October 22, 2001, Monday

**ITC: CHEAP, FOREIGN STEEL TO BLAME FOR INDUSTRY'S WOES**

BYLINE: By Chris Shott, States News Service

DATELINE: WASHINGTON

The flood of cheap, foreign imports has largely washed out America's steel industry, the U.S. International Trade Commission determined Monday - concurring with what many steel makers, unions and Alabama lawmakers have been arguing for years.

The ITC's finding, which covers nearly 80 percent of all steel products made in the United States, sets the stage for the Bush administration to take remedial action against foreign steel producers so the domestic industry can get back on its feet. "This will be a real shot in the arm for Alabama and our economy," said Rep. Spencer Bachus, R-Birmingham, one of several Alabama lawmakers to testify before the ITC last month. Twenty-five steel makers across the country - including Trico Steel in Decatur and Gulf States Steel in Gadsden - have filed for bankruptcy since the Asian economic crisis of 1997 triggered a deluge of imports into the United States. "We've had shutdowns and layoffs here in Birmingham and throughout north Alabama," said Bachus, who expects a number of facilities to reopen once the administration takes action. "This may be the first good news in bringing the economy back in quite some time," he added, "and it couldn't have come at a better time for Alabama."

But what's good news for steel producers could be bad news for companies that use steel to make other products - such as tires, automobiles and household appliances - which oftentimes exceed steel-making firms in terms of the number of jobs, argued critics of the ITC ruling. "We think it's going to have serious consequences for steel consumers," said Janet Copenhaver, executive director of the Consuming Industries Trade Action Coalition. "In an economic slowdown you're going to be doubly hit - there's going to be less production and the cost of your raw materials is going up."

In Alabama, steel-using jobs outnumber steel-making jobs 24 to 1, according to the coalition. "We're kicking into high gear to make sure that the commissioners understand the effects that quotas and tariffs will have downstream," Copenhaver said.

The ITC has two months to advise President Bush on what action might be appropriate to solve the problem. Then Bush could take up to another two months to render his own decision. But industry and union leaders said they would push for faster action. Leo Gerard, president of the United Steelworkers of America, suggested the best remedy would involve "strong quotas and high tariffs," with funds collected going to help steel companies cover pensions and insurance benefits for retirees.

Gerard's hope is that the ITC ruling would increase pressure on Congress to enact legislation to stem the tide of foreign imports on that end, and to also set up a funding system to help companies pay their outstanding obligations. "It should give them the green light to move forward," he said. Bachus, who's signed on in support of such legislation in the House, agreed that action is important, even in light of the favorable ITC ruling. "The industry has suffered some long-term damage, and particularly with the slowing economy, it's been aggravated," Bachus said. "Dumping (by foreign producers) in this slow economy is a death sentence. And so, we need to protect our manufacturing base."

During the four-year period any tariffs or quotas are in place, the U.S. steel industry would have time to restructure itself to become more competitive, which will likely mean consolidating into a smaller number of larger firms, Gerard said.

December 7, 2001, Friday

**TRADE PANEL'S STEEL SANCTIONS FALL SHORT OF INDUSTRY'S HOPES**

BYLINE: By Craig Linder, States News Service

DATELINE: WASHINGTON

The U.S. International Trade Commission may not be the savior of American steel industry after all. Supporters of the ailing industry had widely hoped that the independent commission, which ruled in October that steel imports have harmed American steel makers, would call on President George W. Bush to impose stiff tariffs and strict quotas on the inexpensive imports.

What the commission's six members instead offered on Friday was a mixed bag of proposals for sanctions on the steel industry's foreign competitors, with most of the suggestions to the White House falling short of the beleaguered industry's hopes. Three of the four competing plans call for tariffs that range from 5 percent to 40 percent on the import of 16 different types of steel products and one calls exclusively for the use of quotas to restrict foreign imports. Most proposed tariffs were in the 15 percent to 20 percent range.

