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Who obtains political exemptions? An attention-based analysis of steel tariff exclusion requests

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Abstract
In this paper, we examine firm exclusion requests from the Section 232 tariffs placed on steel articles by President Donald Trump in March of 2018. The Presidential Proclamation that announced these new tariffs also authorized the creation of an exclusion process through which firms that use imported steel can request exemptions from the 2018 steel tariffs if no U.S. steel producer is able to supply the amount and type of steel demanded. Expanding the Attention-Based View (ABV) framework beyond the private sector, we suggest that decision-making by the U.S. Department of Commerce regarding the approval or denial of steel tariff exclusion requests is influenced by attention to elements of both domestic and international politics. Using a dataset of 163,522 exclusion requests, we find that political alignment and historical trade relationships with exporting countries significantly increase the Department of Commerce's likelihood of approving exclusion requests. In addition, firm lobbying and the amount of steel requested for exclusion from tariffs have a significant negative impact on the likelihood of approval. This research extends our understanding of business–government interactions, incorporating not only economic and political influences but also the organizational environment, and highlights the importance of attention structures in explaining regulatory outcomes.

Keywords Business–government relations · Trade policy · Tariffs · Administrative agencies · Bureaucracies · Attention-based view

Introduction

In a 2018 executive order, former President Donald Trump ordered that new tariffs be placed on all imported steel. These tariffs, authorized under Section 232 of the 1962 Trade Expansion Act, sent shockwaves through U.S. industries that rely heavily on imported steel. At inception, the executive action allowed importing firms to apply for exclusions from these tariffs if they were unable to find domestic steel producers who could offer the type or quantity of steel required. The web portal the U.S. Department of Commerce (DOC) created for the exclusion process allows full public access to the applications, creating a rare opportunity for researchers to investigate how the information revealed in the applications impacts the government's decisions to grant or deny firms' requests for exclusion. In this paper, we use the business–government interaction in the tariff exclusion process to seek insight into the domestic and international political factors that capture decision-maker attention and influence the DOC's decisions to grant or deny steel tariff exclusion requests.

During the 20th century, the U.S. drastically shifted its stance on international trade. It went from holding a strongly protectionist stance on trade to being a vocal proponent of multilateralism and liberalization (Ehrlich, 2008). However, in the years following the Great Recession, this commitment to trade liberalism seems to be faltering (Evenett, 2019; Irwin, 2022). At the same time, the

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institutions surrounding trade policymaking have undergone their own transformation. While the Constitution gives Congress the power to set tariff schedules and the president the power to negotiate treaties—a division that has forced the two branches to check each other in the past—repeated delegations of power to the president and the subsequent expansions of the bureaucracy required to handle these responsibilities has given administrative agencies greater leeway to mold trade policy (Claussen, 2021). The exclusion request process that emerged following the imposition of the Section 232 tariffs in 2018 sets up an exceptional opportunity to shed more light on the ways in which executive agencies construct and adjudicate the corporate regulatory environment.

Expanding upon attention-based view (ABV) in the context of business–government interactions, we examine the domestic and international factors that may draw the attention of government regulators. According to ABV theory, decision-makers' attentional focus and priorities impact their strategic actions (Ocasio, 1997). Employing the ABV allows us to examine which issues these actors consider most important when navigating complex political landscapes at home and abroad[1]. In this paper, our application of the ABV specifically concentrates on decisions made by the DOC. We examine how this governmental body allocates its cognitive and procedural attention when evaluating steel tariff exclusion requests. Our aim is to discern the regulatory priorities that guide the DOC's decisions to grant or deny these requests. Drawing from the ABV theory to build out our model of the case, we evaluate factors such as the volume of steel requested for exclusion, the lobbying activity of the requesting firm, and the relationship between the exporting country and the United States to predict the likelihood of decisions approved or denied by the DOC.

The Section 232 exclusion process also allows us to study international trade relations. Our paper takes into consideration the impact of broader geopolitical concerns such as bilateral cooperation and historical trading relationships on exclusion application decisions. Through our findings, we hope to provide businesses insights into developing effective nonmarket strategies and to shed more light on the priorities and decision-making dynamics of the bureaucratic agencies that administer trade policy. These two goals situate our work at the intersection of international management research and policy studies.

Context

Section 232 of the 1962 Trade Expansion Act allows the president to restrict international trade when goods are being imported "in such quantities or under such circumstances as to threaten to impair the national security" of the United States. Between 2018 and 2020, President Donald Trump imposed four rounds of tariffs on U.S. imports, taxing targeted product categories like washing machines and solar panels as well as the majority of imports from China. However, of these four rounds, only one, which imposed a 25% tariff on steel imports and a 10% tariff on aluminum imports, draws on the authority of Section 232 to address national security concerns.[2] Section 232 is not commonly invoked in international trade disputes; before 2018, the last large-scale use of Section 232 to restrict imports took place under Reagan in 1986, which resulted in a handful of negotiated voluntary export restraints on metal-working machines (Congressional Research Service, 2021).

In March 2018, the Trump Administration released the declaration of new tariffs on foreign steel and steel derivatives (including such ubiquitous products as nails and staples). The Trump administration's stated goal was for U.S. steel producers to increase their production capacity to 80% or more of total domestic demand, but the data do not reveal such responsiveness from the U.S. steel industry. Average steel capacity utilization in 2020 was 68%,[3] down from 78% in 2019 (Board of Governors, 2023). While the tariffs were intended to be a strategic tool, adversely impacting foreign exporters and the economies they hail from in the interest of gaining more favorable terms of trade between the U.S. and foreign governments, they naturally also produced adverse consequences for some domestic companies as well. Companies relying on imported steel found themselves in immediate distress.

In the spring of 2017, Trump issued a request to the DOC to expedite the investigation of the impact of steel imports on U.S. national security (Department of Commerce, 2017) and a year later, the Section 232 tariffs were officially announced. Shortly after, however, came another announcement—the Department of Commerce would institute a process for companies to file requests to have the imports they needed excluded from the new tariffs if the products requested were not currently available from a U.S.

