait to get back to farming (and feeding our people) is a day our national security is weaker rather than stronger. Accordingly, you can – and should – immediately exclude the tariffs for steel going to Iowa's recovery, or for recovery from any other natural disaster for that matter.

Moreover, lifting the tariffs doesn't mean that domestic steel producers will be hurt. The very fact that high prices exist is evidence that they are not losing legitimate sales, but rather that certain actors are engaging what you referred to as "speculative activity." These actors can do so

precisely because the option of importing foreign steel is cost prohibitive. Simply restoring that option will undermine the position of these unscrupulous actors.

Iowans are a tough and resilient people. They have built back before – and they will do so again. But there is no reason to make it any harder than it needs to be. You have the power to help Iowans quickly and effectively. In fact, your staff has often said that one reason they need broad authority under the current Section 232 law is to have the flexibility in case of an emergency. Well, there's clearly one now. We, and other Members of Congress, will be watching your response closely. We expect you to rise to the task.

Sincerely,



Charles E. Grassley
United States Senator



Joni K. Ernst
United States Senator