

STEEL TRADE CASES PRESENTATION

Why The Trade Laws Matter

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INTRODUCTION

- The United States is the world's largest and most open market. This makes us the prime target for dumped and government-subsidized steel products whenever foreign producers have market downturns or over-capacity.
- The USW has fought long and hard against the devastating impact unfairly traded steel has imposed on our jobs, communities and domestic production. The purpose of my talk today is to update you on our use of the trade remedy laws over the past few years.
- First, I would like to take a moment to discuss the purpose for the trade remedy laws and why they matter to the USW and to America.
- There are a number of trade remedy laws. The most frequently used are the antidumping law and the anti-subsidy law (countervailing duty law).
- Also, there is a global safeguard action (Section 201). As part of Stand Up For Steel, the USW successfully used Section 201 to counter the serious harm from the overwhelming surge of steel products into the U.S. from many foreign countries.
- A similar safeguard action specific to China (Section 421) exists. But, as I will discuss today, even though the USW has twice tried to use that safeguard, the President has refused to apply that remedy.

PURPOSE OF TRADE REMEDY LAWS AND WHY THEY MATTER

- Opponents of the trade laws argue that they raise prices for consumers, which harms the overall economy. In other words, the consumer is of paramount interest.
- But the interest of the manufacturing sector must be considered, and the impact on communities when plants close, jobs are lost, and tax revenues decline.
- Public policy is about balancing competing interests. For example, polluting typically is more cost-efficient and produces greater profits, but is regulated for the health and safety of the community.
- Under the trade laws, Congress has rightly decided that domestic manufacturers should be protected above general consumer interests when harmed by unfair import competition caused by dumping or foreign government subsidization.
- That's because dumped and subsidized imports cause disinvestment here and job loss, especially as outsourcing grows. And this lowers our living standards.
- The bottom line is that it matters what we make here to our quality of life here.
- That's why the trade laws are such an important tool.

SHORT HISTORY OF STEEL TRADE CASES

- Unfair trade is not a new problem to the steel sector. For years the United States administered voluntary restraint agreements (VRAs) to control and monitor the amount of steel that could enter the United States.
- The VRAs were phased out over time and entirely terminated by Bush # 1.
- That's when the trade remedy laws became important to counter the overcapacity that was dumped into our market of last resort.
- In 1992, the USW took bold action with the industry. We filed AD and CVD petitions against several countries and won.
- We followed up with cases against steel pipe products in 1995 and steel plate in 1997 and won again.
- In 1999-2000, the Department of Commerce issued 20 decisions covering major steel products from 16 different countries.
- In 2002, we had the safeguard petition - Section 201 - against several foreign countries to end the surge in steel products. In that case the President did impose a remedy, but bowed to foreign pressures by terminating relief early.

STEEL TRADE CASES – 2003-2007 AND BEYOND

- Since 2003, the USW has actively participated in over 20 trade proceedings.
- These proceedings involve multiple steel products and were brought against 30 foreign countries in both the developing and the developed world, and against literally hundreds of individual foreign steel companies exporting from those countries to the U.S. market.

STEEL PRODUCTS COVERED

Numerous steel and steel alloy products were covered by these proceedings:

- Aluminum Plate
- Bearings (tapered roller; ball; and spherical plain)
- Carbon Steel
- Carbon and Alloy Seamless Standard Line & Pressure Pipe
- Clad Steel Plate
- Circular Welded Non-Alloy Steel Pipe
- Circular Welded Carbon Quality Line Pipe
- Circular Welded Carbon-Quality Steel Pipe
- Corrosion-Resistant Steel
- Cut-to-Length Carbon Steel Plate
- Cut-to-Length Carbon-Quality Steel Plate
- Ductile Iron Waterworks Fittings
- Hot-Rolled Steel Products
- Light-Walled Rectangular Pipe and Tube
- Oil Country Tubular Goods
- Pipe and Tube
- Stainless Steel Bar
- Stainless Steel Plate
- Stainless Steel Sheet and Strip
- Tin and Chromium-Coated Steel Sheet
- Welded Stainless Steel Pipe

COUNTRIES COVERED

The USW participated in trade proceedings against 30 countries that span the globe:

- Argentina
- Australia
- Belgium
- Brazil
- Canada
- China
- Czech Republic
- Finland
- France
- Germany
- India
- Indonesia
- Italy
- Japan
- Kazakhstan
- Korea
- Mexico
- Poland
- Romania
- Russia
- South Africa
- Spain
- Sweden
- Taiwan
- Thailand
- The Netherlands
- Turkey
- Ukraine
- United Kingdom

2007 PROCEEDINGS

Sunset Reviews:

- In 2007 we actively participated in some critical sunset reviews. These are reviews mandated by law every five years to determine if dumping or wrongful subsidization is likely to continue if the AD or CVD order is terminated.
- The USW successfully kept the AD/CVD orders for most of the Hot-Rolled Steel cases:
 - CVD on India, Indonesia and Thailand
 - AD on China, India, Indonesia, Taiwan, Thailand, Ukraine
- The USW also successfully kept the AD order on Clad Steel Plate from Japan.

Investigations:

- The USW also filed CVD and AD petitions against China on Circular Welded Carbon Steel Pipe. The CVD case is important because it involves using the CVD law against China.
- Recently, the Department of Commerce applied the CVD law to China in a paper case where the USW is a petitioner. Previously, the agency refused to apply the CVD law to China. So it is important for us to build on this win and to expand the reach of the CVD law to China as much as possible.