[1] While the ABV framework has traditionally been applied to decision-making within firms themselves, previous work has demonstrated the utility of engaging with it more broadly (e.g., Fredberg, 2009, which studies decision-making of TV customers, Stanko & Beckman, 2015, which looks at decisions made by members of the U.S. Navy).

[2] The other tariffs imposed during Trump's tenure were advanced under the authority of the 1974 Trade Act.

[3] This number was unusually low due to economic disruptions caused by the start of the COVID pandemic, but while the 2021 average saw a sharp upward correction that returned steel capacity utilization briefly back to its 2019 average, the measure for 2022 was only 74.9%.

producer in sufficient quality or amount (Requirements for Submissions, 2018).

Because there are so few examples of tariffs being leveraged under the authority of Section 232 of the 1962 Trade Expansion Act, our case may seem somewhat unique. In reality, it is representative of the broader "quasi-adjudicatory, quasi-rulemaking authority" that has grown up around the administrative agencies that handle trade issues (Claussen, 2021, p. 883). Specifically, the ad-hoc nature of the exclusion process created to handle the Section 232 tariffs on steel is but one of many such ad hoc processes in trade policy making.[4] The Office of the United States Trade Representative (USTR), for example, is responsible for evaluating firms' requests for exclusion from the tariffs imposed under the authority of Sections 201 and 301 of the Trade Act of 1974. Indeed, the USTR has had its hands full in recent years after former President Trump imposed Section 201 tariffs on solar products and washing machines and Section 301 tariffs on a wide range of imports from China starting in 2018[5]—like the Section 232 tariffs on steel, both the Section 201 and Section 301 tariffs imposed first in 2018 have been upheld by the Biden administration and continue to be in effect. These ad hoc petitioning systems are not exclusively applied to tariffs, either. Since 1979, the DOC has had the responsibility of administering trade remedies programs (Claussen, 2021). Per U.S. law on anti-dumping, firms can use these programs to apply for trade protections such as countervailing duties; Commerce then evaluates these claims case by case, just as they do for tariff exclusion requests (Drope & Hansen, 2004; Nicely et al., 2019).

The DOC's decision to publish exclusion applications on their web portal presents a rare research opportunity to scrutinize how the department allocates its attention during the decision-making process. By default, all companies that import foreign steel are subjected to the tariff. A company can only get a product excluded from the trade barrier by applying for an exemption and having it granted by the DOC. This process enables the administration to individualize its treatment of firms.[6] While the stated goal of the tariff is to protect national interests, the exclusion granting process itself has remained opaque. The Government Accountability Office (GAO) has conducted two reviews of the DOC's tariff exclusion process in the years since the Section 232 tariffs were first implemented. Both times, the GAO issued reports highlighting the lack of clarity about how decisions are made and the backlog of unprocessed applications (U.S. GAO, 2020; U.S. GAO, 2021). According to the first of these reports:

> "Commerce indicated that it took some steps to evaluate changes in the capacity utilization of the steel and aluminum industries, and would conduct semi-annual reviews of the impacts of the steel and aluminum tariffs. However, Commerce was unable to produce documentation containing the results of any reviews or to identify the agency officials responsible for regularly reviewing the impacts of the Section 232 tariffs." (U.S. GAO, 2020)

The GAO has not been alone in voicing criticism; "Several members of Congress and the Commerce Inspector General have raised issues and concerns about the exclusion process" (Congressional Research Service, 2021; p. 2). Specifically, the Commerce Inspector General alerted Secretary Ross about the "appearance that the Section 232 exclusion request review process is not transparent and that decisions are not rendered based on evidence contained in the record" (Rice, 2019). The lack of transparency in the decision-making processes of bureaucratic agencies that administer trade policy and the centrality of these agencies to the regulatory environment for importers make this an important case to explore.

Literature review and theory

The Section 232 tariffs on steel are representative of a larger pattern of rising protectionism in liberal democracies around the world (Evenett, 2019). In their review of the global value chains (GVC) literature, De Marchi and Alford (2022) find that on average, states pursue facilitative policy programs when their goal is to enhance GVC linking and encourage economic upgrading. Much of the GVC literature has focused on states in their facilitative capacity because for many years, the trend was toward liberalization (Horner, 2017; Neilson et al., 2014). By contrast, more recent work expands this conceptualization by exploring cases in which states take a more interventionist stance—regulating or

[4] These processes take on increasing importance as firms find themselves without a legislative pathway to request tariff relief. Since the early 1980s, Congress's has charged the International Trade Commission (ITC) with gathering and reviewing importers' petitions for temporary duty reductions or suspensions and delivering them as a single report to the House Ways and Means and Senate Finance Committees to be written into the Miscellaneous Tariff Bill (MTB) (Jones, 2012). Each time the MTB expired, Congress renewed it. In 2020, however, the MTB expired without renewal.

[5] Section 301 tariffs were also placed on goods from the EU, but have since been suspended.

[6] As part of the exclusion mechanism, U.S. steel producing firms have the option to object to exemption requests made by other firms. This objection process is particularly important for U.S. steel producers who wish to claim that they can fulfill the steel order the requesting firm is attempting to import.

mediating global production systems (Horner, 2017; Mayer & Phillips, 2017). De Marchi and Alford's (2022) review finds that states construct denser regulatory regimes when they seek to promote infant industries or when their broader aim is some form of non-economic upgrading[7].

In the DOC press release first introducing the exclusion mechanism, Commerce Secretary Wilbur Ross characterized it as a way to achieve the goals outlined in the tariff declaration without completely abandoning the state's facilitative position: "These procedures will allow the Administration to further hone these tariffs to ensure they *protect our national security* while also *minimizing undue impact* [emphasis added] on downstream American industries" (U.S. Dept of Commerce, 2018). These crosscutting dynamics are revealing of the trade-offs states face when setting global economic policy—domestically, there are winners and losers from international trade. This becomes particularly complicated in the case of intermediate goods, as importers are only the first in a potential chain of domestic actors harmed by new tariffs (Curran, 2015).