The domestic industry had hoped for more. In its proposal to the trade commission, the United Steelworkers of America had asked for a 50 percent tariff, the maximum permitted by law. A coalition of large steel companies -- including United States

Steel, National Steel Corp. and bankrupt Bethlehem Steel Corp. and LTV Corp. -- called on the trade commission to impose a 40 percent tariff. The companies also hoped to receive the money raised by tariffs on steel imports in order to help them cope with their crushing obligations to pay retiree pensions and health insurance benefits, called "legacy costs." The trade panel did not endorse that form of direct aid to the steel firms, but some commissioners were intrigued by the idea. "The legacy cost issue must be addressed in some form to overcome a serious obstacle to industry consolidation," said Dennis M. Devaney, a Bush-appointed commissioner.

Bush, who began the process by asking the trade commission to investigate the effect steel imports have had on the domestic industry, can accept any of the trade commission's four proposals, reject any of them or impose his own restrictions on foreign steel makers. The trade commission will formally deliver its recommendation to the White House on Dec. 19 and Bush must make his decision by mid-February. Any sanctions he imposes would be in effect for four years, though they would gradually relax each year.

Industry advocates vowed that they would press Bush to impose the higher tariffs when he makes his decision. "This is not the final court. There is one more court and that is the president of the United States," said Bill Klinefelter, the Steelworkers union's legislative and political director. "If you give us the high tariffs, this industry will be out of the woods." Rep. Pete Visclosky, a Merrillville Democrat who is among the House's fiercest supporters of the steel industry, said he would ask his colleagues to sign a letter to Bush urging strong sanctions. "As far as Congress, it is our desire and our request of the administration that they impose the highest relief possible," he said. "You are still confronted with an industry in freefall."

Sen. Evan Bayh, an Indiana Democrat, sent a similar letter to Bush this week asking for quick action on the steel case. "If we don't get relief to our industry before the end of the year, we very well may lose many more manufacturers," he wrote.

Since the trade commission moved into its sanction phase, foreign steel makers and manufacturing companies that use steel in their products have worked to soften the penalties on imports, saying that tariffs and quotas could make goods like appliances and cars more expensive and launch a trade war between the United States and steel-exporting nations. "We're disappointed that they recommended import restrictions both in the form of tariffs and quotas, but it could have been a lot worse," said Janet Kopenhaver, the executive director of the Consuming Industries Trade Action Coalition, a group that represents steel-using companies. "Any restrictions on these raw materials are going to cost us."

March 5, 2002, Tuesday
**HEADLINE: A SUMMARY OF BUSH'S SANCTIONS ON FOREIGN STEEL**
By Craig Linder, States News Service

WASHINGTON, March 5 -- Hoping to aid an industry that has seen 31 companies file for bankruptcy protection since 1997, President George W. Bush on Tuesday imposed stiff tariffs and quotas on steel imports. The sanctions will be in place for three years beginning on March 20 and many will gradually decline in their second and third years. The following are key provisions of Bush's sanctions on foreign steel:

--- Imports of slab will be subject to what it called a "tariff-rate quota," which will allow 5.4 million short tons of slab to be imported to the United States without having any tariff applied. The government will apply a 30 percent tariff on all slab imports above the 5.4 million short ton quota.

--- A 30 percent tariff on imports on flat products like plate, hot-rolled sheet, cold-rolled sheet and coated sheet as well as on tin mill products, hot-rolled bar and cold-finished bar products.

--- A 15 percent tariff on imports of rebar, some welded tubular products and stainless steel bar and rod.

--- A 13 percent tariff on imports of carbon and alloy fittings and flanges and an 8 percent tariff on stainless steel wire.

--- The sanctions do not apply to imports from nations that the United States has signed free trade agreements with, including Mexico, Canada, Israel and Jordan.

--- As required by World Trade Organization rules, the sanctions also do not apply to imports from a handful of poor nations that send only small amounts of steel to the United States.

Source: The White House.

The Washington Post

April 04, 2002, Thursday, Final Edition
SECTION: A SECTION; Pg. A07
**Bush Hopes to Temper Steel Tariffs With Free-Trade Measures**
Mike Allen, Washington Post Staff Writer

A month after infuriating many conservatives by imposing stiff tariffs on imported steel, President Bush will begin trying to reestablish his free-trade credentials today.