2006 PROCEEDINGS

Sunset Reviews:

- In 2006, the USW participated in three sunset reviews to ensure that orders stay in place and duties continue to be collected.

Corrosion Resistant Steel:

- The USW had a huge victory in keeping the AD/CVD orders on corrosion-resistant steel on Australia, Canada, France, Germany, Japan and Korea. The ITC held a separate two day hearing on this case.
- It was a tough battle because the domestic auto industry was against us. The auto industry wanted the orders to end so they would be able to get cheap steel imports no matter that the steel was dumped and heavily subsidized.
- The USW testified at the ITC to counter the testimony of the auto industry. We also got many in Congress to weigh in for us through letters and testimony. Sixteen Senators signed a letter, and 85 Representatives signed a letter urging the ITC to maintain the orders. Also, 22 Members submitted individual statements urging the same and some Members testified in person to maintain the orders.

Pipe and Tube:

- AD orders were retained on Brazil, India, Korea, Mexico, Taiwan, Thailand, Turkey.
- CVD order was retained on Turkey.

Welded Stainless Steel Pipe:

- AD orders were retained on Korea and Taiwan.

Tin and Chromium-Coated Steel Sheet:

- The AD order was retained on Japan.

2005 PROCEEDINGS

Sunset Reviews:

- 2005 was a year where several major orders on major products from major steel exporting countries were reviewed under the sunset provision. After much effort and lots of Congressional support, we prevailed in maintaining the vast majority of orders.

Cut-to-Length Carbon Quality Steel Plate:

- AD and CVD orders were maintained on India, Indonesia, Italy, Korea and AD order was maintained on Japan.
- The USW testified in support of the orders, as did several Members of Congress, including Senator Richard Burr and Congressman Pete Visclosky.

Hot-Rolled Flat-Rolled Carbon-Quality Steel:

- AD and CVD orders maintained on Brazil and Japan and suspension agreement on Russia retained.
- The USW testified in support of the orders, as did Congressional Members, including Ted Strickland, Shelly Caputo, Artur Davis and Stephanie Tubbs Jones.

Certain Stainless Steel Plate:

- AD order maintained on Belgium, Italy, Korea, S. Africa, Taiwan
- CVD order maintained on Belgium, Italy, S. Africa.
- The USW testified in support of the orders, as did Congressional Members.

Stainless Steel Sheet and Strip:

- AD order maintained on Germany, Italy, Japan, Korea, Mexico.
- The USW testified in support of the orders as did several Congressional Members, including Congressman Mike Pence.

2004 PROCEEDINGS

Investigations:

- The USW participated in three AD investigations.
- In Certain Aluminum Plate from S. Africa, the ITC did not find injury, so there was no order. The USW testified at the ITC hearing about the injury and job losses.
- In Circular Welded Carbon Quality Line Pipe from China, Korea and Mexico, the ITC preliminarily found injury. The USW was represented at the ITC conference.
- In Light-Walled Rectangular Pipe and Tube from Mexico and Turkey, the ITC preliminarily found injury.

2003 PROCEEDINGS

Sunset Reviews:

- In 2003, the ITC had a sunset review of the suspension of the AD investigations on China, Russia and Ukraine. The USW testified at the hearing.
- In that sunset review, Cut-to-Length Carbon Steel Plate, the ITC found that terminating the suspension agreements on these countries would likely cause material injury. That means the suspension agreements will continue for at least five more years.

SPECIAL CHINA SAFEGUARD CASES

- When the United States agreed to grant China normal trading status (PNTR), China agreed that its exports to the United States would be subject to a special safeguard provision – Section 421.
- Under Section 421, the United States has the right to apply a tariff or quota (or both) on Chinese goods that are shown to be surging and causing market disruption in the United States.
- The USW has twice tried to use this remedy.
- First, in Ductile Iron Waterworks Fittings (2003), the USW testified.
- Second, in Circular Welded Non-Alloy Steel Pipe (2005), the USW testified along with various Members of Congress, including Senators Specter and Lincoln.
- We got favorable rulings from the ITC in both cases and recommendations to apply a remedy against these Chinese imports.
- But the President refused to adopt either recommendation or take any action.
- That's because a huge loophole in the law gives the President the discretion to refuse to implement the ITC's recommendation, which invites political manipulation.
- In our cases, the President denied us a remedy. But even worse, to date no petitioning industry has been granted any remedy by the President under Section 421.
- When Congress agreed to grant China PNTR, Congress did not intend for Section 421 to be a hollow sham subject to a hostile takeover by multinational corporate interests, yet that is precisely what has occurred.
- Correcting this problem through legislation next year is one of our top priorities. And with your help we can do it.

CONCLUSION

- We need to keep fighting -- and fighting hard on many fronts. That means vigorously using the trade remedy laws at our disposal.
- It also means working hard to strengthen the trade laws through legislation.
- For example, remove the President's discretion to deny a remedy under Section 421 when a petitioning industry is entitled to it.
- We also need to stop the assault by exporting nations like Korea, Brazil and India at the WTO Doha Round negotiations to eviscerate trade remedies like the use of zeroing in AD proceedings.