If we take the language in the tariff declaration and the announcement of the exclusion mechanism at face value, the purpose of the Section 232 tariffs on steel and steel derivatives might be best understood as 'national security upgrading,' and the purpose of the exclusion mechanism as a way to facilitate continued GVC engagement for those firms that cannot find domestic substitutes for their inputs. Per the GAO's reports, however, the DOC has struggled with the volume of applications, and as the Office of the Inspector General found, the review process may have included considerations that went beyond this dual mandate (Rice, 2019; U.S. GAO, 2020; U.S. GAO, 2021).

Attention-based view of the firm

The attention-based view (ABV) serves as a key theoretical tool for understanding organizations' strategic decision-making and connects structural and environmental variation to attention allocation and strategic outcomes (Ocasio, 1997). It draws on Simon's (1947) concept of bounded rationality, positing that attention, as a limited cognitive resource, influences decision-maker actions. The ABV has been utilized to examine a variety of organizational phenomena, including strategy formulation under uncertainty (Kaplan, 2008), the impact of attention allocation on knowledge creation (Rhee & Leonardi, 2018) top management team impact on strategic change (Cho & Hambrick, 2006) and innovation performance (Li et al., 2013), as well as the impact of organizational architecture on adaptation (Joseph & Ocasio, 2012).

A central element of the ABV theory is the idea that decision-makers' attention is a cognitive resource that is naturally limited. Such limits require decision-makers to employ tactics to cope with the attentional shortfall, in particular, decision-making short-cuts (these can be individual or situational heuristics but may also refer to organizational 'attention structures') that enable overloaded decision-makers to rely on selective information, thereby easing the decision-making process (March & Olsen, 1979). This focus on the limits of information-processing capacity is also central to the way organizational attention has been theorized in public policy work (Baumgartner & Jones, 1993; Jones & Baumgartner, 2005). Though the ABV is not a new framework, it continues to offer new insights as the organizational landscape changes, particularly as "information scales faster than the attention of human decision makers" in the face of rapid technological development (van Knippenberg et al., 2015 p. 650). We argue that the ABV offers a robust theoretical framework for analyzing the decision-making outcomes not only of firms, but also of other organizations, such as regulatory agencies like the Department of Commerce. Here, we use the ABV to develop a basic theory of DOC decision-makers' attention structures, including the relevant stakeholders, the mechanics of the process itself, and the context in which requesting firms and decision-makers are embedded.

While scholarship that draws upon the ABV has naturally diverged into sub-literatures that concentrate on different stages of the decision-making process (see Brielmaier & Friesl, 2023, for a comprehensive breakdown), a theme that emerges repeatedly is the idea of trade-offs in attention allocation. If attentional resources are limited and there are a large number of issues in need of attention (i.e., 'crowding'), it follows that some issues will receive more attention than others (Piezunka & Dahlander, 2015). Previous work illustrates that when organizations struggle with 'crowding,' factors like immediacy, recency, or urgency become key to how decision-makers choose to allocate attention (McMullen et al., 2009; Piezunka & Dahlander, 2015; Sullivan, 2010). These findings accord with the idea that decision-makers are drawn to low-complexity heuristics that provide them with intuitive guidelines for what to focus on (McCann & Shinkle, 2023).

However, attention allocation decisions take on an additional layer of complexity when the objects of decision-maker attention are not issues or ideas, but actors with agency—particularly when those actors are not merely 'crowding' the attentional space, but proactively competing to occupy it. Some examples of conscious competition for attention examined in previous work include competition

[7] While it goes beyond the scope of this paper, trade scholars have recently begun looking at the question of deglobalization and resultant nearshoring in GVCs. See, for example, Yücesan (2023).

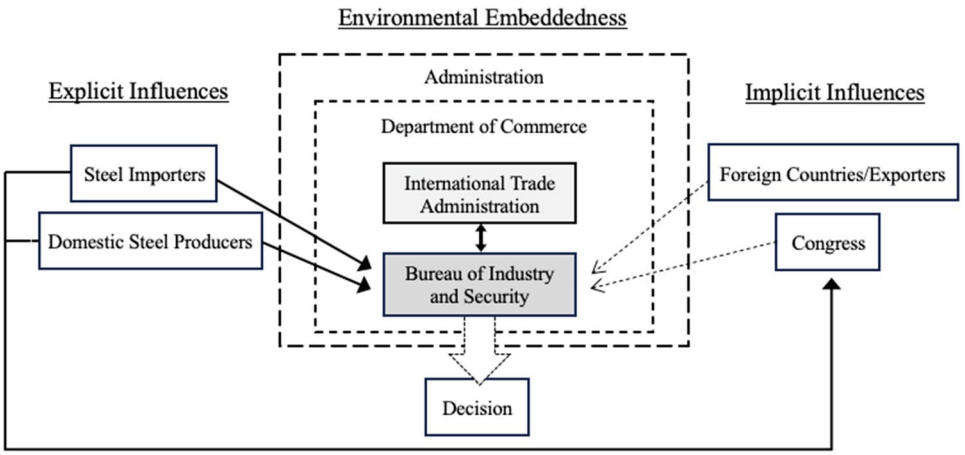

Fig. 1 ABV-based model of the influences on the attention allocation of the Bureau of Industry and Security in the Section 232 exclusion process

among subsidiaries for the attention of headquarters (Bouquet & Birkinshaw, 2008), competition among online reviewers for attention from consumers (Shen et al., 2015), and competition among firms for attention from stakeholders (Gardberg et al., 2019). Indeed, most of the studies that examine a competition for organizational attention focus exclusively on *private* actors, though some cases involving the public sector do appear in the research on agenda-setting in public policymaking (see, for instance, Jones & Baumgartner, 2005). Cavazos and Rutherford highlight this as a persistent gap in the management literature, noting that while past work on regulatory decisions has tended to focus on corporate political strategy and the influence of firms these outcomes, "future research would benefit from focusing on additional internal and external issues that may influence government agency action" (2012, p. 4).

