

# Challenging China

## USW Challenges Subsidized and Dumped Paper, Pipe and Tires

The USW saved American jobs by partnering with a paper company to challenge illegally subsidized and dumped imports from Communist China. Now, we're going after the Asian juggernaut's shady trading practices in steel pipe and off-the-road tires.

In a precedent-setting decision announced this spring, the Commerce Department said it would, for the first time ever, slap anti-subsidy or countervailing duties on imports from China.

The decision to hit China with anti-subsidy duties on imports of glossy paper came in a case brought by the USW and Baltimore-based NewPage Corp., which employs 4,000 of our members at plants in Escanaba, Mich., Luke, Md., Rumford, Maine and Wickliffe, Ky.

Glossy paper imports from China rose to \$224 million last year from \$29 million in 2004.

### Give us a fighting chance

"The decision is welcome news for our workers here in Maryland and at other coated free sheet mills throughout the United States," said Tom Caldwell, president of Local 676 in Luke.

"Putting the brakes on unfairly traded products will help ensure our workers a fighting chance to compete on equal terms," Caldwell added.

The USW has since joined in complaints alleging imports of welded standard pipe and tires used in agriculture, construction and general industry are also being both dumped and illegally subsidized.

In those filings, made in June, the USW joined with six steel pipe producers and tire maker Titan International Inc. The companies are seeking tariff relief.

International Vice President Tom Conway joined the pipe industry in testifying before the International Trade Commission (ITC) on the need to enforce U.S. trade laws against the predatory practice of Chinese imports.

Too many family-supportive jobs in the American pipe industry have already been lost to surging, illegal imports from China, he said. Other skilled jobs with good wages, health care and pension benefits are difficult if not impossible to find.

"I'll tell you what happens to these folks," Conway testified. "Their cars get repossessed, their houses foreclosed, their kids can't afford to go to college and they lose their health insurance. That is the plight of the American manufacturing worker when they lose

their job because of imports."

Under the complicated rules of trade, a country may impose duties or tariffs for two reasons: when products are dumped (sold below cost) or if illegal subsidies are involved. Up until now, our government only went after China on allegations of dumping and left illegal subsidies unchallenged.

### Cold war policy reversed

While government policy, originated during the Cold War, prohibits applying countervailing duties on subsidized goods from non-market economies, the decision on paper imports reflects our government's decision to treat China as the market-oriented economy it has become.

In the past, the government reasoned that subsidies to non-market economies were too hard to measure and state-controlled firms set export prices without regard to subsidies. That reasoning no longer applies to the industrial powerhouse that China has become in 2007.

"The message to foreign governments is 'stop providing unfair subsidies to your exporters,'" said International President Leo W. Gerard.

In the paper case, Commerce Secretary Carlos Gutierrez announced a preliminary countervailing duty of 10.90 percent against Shangdong Chenming Paper Holdings and 20.35 percent against Gold East Paper Co. A preliminary rate of 18.16 percent will apply to all other Chinese glossy paper exports.

Commerce will make its final determination on those duties later this year, likely in August. Until then, importers will be required to post bonds or deposit cash with the U.S. Customs Service based on the preliminary duty levels.

Separately, Commerce placed dumping duties on glossy paper from China running from 23.19 percent to 99.65 percent. Indonesia was hit with preliminary duties of 10.85 percent and Korea 30.86 percent.

Beijing reacted angrily to the U.S. decisions. Gerard, meanwhile, said the USW will fight to ensure that the Bush

administration does not bend to Chinese pressure and grant China special immunity.

### USW, producers join forces

In the steel pipe and tire cases, the USW joined with employers in filing petitions with both the Commerce Department and the ITC.

On July 31, acting on a petition filed by the USW and Titan Tire, the Commerce Department announced that it would initiate investigations on imports of new pneumatic off-the road tires from China. In their petition, the USW and Titan claimed rising low-cost imports from China have harmed the industry. They cited lost sales, reduced market share, lower production and shipments and reduced employment in the domestic industry.

On July 20, the ITC determined that there is a reasonable indication that the domestic welded pipe industry is materially injured or threatened with material injury by imports from China.

