



Consuming Industries
Trade Action Coalition

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CITAC Connections

STEEL CONSUMERS' VOICES ARE HEARD

After more than a year of protesting the imposition of tariffs on steel imports, policy makers are finally listening to steel-consuming industries about the negative impact of U.S. trade restraints. In 2001 and early 2002, steel consumers made a strong case to the Administration and members of Congress that steel import tariffs then under consideration would prove to be more costly to companies that use steel as an input to production than they would prove beneficial to U.S. steel producers. But politics, rather than economics, won out and tariffs were imposed on March 5, 2002.

Rather than give up the fight, steel consumers got more active. They could hardly do otherwise given that steel prices were soaring and threatening their very existence. They formed a "Steel Task Force" within CITAC to focus on the steel issue. Company representatives came to Washington to meet with their Congressional representatives and Commerce Secretary Donald Evans. They wrote letters. They requested exclusions. They organized meetings in Congressional districts over congressional recesses. They got the media to pay attention to their stories. They pushed for Congressional hearings on their plight.

Steel consumers are now urging an end to the tariffs before they do any further damage. The next opportunity for the President to end the tariffs is after the mid-point review of the steel tariffs. U.S. safeguards law requires the U.S. International Trade Commission (ITC) to conduct an interim review of the effectiveness of the safeguard measure and the efforts made by the U.S. industry to adjust to import competition (frequently referred to as a "Section 204 review"). The ITC must report its results to the President and Congress by no later than the mid-point of the initial period of relief: September 20, 2003 in this case. The report will form the basis for any decision by the President to continue, extend or terminate the safeguard measures. Technically, however, the ITC is under no obligation to examine the impact of the tariffs on any party other than the steel industry. Steel consumers worried that the President would not have all the information he needed to make a complete

evaluation of the likely impact of continuing, or terminating, the tariffs. This enormous hole gave focus to the activities of steel-consuming industry representatives.

Eventually, the tide started to shift, if not turn. Policymakers began to take serious notice, and reacted accordingly. Last July, Congressman Don Manzullo (R-IL), Chairman of the House Committee on Small Business, held a hearing at which eight steel consumers testified about the adverse impact on them and their workers of the steel tariffs (some brought union-represented workers who also testified to the Committee). Manzullo pressed the Administration to listen more closely to the concerns of steel consumers, particularly when evaluating steel product exclusion requests. A second Small Business Committee hearing occurred in September 2002.

In October, Congressman Joe Knollenberg (R-MI) introduced a resolution asking the President to instruct the International Trade Commission (ITC) to review the impact on steel consumers of the tariffs when it conducted its mid-term review

of the tariffs. (He re-introduced the resolution with the new session of Congress on January 29, 2003.) It now has 74 co-sponsors. On March 20, 2003, Senator "Kit" Bond (R-MO) introduced a Senate version of the resolution (it now has eight co-sponsors).

On March 18, Bill Thomas (R-CA), Chairman of the House Committee on Ways and Means, asked the ITC, on behalf of the Committee, to begin a fact-finding investigation of the impact of the steel tariffs on steel-consuming industries in the United States. Known as a "Section 332 investigation," Thomas asked the ITC to submit its report to the Committee and the President by September 20, 2003, in the same document as the ITC's report to the President of its Section 204 steel-monitoring report. Now, the ITC is to provide the President and Congress with the full picture of the impact of the tariffs.

On March 26, the Trade Subcommittee of the Ways and Means Committee held a hearing on the impact of the steel tariffs. Six steel-consuming industry witnesses again testified about the

negative impact on them of the tariffs, along with five witnesses from related businesses, such as ports, who are also suffering due to the tariffs. All of these witnesses supported a strong domestic steel industry, but told the Subcommittee they could not compete globally without access to globally-priced raw material. They urged Congress to support a full examination of the impact of the tariffs on all parties, as requested by Chairman Thomas.

CITAC has played a leading role in securing the proper investigations. Now, we must present the evidence needed to get the right result: the tariffs are doing more harm than good and should be terminated at the mid-point review.

ITC Schedules

Section 204 Review:

Deadline for requests to appear at hearings	June 20
Prehearing briefs due	July 2
Hearing on stainless steel products	July 10
Hearing on carbon and alloy tubular products	July 17
Hearing on carbon and alloy flat products	July 22
Hearing on carbon and alloy long products	July 24
Posthearing briefs on stainless steel products due	July 18
Posthearing briefs due on tubular products	July 25
Posthearing briefs due on flat products	August 1
Posthearing briefs due on long products	August 1
Due date of ITC report	Sept. 20

Section 332 Investigation:

Deadline for request to appear at hearing	June 2
Prehearing briefs due	June 4
Hearing	June 19
Deadline for all other written submissions	June 27