In this paper, we seek to address this gap directly. Utilizing the specific context of the Section 232 steel tariff exclusions, we extend the ABV to analyze the results of attention allocation within the DOC during the decision-making process. Drawing on the ABV allows us to incorporate the fractured nature of decision-makers' attention in this scenario, a result of a complex interplay of organizational, strategic, political, and environmental factors (Brielmaier & Friesl, 2023). The ABV offers a theoretical lens through which we can begin to understand how DOC decision-makers filter implicit and explicit information and may be influenced by the various economic and political actors that have a stake in the outcome. While we can't test the decision-making process directly (we can only analyze the outcomes), our theoretical model, as shown in Figure 1, maps out the different actors that vie for attention by providing information to the DOC and the organizational environment in which the DOC is embedded. We utilize this model to generate hypotheses regarding the observable implications of different attention structures.

As illustrated in Figure 1, the decision makers in this case are located in the Bureau of Industry and Security (and to a lesser degree, in the International Trade Administration, which reviews and makes recommendations on, but does not decide, cases that have received objections) (U.S. GAO, 2020). Both of these agencies are situated within the Department of Commerce, a department within the executive branch that is headed by the Secretary of Commerce, who reports directly to the President of the United States—this embedded structure helps describe the organizational environment in which decision-makers are operating. The key attention-seeking actors we identify include steel importers and domestic steel producers, both of which provide information to the DOC through the online portal (which is visible to the public, making their communication with the DOC *explicit*), as well as members of Congress, foreign countries, and foreign exporters, actors with a stake in the process that provide an indeterminant amount of undisclosed information to DOC regulators outside of the formal exclusion process (making their influence on the DOC *implicit*). Firms may also seek influence indirectly by lobbying Congressmembers to apply influence on DOC decision-makers on their behalf.

These relationships are more fully explained in the next sections, where we develop our hypotheses. The factors we focus on in this paper include the volume of steel requested for exclusion, geopolitical relationships, historical trade dynamics, and lobbying efforts, all of which have the potential to align with organizational attention channels and, subsequently, influence the decision-making process (Kaplan, 2008). The ABV enables us to begin to understand how bureaucratic decision-makers traverse the complexities and policy trade-offs associated with these tariffs.

Hypotheses

Domestic impacts

Section 232 of the 1962 Trade Expansion Act allows the president to restrict imports of a good only after the DOC has conducted an investigation and determined that imports of that good are a threat to national security. When the DOC released its report on the effects of steel imports in January 2018, one of their central findings was titled "Displacement of Domestic Steel by Excessive Quantities of Imports has the Serious Effect of Weakening our Internal Economy" (Department of Commerce, 2018a, 2018b, p. 41), suggesting that excluding a high volume of steel from the tariffs would have real economic ramifications (Fajgelbaum et al., 2020).

Steel tariff exemptions were purportedly established to accommodate imports for firms that cannot meet their steel procurement needs with U.S. suppliers. Such would-be steel importing firms may not be capable of producing their goods if no domestic supplier exists to meet their specific steel manufacturing requirements. One could argue that larger exemption requests should be less likely to be met by U.S. production capacity, receive no objections, and consequently be approved by the Department of Commerce. However, larger quantities of imported steel inherently displace larger quantities of domestic manufacturers' production, and larger requests are likely to attract more attention from regulators due to their greater potential impact on the local economy and public perception (Ederington & Ruta, 2016). If the DOC is truly interested in both increasing domestic steel sourcing and mitigating downstream impact, it is reasonable to assume that it would allocate more attention to scrutinizing larger requests due to their potentially countervailing implications for the domestic steel industry and the wider economy.

Simultaneously, regulators might hold an inherent expectation that larger firms requesting large quantities of imports should be more resilient to supply chain disruptions (Crowley et al., 2018). This belief could lead to regulators being more inclined to deny larger requests. On this basis, we hypothesize that larger requests will increase the odds that DOC decision-makers will come down on the side of domestic manufacturers rather than importers:

Hypothesis 1: Steel tariff exclusion requests for a higher volume of steel will be less likely to receive approval by the Department of Commerce.

Business–government interactions

While firms are, at their core, economic actors, it is important to remember that they are not only impacted by, but also seek to impact their political and regulatory environment. Corporate political activity (CPA) essentially encapsulates companies' efforts to influence government decisions to minimize regulatory hindrance or to reap rent seeking benefits from the government (Brown et al., 2022; Hillman et al., 2004; Lawton et al., 2013). Past research shows that increasing regulatory intensity leads to a firm response of increased CPA (Brown et al., 2020)[8]. However, the tangible effects of the firms' attempts to shape government policy remain uncertain (Hadani et al., 2017; Lux et al., 2011).

In the case under study, the outcome—whether a firm's tariff exclusion request is granted or denied—emanates from decisions made within the DOC by unelected regulators. While the most widely studied forms of CPA—campaign contributions and lobbying—are usually thought of as being directed toward *elected officials*, they can also be used to indirectly target *unelected, bureaucratic decision-makers* (see, e.g., de Figueiredo & Tiller, 2001; Nelson & Yackee, 2012). The logic behind this comes from congressional dominance theory (de Vault, 2002; Shepsle & Weingast, 1995). By weighing in on agency rulemaking during the notice and comment period or using congressional oversight committees to micromanage agency operations, elected officials with an interest in the outcome "are active in influencing those decisions" (Drope & Hansen, 2004, p. 27). Furthermore, firms have the option to engage in agency lobbying, a process that allows them to bypass legislators and share their concerns with regulators directly (see, e.g., de Figueiredo & Tiller, 2001; Nelson & Yackee, 2012). While these actions are likely to increase the amount of attention regulators pay to lobbying firms, regulators are not subject to the same electoral accountability mechanism as legislators, and attracting excess scrutiny may not always be a good thing.