As a result, the Commerce Department will move forward with its investigation and make a preliminary determination on countervailing duties on or about Aug. 31.

Imports of circular standard and structural pipe jumped to 690,000 tons last year from 10,000 tons in 2002.

During the last three years, in a strong U.S. economy with a robust market for nonresidential construction, we have lost one quarter of the jobs at plants producing welded standard pipe.

Gerard was critical of the Bush administration, saying that the real tragedy is that most of the recent job losses occurred after the president denied relief that had been recommended by the ITC.

The ITC, acting under Section 421 of the Trade Act of 1974, had urged the president to grant relief to the pipe industry after finding a surge in imports from China had disrupted the domestic market.

"It is time for the Administration to put a stop to the Communist Chinese government's unfair trade practices that are stealing good American jobs and to restore the rules of fair competition to the U.S. marketplace," Gerard said.

Just two years ago, the Wheatland Tube Co. plant in Sharon, Pa. employed 420 USW members. Today the site is an empty lot, the mill having been leveled by a flood of imports from China.

The Clark Street plant, which had been upgraded with some \$200 million in new equipment, was torn down in June after imports wasted its market for half-inch to four-inch diameter pipe.

"It was one of the most modern mills in the United States," said an angry George Bourne, president of Local 1016. "Now, I've got a big parking lot. Now, I have nothing. And you can thank your Commander in Chief for that."

### Bush inaction kills jobs

Layoffs in the pipe industry accelerated after President Bush in December 2005 ignored a recommendation by the International Trade Commission and refused to place tariffs on pipe imports from China.

Last summer while in Washington to promote an AFL-CIO sponsored trade action against China, Bourne warned that his plant was in danger. He said the company was considering closing the plant because it could not compete with China's finished pipe prices and surging volume. At the time, 300 people were laid off from the Sharon plant. Chinese pipe was being delivered on the West Coast at \$550 a ton while the steel and zinc ingredients to make the pipe Wheatland produced cost \$700 before delivery.

In less than a year, Bourne's prediction

of a plant shutdown came true. "I told them this might happen and it did," he said.

Today all sectors of the pipe, tube and fittings industry are challenged by growing imports, many of which are unfairly traded and threaten the future of companies and the jobs of thousands of workers.

Of particular concern are imports of standard pipe, oil country tubular goods and structural tubing. In the first quarter of this year, those imports were 81 percent higher than the first quarter of 2006, increasing from 350,000 to 631,000 tons.

"Almost every year, the amount of exports from China to this country have doubled," said USW member Mickey Bolt, a lab technician at Wheatland Tube.

Chinese export tax rebates are particularly galling to Bolt, who is also volunteer chairman of the Western Pennsylvania Committee to Save Our Manufacturing Industries.

While the Chinese government has recently removed tax rebates on many steel products it exports, it kept unchanged a 13 percent rebate on pipe and tube products, which has a devastating impact on the domestic industry and the local economy where Bolt lives.

The industry's primary regional production areas include the Sharon/Wheatland areas of Northwest Pennsylvania, the Chicago metropolitan area and Northwest Indiana, North Central Ohio, North and Central Arkansas, metropolitan Houston and metropolitan Los Angeles.

"One of the cornerstones, one of our three main pipe plants has already closed," Bolt said of the Sharon area. "If the other two go, it would definitely devastate the community."

# Bush Inaction Fatal

Cheap Chinese Imports Kill Pipe Industry Jobs

## Bush Administration's Report Card Workers' Rights in China

Grading Period: 2004-2006  
Summary Evaluation: Unsatisfactory

<b>1. Workers' Human Rights in China</b>		
Reform of labor laws		F
Enforcement of labor laws		F
Basic freedoms		D
<b>2. Impact on U.S. Workers</b>		
Bilateral trade deficit		D
U.S. job loss		F
U.S. real wage performance		F
Trade law enforcement		D
<b>3. Impact on Multinational Corporations</b>		
Investment flows		A
Corporate profits		A



Wheatland Tube's Sharon plant tumbles. Photo by David E. Dale/ Sharon Herald