Bush will ask the Senate to follow the House's lead and give him new power to negotiate international trade agreements. The authority would allow the administration to negotiate deals that could not be changed -- only approved or rejected [Note: This oft-made claim is actually an overstatement of what Fast Track does—MS]-- by Congress. Senate Democratic leaders say they support the measure, but only if it is coupled with a plan to provide assistance to workers who have lost their jobs because of global trade. The plan would provide extended unemployment benefits, plus education and training, for workers whose companies move their jobs overseas. Some lawmakers from heavily industrial states fear the new negotiating power would push jobs to countries where labor is cheaper.

The White House is resisting linking the measures, imperiling the trade-negotiating legislation, which restores a presidential power that lapsed in 1994. Bush, mindful of his father's failure to tend to the economy in wartime, has been eager to demonstrate concern for workers; the trade legislation, along with tax cuts and an energy plan, is a centerpiece of the president's prescription for the economy.

Bush's support for steel tariffs, which were designed largely to bolster support for Republicans in Rust Belt swing states, was denounced by many economic conservatives and drew threats of retribution from crucial trading partners in Europe and Asia.

Some critics said Bush was smart to move quickly to try to regain his standing on an issue important to many of his most loyal voters. Stephen Moore, president of the Club for Growth, said Bush's "transgression" is likely to be forgiven if he maintains the pro-trade stance he plans to proclaim today. "The steel decision was made as if he were president of Michigan and Ohio, not the president of the United States," Moore said. "I think he underestimated how negative the response would be."

Aides said that in today's speech at the State Department, Bush will give the Senate an April 22 deadline for bringing the "fast track" negotiating bill, also known as trade promotion authority, to the floor. Last July, he set a deadline of Nov. 9, the start of a world trade conference.

Bush plans to ask Congress to pass the fast-track bill in conjunction with the renewal and expansion of a law that, in an effort to discourage narcotics production, defers duties on goods from South America. Some of those deferrals expire May 16 and cannot be extended. The administration says the April deadline would allow the bill to reach the president's desk in time to preserve them.

Senate Majority Leader Thomas A. Daschle (D-S.D.) favors passing the fast-track bill and the South American subsidies, known as the Andean Trade Preference Act, with the measure to help displaced workers. Molly Rowley, a Daschle spokeswoman, said Daschle believes it would be "virtually impossible to build a consensus for trade promotion authority without" the bill to help workers.

The fast-track and Andean bills have passed the full House and the Senate Finance Committee. An administration official said Bush wants those to be passed first, with a debate later on how to help displaced workers.

The Washington Post
November 11, 2003, Tuesday, Final Edition
SECTION: A SECTION; Pg. A01
**U.S. Loses Appeal On Steel Tariffs; WTO Decision Lets EU Retaliate**
Paul Blustein and Jonathan Weisman, Washington Post Staff Writers

The World Trade Organization issued a final ruling yesterday that the steel tariffs imposed by President Bush violate international trade rules, raising expectations that the White House will soon repeal the tariffs to avoid imminent European retaliation.

The WTO decision gives the European Union and several other countries the right to impose retaliatory tariffs on billions of dollars worth of American exports unless Bush reverses the decision he made in March 2002 to give American steelmakers protection from imports. Such sanctions could be the largest ever applied in a WTO case.

That leaves Bush with an unpleasant political choice less than a year before the next presidential election. If he abides by the WTO ruling and rolls back the steel tariffs, he would anger voters in key steelmaking states such as Pennsylvania, Ohio and West Virginia. But if he maintains the tariffs, he would risk angering industries in other states that would be hurt by the retaliatory duties. The EU's list of targeted products includes many that were clearly chosen for their political impact: Tariffs on citrus fruit, for example, would hit the pocketbooks of voters in Florida, and the duties on textiles would hit industries based in the Carolinas.

White House spokesman Scott McClellan said Bush has not yet made a decision. But sources close to the White House say the administration's economic team has united in imploring Bush to scrap the tariffs rather than let them stay in effect until their scheduled expiration in March 2005. Perhaps more important, one source said, Karl Rove, the president's top political adviser, now believes the tariffs have cost Bush more political support among steel-using industries and conservative free-trade advocates than the political goodwill he gained from their imposition. "Rove has agreed they should come down," said the source, who spoke on the condition of anonymity.