Larger and more established firms are often the most active lobbyists, given their resources and the stakes at play (Hillman et al., 2004; Kim & Osgood, 2020). DOC decision-makers, cognizant of potential criticisms of favoritism or undue influence, may be more inclined to deny these requests to demonstrate their impartiality (Hadani et al., 2021; Kono, 2006). Furthermore, regulators may be less sympathetic to the concerns of what they perceive as larger, more stable firms when the requested outcome, i.e., tariff

[8] In general, governments influence firms through industry regulation rather than direct involvement with individual firms. Exceptions include firms' ability to obtain direct government contracts, which does seem to be influenced by CPA (Grier, Munger, & Roberts, 1994; Hillman, Zardkoohi, & Bierman, 1999; Masters & Keim, 1985), or to get through governmental approval processes (Brown et al., 2023; Barber IV & Diestre, 2019) but more research is needed (Hadani et al., 2017). Additionally, the U.S. government has recently been engaged in direct firm- and individual-level payouts or subsidies (e.g., TARP, CARES) (Ridge, Ingram, & Hill, 2017; Brown et al., 2019; Duchin & Sosyura, 2012).

exclusion, is designed to address short-term disruptions or increased costs. The perception may be that these firms, with their ample resources and market power, are better equipped to weather adverse conditions (Gawande et al., 2012).

Previous research also suggests that CPA's influence on performance is context dependent (Hadani & Schuler, 2013). Saha et al. (2023) have found CPA to be more effective for exporting firms and firms in declining industries. In their study of U.S. International Trade Commission (ITC) and Department of Commerce decisions on anti-dumping petitions, Drope and Hansen (2004) do find evidence that firms engaged in CPA have an increased chance of being granted their preferred outcome—but only in one direction. While CPA raised the odds of being granted increased trade *protections*, firms that sought to enhance trade by weakening or preventing protections saw no significant impact of CPA (Drope & Hansen, 2004). This apparent bias in favor of trade protections on the part of the ITC and DOC suggests that increased attention on requests for tariff exclusion—which are inherently requests to weaken steel-industry trade protections—is unlikely to confer advantage on the requesting firm. Thus, in our research context, we hypothesize that firm lobbying may in fact lead to decreased approval rates for steel tariff exclusion requests.

Hypothesis 2: Steel tariff exclusion requests from firms with a history of lobbying activities are less likely to receive approval by the Department of Commerce.

International relations

The complex dynamics of international politics and trade policy present a multifaceted scenario where multiple stakeholders' interests converge, often leading to trade-offs. In the context of steel-tariff exclusion requests, the Department of Commerce's Bureau of Industry and Security (BIS), acting as a decision-maker on behalf of the executive branch, is responsible for navigating this landscape. The core mission of BIS is to "[a]dvance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership" (BIS, 2020). The ABV offers valuable insight into this scenario (Ocasio, 1997; Ocasio & Joseph, 2005). The international norms and expectations under which BIS operates, as well as the multi-stakeholder nature of global supply chains, help create an attention structure within the organization. This structure likely channels attention towards maintaining cooperative diplomatic and trade relationships (Soundararajan et al., 2019). Drawing upon the ABV, which posits that the allocation of attention among decision-makers influences organizational behavior and decisions, we argue that the Department of Commerce's decisions are likely to reflect both domestic and international considerations (Brielmaier & Friesl, 2023; Ocasio, 1997; Ocasio & Joseph, 2005).

Specifically, we propose that the country from which steel is imported is a major factor in the decision-making process. The trade literature demonstrates how economic interests and political alignment often shape trade policy preferences and negotiations (Gray & Slapin, 2012). The delicate balancing act between domestic economic interests, as embodied in the "America First" policy, and the need to maintain favorable international relations further underscores the importance of political alignment in these decisions (Maula et al., 2013). Consequently, the Bureau of Industry and Security, conscious of the international political implications of tariff exclusion decisions, would potentially allocate more attention to requests importing from countries with strong political ties to the U.S. (Kammerlander & Ganter, 2015).

The mission statement of the Bureau of Industry and Security itself aligns with these expectations. It lists ten guiding principles for the Bureau to follow—the tenth states that "[i]nternational cooperation is critical to Bureau's activities" (BIS, 2020). Given these insights, we integrate this complex interplay of domestic and international considerations within the ABV framework to understand the potential influence of international politics on the Department of Commerce's decisions concerning steel tariff exclusion requests. Therefore, we formally present the following hypothesis:

Hypothesis 3: Steel tariff exclusion requests to import from countries that have a strong history of cooperation with the United States are more likely to receive approval by the Department of Commerce.

Given the interconnected nature of global supply chains, countries often develop a reliance on specific nations for certain commodities. In the case of the U.S., this principle applies strongly to the steel industry. The years leading up to the imposition of steel tariffs have seen an increase in steel imports from certain countries, reflecting a dependence that is hard to disregard even in the face of sweeping trade policy changes. Attention is a limited resource in any organization, and the allocation of this resource can significantly shape decision-making processes. In this context, the historical trend of steel imports from a particular country could serve as an important signal that directs the BIS's attention towards exclusion requests related to that country.

Moreover, the increasing complexity and interconnectedness of global supply chains often require decision-makers to pay extra attention to trade relationships with countries that have become integral links in these chains (Dauvergne & Lister, 2012; Drake & Schlachter, 2008). Countries supplying a large proportion

of U.S. steel imports can be considered such integral links, potentially prompting a higher level of attention from BIS when evaluating exclusion requests. The BIS's guiding principle on international cooperation clearly supports this expectation, asserting that "[f]ulfilling the Bureau's mission of promoting security depends heavily upon international cooperation with our principal trading partners" (BIS, 2020). Therefore, the higher a country's contribution to U.S. steel imports prior to the tariff imposition, the more likely it is that requests for tariff exclusions concerning imports from that country will be approved. This leads to our formal hypothesis that:

Hypothesis 4: Steel tariff exclusion requests to import from countries that have a history of supplying a higher proportion of U.S. steel imports are more likely to receive approval by the Department of Commerce.

Methods and data

Sample

To study our hypotheses, we utilized the public web portal created by the Department of Commerce to streamline the tariff exclusion application process. Specifically, we scraped the data from every exclusion application filed between 6/13/2019 to 1/19/2021.[9] This provided us with the details from a total of 163,522 applications, filed by a total of 957 firms.

