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Protectionists Steel Washington

New tariffs will hurt U.S. manufacturers.

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Remember when trade policy looked like a potential bright spot on the Obama Administration's economic record? Now with trans-Pacific and trans-Atlantic trade talks missing deadline after deadline, Washington is slapping new tariffs on steel imports. This election-year gift to U.S. steel giants and their unions will raise prices for other U.S. firms, handicap domestic energy production and alienate trading partners world-wide.

On Friday the Commerce Department imposed duties on hundreds of millions of dollars in annual trade with South Korea and eight other countries, including India, Vietnam, Turkey and Taiwan. As punishment for allegedly dumping steel into the U.S. market at unfair low prices, South Korea's exporters will face tariffs of about 10% to 16%, while smaller players from other countries face rates up to 118%.

The U.S. International Trade Commission could reverse the ruling by September, but in a preliminary review the commission already found a "reasonable indication" that U.S. steel firms are being "injured" by foreign competitors' low prices.

So it goes in the protectionist racket known as antidumping enforcement. Low-priced steel from South Korea is good for American buyers but annoying for American producers like Nucor NUE -1.01% and U.S. Steel X -0.58% that would rather have the market to themselves and charge higher prices. By filing antidumping complaints, these firms lobby Washington to punish foreign businesses for the crime of charging low prices to American consumers.

U.S. Steel CEO Mario Longhi and Steelworkers union chief Leo Gerard complain that steel imports rose 113% between 2010 and 2012, with South Korean products accounting for half the increase. They blame dumping, but the better explanation is that America's energy revolution is raising demand for steel piping, casing and other oil-country tubular goods. Low prices also aren't a surprise given the world-wide glut caused by slowing growth in China and excess mill investment in China and the United States.

When Washington imposes tariffs, it raises prices on the many to benefit the protected few. The injured in this case will include untold workers, shareholders and customers of U.S. companies that use steel—especially the domestic manufacturers that everyone professes to love. U.S. firms will have greater incentive to expand overseas, where the tariffs don't apply, and household energy costs will be higher because of the added expense to drillers. This is another decision to keep in mind the next time President Obama takes credit for the domestic energy revival.

The U.S. move will also encourage other countries to raise trade barriers against American goods—an outcome made even more likely on Monday, when two World Trade Organization panels ruled against U.S. duties imposed on Chinese steel and solar panels as well as Indian steel from 2007-12. In the China case the WTO ruled that the U.S. hadn't provided enough evidence that the steel exporters received government subsidies. A reputation for beggar-thy-neighbor tactics doesn't help Mr. Obama's goal of growing U.S. exports.

The best that can be said about Washington's new tariffs is that most aren't as steep as the 99% duties slapped on Chinese steel in 2010, and perhaps the Administration will use them to mute labor opposition to the trans-Pacific and trans-Atlantic trade deals under negotiation. But triangulation would require Mr. Obama to pursue free trade at least as vigorously as protectionism, which he isn't doing as long as he refuses to press Congress for the "fast-track" authority needed to finalize a multilateral accord.

Administration officials say that multilateral talks are progressing and that everything will be easier after November's elections, but delay has costs. Day by day, for example, Japanese leader Shinzo Abe loses public support he needs to secure a meaningful Pacific trade deal. For Washington to deepen its reputation for protectionism and trade hypocrisy only makes things worse.

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