



## Missouri nail maker wins tariff exemption and begins planning a comeback

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After waiting nearly 10 months, workers at Mid-Continent Nail in Poplar Bluff, Mo., have finally heard some good news from Washington.

The plant, the largest U.S. nail manufacturer, was hit hard by President Donald Trump's steel tariffs. Its sales fell by 60 percent, it's been losing money, and employment fell from more than 500 last June to fewer than 300 now.

All along, Mid-Continent has argued that it should be excluded from the tariffs because domestic steelmakers can't supply all the steel wire it buys from Mexico. Its exclusion request was granted this week, easing the uncertainty that has surrounded the factory's future.

Chris Pratt, Mid-Continent's operations manager, said the company will try to win back business it lost and will probably be hiring workers soon.

There's no guarantee, however, that Mid-Continent will ever be as big or as prosperous as it was. "Some of those orders will never come back," Pratt said. "We as a company have to methodically think through how this is going to play out."

When the steel tariffs made Mid-Continent's Magnum brand of nails more expensive, many construction distributors and pallet manufacturers turned to cheaper, imported nails.

"We lost a huge volume of orders that were already on the books," Pratt said. "Customers that had always been loyal to the U.S. industry now looked elsewhere."

Essentially, Trump protected companies such as U.S. Steel and Nucor at the expense of manufacturers that turn steel into nails, auto parts and other things. Trade Partnership Worldwide, a consulting firm, estimated last year that the tariffs would save 26,000 steel and aluminum jobs but cause 432,000 jobs to be lost in other industries.

Poplar Bluff is fortunate that Deacero, Mid-Continent's Mexican parent company, remained committed to the plant. "We paid employees to sweep the floor, paint the walls, clean the parking lot," Pratt said. "Our parent company told us we were going to keep everybody we could. We thought this was short term, and short term ended up being 10 months."

Mid-Continent dismissed 60 temporary workers when the tariffs took effect in June, but Pratt says the rest of the workforce reduction happened as workers left voluntarily, many to take other

jobs. He doesn't blame them for seeking greater job security but says experienced workers will be hard to replace.

Pratt is willing to chalk up the long delay to bureaucracy, the government shutdown and the sheer volume of requests the Commerce Department had to process. A company statement Thursday thanked public officials, including Trump and Commerce Secretary Wilbur Ross, for their support.

Some people suspect, though, that the delays were deliberate. Daniel Ikenson, a trade expert at the Cato Institute, told me last year that the exclusion process was "backward and capricious" and that Ross was taking a hands-on role.

For three months after Trump announced the tariffs, any objection from a steelmaker was enough to deny an exclusion request. Two steelmakers, Nucor and Mid South Wire, objected to Mid-Continent's requests.

In September, the Commerce Department created a process for appealing such objections, but approvals remain rare. Jackie Walorski, a Republican congresswoman from Indiana, said last month that only 5.8 percent of exclusion requests had been approved over steel-industry objections.

Mid-Continent eventually beat those long odds, but 10 months of deterioration in its business will be hard to reverse. Meanwhile, its tariff exemption is only good for a year, so it will soon have to start the harrowing process all over again.