Variables

Dependent variables

Tariff exclusion approved We collected a binary variable indicating whether or not a firm's exclusion request was granted. We coded this variable as a 1 if an exclusion request was granted by the Department of Commerce and a 0 if it was not. Approximately 61% of the requests in our sample were approved.

Independent variables

Quantity requested This variable corresponds to the total amount of steel in kilograms requested on each exclusion application form. In the regression analysis, this variable has been log-transformed for scale.

Lobbying expenditure We measured corporate political activity using data from the Center for Responsive Politics using their website Opensecrets.org. We searched each firm in our sample and collected the lobbying data for each firm. This variable represents the total amount of dollars a firm spends on lobbying in the year the exclusion request was made.

Lobbying agencies As with our measure for Lobbying Expenditure, we used data from the Center for Responsive Politics to create a measure for a firm's engagement with the bureaucracy. This is a count variable measuring the number of administrative agencies the firm lobbied during the year the request was made.

Political affinity of export country The political affinity measure is an average dyadic measure based on the similarity of the voting patterns between the U.S. and importing country at the United Nations General Assembly (UNGA). Each score between two countries can range between 0 and 1, where 0 indicates completely opposite voting patterns, and 1 indicates completely similar voting patterns. We measure the political affinity between the importing country and the U.S. using the average voting distance for each country dyad for the given year. (Bertrand et al., 2016; Gartzke, 1998, 2010; Liou et al, 2021; Signorino & Ritter, 1999).

U.S. reliance on steel imports from export country This variable uses data from the World Integrated Trade Solution database. It represents the amount of steel imported from the relevant exporting country in 2017, the year before the imposition of the steel tariff, as a percentage of total U.S. steel imports in that year. As such, all values fall between 0 and 1.

Control variables

Objection filed. We collected a binary variable indicating whether or not a U.S. steel producer provided an objection to the exclusion request. We coded this variable as a 1 if an exclusion request was filed and a 0 if it was not. In our sample, 27% of tariff exclusion applications received objections.

Product difficult to acquire in the U.S. When filing an exclusion request, filing firms have to provide reasoning behind making such requests. Firms had the following four options: (1) Insufficient U.S. Availability (44% of request), (2) No U.S. Production (45% of request), (3) National Security Requirement (1% of request), and (4) Other (10% of request). We coded this variable as 1 if an exclusion request claimed insufficient or no U.S. production and 0 if not.

[9] We chose these dates specifically because this is the longest continuous period of time since the tariffs have been imposed during which no major procedural changes have been instituted. We determined that focusing on this period of regulatory consistency would reduce noise created by external confounding factors.

Table 1 Descriptive statistics and correlations

#	Variable	Mean	SD	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12
1	Exclusion approved	0.618	0.486	1											
2	U.S. steel import	0.11	0.12	0.136	1										
3	Political affinity	0.348	0.117	0.039	− 0.637	1									
4	Quantity requested	4.655	1.042	− 0.132	0.016	− 0.046	1								
5	Lobbying expend	0.512	1.501	− 0.177	− 0.071	− 0.27	0.175	1							
6	Lobbying agencies	0.017	0.1	− 0.052	− 0.084	0.069	0.105	0.554	1						
7	Objection filed	0.269	0.443	− 0.585	− 0.099	− 0.05	0.065	0.155	0.032	1					
8	Prod. diff. acq. U.S.	0.442	0.497	− 0.11	0.139	− 0.199	0.02	0.08	0.036	0.106	1				
9	National security	0	0.021	− 0.01	− 0.014	0.013	0.008	0.037	0.028	− 0.002	− 0.019	1			
10	Country initially excluded	0.042	0.2	− 0.015	0.021	− 0.121	− 0.088	0.078	0.039	0.05	0.05	− 0.004	1		
11	Employees - requestor	1.434	0.967	0.034	− 0.137	0.19	− 0.152	− 0.057	− 0.004	− 0.029	− 0.267	0.031	0.111	1	
12	Firm age-requestor	21.845	21.861	0.151	− 0.117	0.202	− 0.111	− 0.12	− 0.078	− 0.157	− 0.127	0.01	0.024	0.488	1
13	Sale-requestor	6.126	3.036	0.071	− 0.077	0.113	− 0.141	0.013	− 0.054	− 0.053	− 0.239	0.012	0.095	0.823	0.532

Correlations with absolute values above .005 are significant at .05 level

National security Another option firms may list as a possible explanation for an exclusion request is that firms have a national security requirement. As noted above, only 1% of requests in our sample claimed a national security requirement as the reason they should be granted exclusion. However, because the original justification for the tariffs makes direct reference to national security, we created a binary variable from this data to use as a control variable.

Excluded country During the period from which our sample was drawn, the 232 tariffs on steel excluded six countries from the trade barrier; South Korea, Argentina, Australia, Brazil, Canada, Mexico. We created a binary variable to enable us to control for exclusion requests that name any of these six countries.

Firm-level variables To control for firm-level variables, we utilized the Mergent Archives database. Since the vast majority of the firms in our data sample are private companies, we had to work with less firm-level information than studies that focus on large, publicly listed firms. We collected information on the requesting firm's size (measures of sales and the number of employees), and age (measured as the number of years since the firm was founded).

Fixed effects We also control for industry and year fixed effects by using factor variables of two-digit SIC code of the requesting firm and the year the request was filed.

Results and analysis

Our hypotheses explore a variety of factors that influence the Department of Commerce's decisions to approval or deny requests for exclusion. These include country-level influences such as trade history and country-level political affiliation. In addition, we show that firm-level variables such as how they structure their exclusion requests and their political activity influence the Department of Commerce's steel tariff exclusion request decisions. Table 1 shows the descriptive statistics and correlations, while Table 2 shows the results of the logistic regression models, which we use to test our four hypotheses. As a robustness check, we also ran probit regression models and cluster standard errors by firms. The results stay consistent across all models.

