

Message

From: Maisano, Frank [frank.maisano@bracewell.com]
Sent: 5/31/2018 4:24:26 PM
To: Maisano, Frank [frank.maisano@bracewell.com]
Subject: Bracewell Trade Experts Offers Insight on Tariff Announcement

Friends,

Given today's action on tariffs for steel and aluminum, I thought you would find the perspective of my trade expert colleague Josh Zive valuable for you or your colleagues' coverage of the issue.

FROM ZIVE (On the Record):

This morning, Secretary of Commerce Wilbur Ross announced on a conference call that the Section 232 tariffs on imports of steel (25% tariff) and aluminum (10% tariff) will be applicable to imports from Canada, Mexico, and the EU when their exceptions from the tariffs expire at midnight tonight. The White House followed shortly by posting new proclamations formally adjusting the tariffs for steel and aluminum. In addition to removing the exceptions for Canada, Mexico and the EU, the proclamations also formalize the "hard" export quotas that Australia, Argentina, and Brazil have agreed to accept in lieu of 232 tariffs.

This is a significant decision from the Trump Administration, and the economic and diplomatic consequences of this move are likely to be significant and complex. EU and Canada have already promised retaliation against US exports—minutes after Ross's announcement the EU released a statement outlining \$3.3 billion in new tariffs on US products ranging from Harley-Davidson motorcycles to Kentucky Bourbon, and Mexico announced new tariffs on US pork, fruit, and flat steel products. This retaliation will likely get worse before it gets better as diplomacy moves from bilateral discussions to WTO dispute resolution. Additionally, it is likely that the prices and lead times for steel and aluminum, already climbing in the wake of the 232 tariffs, will increase at an accelerated pace. Finally, the Department of Commerce will likely see thousands of new exclusion requests filed, adding to the thousands waiting for action from the agency.

Today's actions should be viewed as a disappointment, but not a surprise. We will be watching closely for additional details because many details surrounding the tariffs require further elaboration, and it is essential that companies harmed by these policies redouble their efforts to educate policymakers and thought leaders about the consequences of this protectionism.

We will keep you updated as events unfold,

Josh Zive

You can reach Zive at josh.zive@bracewell.com should you have additional questions. You can also Connect with me and I will get them to him. Finally, my colleague Paul Nathanson (paul.nathanson@bracewell.com) is also working on these trade issues and can help as well. More information on the issues is available at www.tariffstaxes.org.

Feel free to send questions,

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Ex. 6

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