



Consuming Industries
Trade Action Coalition

www.citac-trade.org

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CITAC Connections

STEEL DEMANDS A BAILOUT

The last 12 months have seen mounting pressure from U.S. steel producers and workers for import barriers and money to pay off health and pension obligations to workers and retirees. The industry is spending millions of dollars on this effort. It has hired legions of lawyers, economists and lobbyists to spin the story that imports are the cause of their woes. It has demanded import protection from the Bush administration, and insisted that it cannot become more competitive unless the Federal government pays off its health care obligations to tens of thousands of its retirees.

The bulk of the action has focused on a Section 201, or safeguard, investigation the Administration launched in June 2001 at the behest of the industry. In these investigations, the Administration considers whether imports are the most serious cause of material injury to U.S. producers and, if so, what "remedy" will offset the injury. In this case, the remedy sought by the producers is tariffs on imports of up to 50 percent. Alternatively, the President may forego import protection altogether and implement instead some other option he feels will help the industry become more competitive. In October 2001, the U.S. International Trade Commission (ITC), an independent U.S. agency, completed a massive investigation and concluded that imports caused injury to U.S. producers. The ITC's six commissioners recommended in December a variety of tariffs and quotas as remedies. The President has until March 4 to decide whether to accept the ITC's recommendations, or do something different.

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CITAC RESPONDS

The steel-consuming companies and trade associations who are members of CITAC have fought the steel industry's demands for import protection. Steel-users employ

57 workers for every one steelworker. CITAC members worry that rising prices of both U.S. and imported steel, which would result from import protection, coupled with shortages of products not available from U.S. producers, would put many of them out of business. Job losses in the steel industry would be replaced eight-fold in the steel-consuming sector.

So, on behalf of its steel-consuming members, CITAC hired lawyers, economists and lobbyists of its own, although of necessity on a much more modest scale than the steel industry. They filed briefs with the International Trade Commission. They organized teams of witnesses – steel-consuming company executives – to present testimony to the Commission and the Administration. William E. Sopko, CEO of Stamco Industries (Euclid, Ohio), John C. Kennedy, President and CEO of Autocam Corporation (Grand Rapids, Michigan), James Zawacki, President of GR Spring and Stamping (Grand Rapids, Michigan), Mark J. Erickson, President of Thomas Engineering Company (Minneapolis, Minnesota) came

Profile of CITAC Member Affected by the Steel Issue

The Precision Metalforming Association (PMA) is a trade association representing the \$41-billion metalforming industry of North America -- the industry that creates precision metal products using stamping, fabricating and other value-added processes. Its 1,600 member companies include metal stampers, fabricators, spinners, slide formers and roll formers, as well as suppliers of equipment, materials and services to the industry. Members are located in 30 countries, but the majority are found in North America -- in 41 states of the United States, as well as Canada and Mexico.

to Washington to testify for CITAC. They positioned CITAC as the voice of “the other side,” and press attention grew with every passing month. CITAC commissioned an economic analysis of the ITC's proposed remedies.

CITAC and its members succeeded in excluding a number of products from the Section 201 investigation, including stainless steel, cold-rolled sheet, electrical steels, and other cold-rolled stainless steel products.

Key Findings of CITAC Economic Study

- *Import tariffs could result in up to 74,500 U.S. job losses;*
- *U.S. steel-consumers would have to pay up to \$4 billion a year in higher costs;*
- *Eight jobs would be lost for every steel job protected; and,*
- *Net job losses would result even in steel-producing states.*

CITAC sent letters to Capitol Hill and organized a letter-writing campaign for its members. As a result, 37 legislators sent or signed letters to the President and/or the ITC on behalf of steel-consuming industries.

In January 2002, CITAC joined two other concerned organizations to run ads opposing import restraints. The ads ran in *The Washington Post* and *The Wall Street Journal*, among other publications.

The battle continues. The Administration has been provided with the full picture of the negative impact of steel import restraints. The choice, in CITAC's view, is clear.

CITAC WELCOMES NEW MEMBERS

CITAC welcomed two new members: Steel Shipping Container Institute and National Metalwares.