Table 2 contains seven models, all of which use Tariff Exclusion Approval as a dependent variable. Model 1 in Table 1 contains only the control variables. Hypothesis 1 posits that steel tariff exclusion requests for a higher volume of steel will be less likely to receive approval. The variable "Quantity Requested" in model 4 of Table 2 provides evidence for this hypothesis. The coefficient for this variable is negative and statistically significant, suggesting that as the

Table 2 Logistic regression models of tariff exclusion approval

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Variables	Tariff exclusion approved	Tariff exclusion approved	Tariff exclusion approved	Tariff exclusion approved	Tariff exclusion approved	Tariff exclusion approved	Tariff exclusion approved
Objections filed	− 3.099***	− 3.053***	− 3.096***	− 3.077***	− 3.062***	− 3.012***	− 3.021***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Prod. diff. acq. U.S.	− 0.422***	− 0.496***	− 0.410***	− 0.437***	− 0.407***	− 0.457***	− 0.464***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
National security	− 1.690***	− 1.621***	− 1.583***	− 1.456***	− 1.249***	− 1.124***	− 1.303***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.002)	(0.000)
Country initially excluded	0.314***	0.240***	0.386***	0.256***	0.393***	0.379***	0.384***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Employees - requestor	0.007	0.045**	0.005	− 0.128***	− 0.073***	− 0.139***	− 0.129***
	(0.763)	(0.046)	(0.822)	(0.000)	(0.001)	(0.000)	(0.000)
Firm age - requestor	0.012***	0.013***	0.011***	0.010***	0.009***	0.010***	0.011***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Sale - requestor	− 0.239***	− 0.245***	− 0.261***	− 0.112***	− 0.226***	− 0.150***	− 0.134***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
U.S. steel import		2.324***				3.767***	4.252***
		(0.000)				(0.000)	(0.000)
Political affinity			0.650***			2.743***	3.404***
			(0.000)			(0.000)	(0.000)
Quantity requested				− 0.298***		− 0.210***	− 0.237***
				(0.000)		(0.000)	(0.000)
Lobbying expenditure					− 0.214***	− 0.115***	
					(0.000)	(0.000)	
Lobbying agencies							− 0.452***
							(0.000)
Constant	1.041***	0.865***	0.697***	2.507***	1.024***	0.698***	0.560***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	120,363	120,362	118,637	120,363	120,363	118,636	118,636
chi2	47379	48582	46546	48677	48922	50510	50178

quantity of steel requested increases, the likelihood of tariff exclusion approval decreases. This suggests that the way in which a firm interacts with and structures its requests to the Department of Commerce influences its decision-making process. This supports Hypothesis 1.

Hypothesis 2 suggests that steel tariff exclusion requests from firms with a history of lobbying activities are less likely to receive approval. The variable "Lobbying Expenditure" in model 5 of Table 2 provides evidence for this hypothesis. The coefficient for this variable is negative and statistically significant, indicating that firms with a history of lobbying activities are indeed less likely to receive tariff exclusion approval. This supports Hypothesis 2.

Hypothesis 3 posits that steel tariff exclusion requests to import from countries that have a strong history of cooperation with the United States are more likely to receive approval. The variable "Political Affinity" in model 3 of Table 2 provides evidence for this hypothesis. The coefficient for this variable is positive and statistically significant, suggesting that a strong political alignment with the United States increases the likelihood of tariff exclusion approval. This is strong evidence in favor of the idea that the Department of Commerce must engage with both domestic and international political concerns as it evaluates exclusion requests. These results support Hypothesis 3.

Finally, Hypothesis 4 suggests that steel tariff exclusion requests to import from countries that have a history of supplying a higher proportion of U.S. steel imports are more likely to receive approval. The variable "U.S. Steel Import" in model 2 of Table 2 provides evidence for this hypothesis. The coefficient for this variable is positive and statistically significant, indicating that a history of supplying a higher proportion of U.S. steel imports increases the likelihood of tariff exclusion approval. This supports Hypothesis

4. In addition to the analyses isolating each independent variable in the regression equation, we also conducted a comprehensive analysis by incorporating all independent variables in model 6 of Table 2, and the results consistently uphold our hypotheses, demonstrating the robustness of our findings. In summary, the results of the regression analysis provide strong evidence in support of all four hypotheses.

While we believe that the total amount of dollars a firm spends lobbying in Washington will significantly influence the attention raised by that firm to the Department of Commerce, thus influencing the exclusion request decision, we also examined lobbying specifically toward administrative agencies. Lobbyists are required to disclose the agencies that they met with on behalf of the firm on each lobbying disclosure report. Using a count variable, we counted every administrative agency that the firm met with annually. This measure captures the intensity by which a firm engages in administrative lobbying. Our findings suggest that in addition to lobbying dollars, extensive administrative lobbying also decreases the likelihood of a firm's tariff exclusion request being denied. Results can be found in model 7 on Table 2. As additional robustness tests, we used probit regression models and cluster standard errors by firms—all hypotheses remain constant. These results are available upon request.

Discussion

Political implications

Our findings on the impacts of organizational and environmental structures on decision-making in the tariff exclusion process have significant political implications both domestically and internationally. The results described above demonstrate that the ABV framework offers critical insight into government-business interactions by drawing out the divergence between publicly stated policy goals and regulatory aims, on the one hand, and the unstated considerations rooted in the environment in which the decision-makers are embedded and the structural channels that focus their attention.

At the domestic level, our results highlight the importance of downstream economic impacts and the counterintuitive influence of corporate political activities on the approval of steel tariff exclusion requests. Lobbying firms are less likely to receive approval, suggesting that regulators may be wary of political influence (Hadani et al., 2021; Kono, 2006), or may have a protectionist bias (Drope & Hansen, 2004). Combined with our finding that regulators are also less likely to grant tariff exclusion requests to firms that request large quantities of steel, this may also indicate that administrative agencies feel less pressure to protect well-resourced firms that are likely to be able to weather a short-term setback (Gawande et al., 2012).

