



Consuming Industries
Trade Action Coalition

www.citac-trade.org

CITAC Connections

April 2002

COLLATERAL DAMAGE SPREADS FAR AND WIDE

On March 5 President Bush announced that he would impose tariffs by April 19 and, in some cases tariff-rate quotas, on imports of selected steel products from various countries. Tariff rates ranged up to 30 percent (see box). Within what seemed like hours, steel consumers began to see price increases. Not much later, some were told steel shortages loomed and they might not get their steel at any price.

On April 19, the European Commission recommended to the European Union lists of U.S. products on which it could raise tariffs as compensation for the negative impact of the steel decision on EU steel exports. One list details products slated for 100-percent tariffs within the next 60 days. It would affect American exporters of citrus fruit, apples, rice, apparel, bed linen, and steel, among others. Another, much longer list of American exports is targeted for higher EU tariffs if the EU wins its challenge of the steel decision at the World Trade Organization.

The CITAC Team:

Jon Jenson, Chairman,
216-524-8919

Janet Kopenhaver, Executive Director,
703-528-7822

Lewis Leibowitz, Counsel,
202-637-5638

Paul Nathanson and
Christina Bucher,
Press/Public Relations,
202-466-6210

CITAC Connections is a monthly publication of the Consuming Industries Trade Action Coalition
1001 Connecticut Avenue, NW
Suite 1110
Washington, DC 20036
202-347-1085

Summary of Steel Remedy, First Year

Slab	Quota plus 30% tariff on imports over quota
Plate, Hot-rolled sheet, Cold-rolled sheet, Coated sheet	30% tariff
Hot-rolled bar	30% tariff
Cold-finished bar	30% tariff
Rebar	15% tariff
Certain welded tubular products	15% tariff
Carbon & alloy fittings and flanges	13% tariff
Stainless steel bar	15% tariff
Stainless steel rod	15% tariff
Stainless steel wire	8% tariff
Tin mill products	30% tariff

The lesson is clear: protectionism imposes significant costs on by-standers, in this case ranging from the most obvious (steel consumers) to the most curious (apparel and rice growers).

CITAC STEPS IN, AGAIN

Relief from the tariffs may be available for those steel consumers who can convince the government that the products they need are not available from domestic sources. The Administration established a "product exclusion" program that permits companies to request that steel inputs they need, that cannot be obtained from U.S. producers, be exempted from the duties. Already, the Administration is attempting by July 3 to process close to 1,000 product such requests.

Steel consumers need to fill out 20-page-plus questionnaires and submit them both in hard copy and electronically to the U.S. Department of Commerce and the Office of the U.S. Trade Representative. The opinions of domestic steel producers will be sought: those who object to the request need

to fill out long questionnaires of their own. This is a requirement CITAC strongly urged the Administration to adopt.

In addition to helping steel consumers find their way through the product exclusion process, CITAC is also acting as the clearinghouse for information about the impact of the tariffs on steel-consumers. CITAC members are faxing in information about how the tariffs are affecting them. CITAC staff is making sure the appropriate government officials hear about these impacts, and is also making the information available to reporters interested in the downstream consequences.

Here's the bottom line for steel consumers now: if you have questions or need help with a product exclusion request, you may contact Lewis Leibowitz (202-637-5638) or Lynn Kamarck (202-637-6545) at Hogan & Hartson. However, individual product exclusion requests are the responsibility of companies concerned. CITAC will help, but cannot represent you. If you have a company story you are willing to share, contact CITAC Chairman Jon Jenson (216-524-8919).

Recent Headlines

"U.S. steelmakers increase prices as supply tightens," *The Wall Street Journal*, March 27, 2002. "Big steelmakers, such as Bethlehem Steel Corp., said their main plants are near capacity. 'There are lots of orders and not enough supply,' said Elizabeth Kovach, a Bethlehem spokeswoman."

"CSI suspends orders as demand increases," *American Metal Market*, April 17, 2002. According to the company's president and CEO of this West Coast steel producer, there will be "a huge shortage of steel' in this country during the coming months, due mainly to consumer concerns raised by the Section 201 import controls."

"Nucor to boost sheet prices in two stages," *American Metal Market*, April 19, 2002. "There have been about \$100 per ton of price increases working their way through the market (since the first of the year),' said Terry Lisenby, Nucor's chief financial officer. 'We are optimistic that future increases in sheet prices will be realized over the course of the year.'"