At the international level, our study reveals the importance of political alignment and historical trade relationships in the approval of steel tariff exclusion requests. Requests to import from politically aligned countries and those with a history of supplying a higher proportion of U.S. steel imports are more likely to be approved. This suggests that international politics and trade relationships play a crucial role in shaping trade policy decisions, even when those decisions are being made at the level of domestic bureaucracy. These results are extremely important for the study of trade policy and for the study of public administration more broadly. They suggest that the attention and priorities of DOC decision-makers are materially influenced by broader geopolitical implications when administering trade policy. This is consistent with our understanding of the way the administrative institutions around trade have evolved over the last few decades (Claussen, 2021), but suggests that there is a great deal of work to be done in terms of separating out our conceptualization of agency administration from other forms of policymaking.

Managerial implications

Prior research has long examined firms' abilities to interact with the government for firm gain. This is primarily studied through examining firm lobbying and PAC contributions (Lux et al., 2011), although other strategies have been examined such as hiring former politicians to corporate boards (Hadani & Schuler, 2013). The results of our work suggest several implications for managers. First, firms should be mindful in how they engage with the government, and this includes actions that seem as benign as filling out governmental forms requesting political exemptions. In our context, we find that firms should carefully consider the quantity of steel they request in their tariff exclusion applications. Larger requests are less likely to be approved. These approvals are not trivial matters as they might lead to firms adjusting their supply chain strategies or exploring alternative sources of steel. Lobbying firms are also less likely to receive approval for their tariff exclusion requests, suggesting that these activities may draw unwanted attention and scrutiny. Managers should therefore be mindful of the potential negative implications of lobbying and consider other strategies to influence policy decisions. This again highlights the importance of attention in CPA research (Hadani et al., 2021)

Second, being a small firm does not necessarily indicate that you are unable to obtain political favors. Understanding the political systems and showing a willingness to navigate through the political bureaucracy can indeed provide potential gains to firms. Firms should also understand the political

environment in which they are competing (Liou et al., 2021). This includes understanding both domestic competitors in the political environment, and if working with foreign multinationals, taking consideration of the U.S. relationship with that country is needed as our results indicate that both of these variables can influence the success rate of political requests.

Limitations and future research

Our research does contain limitations that must be acknowledged. First, while the data we have allow us to look at the relationships between a number of independent variables and the outcomes of DOC decisions regarding tariff exclusions, the decision-making process itself remains a black box. Our conceptual framework offers a theory for the way in which attention is allocated and our hypotheses are grounded in logic and the insights of related studies, but we cannot draw definitive conclusions about the mechanisms at play. Second, in terms of data, both of our country-level data sources lack data from Taiwan. This is significant because Taiwan is the 13th largest steel producer in the world. Third, our study focuses solely on the U.S. experience with steel tariff exemptions. Future research could benefit from comparative analyses involving other countries or regions to provide a more comprehensive understanding of the dynamics at play in the international trade policy arena, particularly as regulatory organizational structures and attention channels are likely to vary cross-nationally.

The temporal nature of business–government interactions is another potential avenue for future research. Being in tune with the government as new policies are created could potentially provide a first-mover advantage in the regulatory sphere. A disproportionate percentage of tariff revenue was collected in the first year that the 232 tariffs were enacted. Various factors may have contributed to this, including the exemptions that were granted to Mexico and Canada during the renegotiated trade agreements, the increased use of exemptions through the exemption portal at time went on, and declining steel imports due to the cost increases that the tariffs imposed (Congressional Research Service, 2021). Firms that were quickly engaging in the exemption process and successfully managing the government processes and procedures may have been able to avoid more tariff payments compared to their politically slower counterparts.

In this paper, we examine administrative decision-making and outcomes for firms in the steel tariff exemption process, but future research should focus on how multinational firms navigate retaliatory tariffs and other retaliatory actions restricting free trade between countries. For decades, the trend had been toward more liberalized trade, but recently we have seen a global shift toward increased protectionism. Retaliatory tariffs were imposed on the U.S. in response to the steel tariffs studied in this paper. On July 16, 2018, the U.S. filed WTO complaints against Canada, China, the EU, Mexico, and Turkey for their retaliatory actions in response to U.S. tariffs. A year later, the U.S. filed a similar complaint against India (Congressional Research Service, 2021). Firms operating in multiple countries can be caught in the middle of these efforts. Future research should examine how firms respond and find best practices for succeeding in these turbulent political environments. In addition to studying how multinational firms manage and mitigate rising trade tensions between countries, future research should also investigate how firms use alternatives to nonmarket political strategies, such as legal actions, to mitigate regulatory burdens.

Conclusion

While the Section 232 tariffs were imposed originally under the auspices of the Trump administration, the Biden administration chose not to lift them, signaling their continued importance in the U.S. political economy. The tariffs were originally justified on the basis of national security and overreliance on foreign steel exports, but our findings suggest that other factors play a major role in the Department of Commerce's decisions to approve or deny exclusion requests. Instead, our results suggest that some of the details provided in applications for exclusion feed naturally into pre-existing attention channels at the BIS, impacting the agency's willingness to provide tariff relief. This is indicative of the importance of examining administrative decision-making in the context in which it is embedded.

Our findings underscore the influence of domestic and international politics on the decisions made by administrative agencies. The results highlight the importance of the quantity of steel requested, the political alignment and trade history of the exporting country, and the firm's lobbying activities. Finally, our findings highlight the interconnected nature of global supply chains and the potential disruptions that trade barriers can cause. Managers should be aware of these dynamics and consider the broader implications of trade policies for their supply chains. This may involve diversifying their supplier base, investing in domestic production capabilities, or lobbying for more favorable trade policies.

These findings contribute both to our understanding of the political economy of trade while also offering valuable implications for managers navigating the complexities of international trade and tariff policies. While the Section 232 tariffs themselves are representative of the hardline protectionism undergirding Trump's "America First" policy, the factors that contribute to the DOC's exclusion decisions do

seem to reflect the decades-long institutional march toward trade liberalization and multilateral cooperation.

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