U.S. industries that use steel, such as makers of appliances and autos, have also been pressing for a repeal of the tariffs, complaining that higher steel prices are eroding their profits amid a generally tough environment for American manufacturing.

If the steel tariffs remain in place, the EU would add to many American exporters' woes by imposing punitive duties ranging from 8 to 30 percent, starting in mid-December, on $ 2.2 billion worth of American goods, including motorcycles, citrus fruit, textiles and farm equipment. Seven other countries backing the EU case -- Japan, South Korea, China, Brazil, Switzerland, Norway and New Zealand -- could impose additional sanctions.

The ruling by a WTO appeals panel affirmed an earlier finding by the Geneva-based body against the tariffs. When Bush imposed the tariffs, which ranged up to 30 percent, in March 2002, he said he was giving U.S. steelmakers three years to restructure under a law that allows "safeguard" tariffs for industries facing a surge of imports. But the EU and its allies filed complaints asserting that the United States failed to provide evidence of a recent surge in steel imports, and the WTO agreed.

Richard Mills, a spokesman for U.S. Trade Representative Robert B. Zoellick, said in a statement that the Bush administration disagreed with the panel's ruling, but he did not hint at how it would respond. Administration sources have said that Zoellick and other administration economic advisers agree that the steel tariffs should be terminated, in part because of the pain they are inflicting on other manufacturers but also because of the damage done to Washington's international standing as a champion of free trade.

The White House has also failed to reap some of the political benefits it hoped to get from the tariffs; the United Steelworkers of America has endorsed Rep. Richard A. Gephardt (Mo.) for president and issued a statement saying any of the Democratic candidates would be preferable to "the reactionary policies of the current administration."

Bush has about a month to decide before the retaliatory tariffs are to go into effect under WTO rules. The European trade commissioner, Pascal Lamy, said earlier this month that there is a "racing certainty" Brussels will exercise its right to retaliate by Dec. 15 unless Bush backs down. Economists close to the White House were somewhat puzzled that Bush made no decision on the tariffs before the WTO ruling, which was long expected. Now, said one former White House official, a decision to lift the tariffs could look like Bush is caving in to Europe.

Indeed, steel industry executives and union officials played on that concern yesterday. "The [WTO] decision undoubtedly confronts Mr. Bush with a test of wills: Will he exercise his sovereign right as president to protect the jobs and survival of the entire American steel industry, or will he knuckle under to the threat of economic blackmail being leveled by the European Union?" asked Leo W. Gerard, international president of the United Steelworkers.

Terrence Straub, U.S. Steel Corp.'s chief Washington representative, said he has no idea what Bush will decide but noted: "This is a guy who doesn't react well to threats. The EU rattling its sabers . . . is not a productive exercise from their point of view."

One White House source said administration aides did debate whether to lift the tariffs before the decision to "look like we're not kowtowing" to Europe. But the aides decided it would be better to wait for the WTO ruling, then argue that they had tried their hardest to maintain the tariffs but must now abide by the legal ruling of a trade body they fully support. That line was quickly adopted by some top Republicans on Capitol Hill, such as Senate Finance Committee Chairman Charles E. Grassley (R-Iowa), who called on Bush to lift the tariffs, not just to comply with the ruling but to help beleaguered manufacturers. "Although I may not agree with every decision at the WTO, it's important that we comply when decisions go against us," Grassley said. "Complying with our WTO obligations is an important sign of American leadership."

But others on the Hill saw the ruling as grounds to raise new questions about the WTO, underscoring how the steel case has thrust the trade body into one of the most politically charged controversies in its eight-year history. "The WTO decision further endangers support in the United States for the WTO and its dispute-settlement system," said Rep. Sander M. Levin (D-Mich.), the ranking Democrat on the House Ways and Means subcommittee on trade.

The steel decision comes at a time transatlantic trade tensions are rising concerning another dispute involving U.S. export subsidies, which the WTO also found illegal. In that case, the WTO has authorized the EU to impose up to $ 4 billion worth of sanctions, which would be by far the largest in WTO history. But Brussels has held off on imposing them -- its latest deadline is March 2004 -- pending passage in Congress of new tax legislation that would eliminate the subsidies.


The Washington Times
November 12, 2003, Wednesday, Final Edition
SECTION: BUSINESS; Pg. C08
**Pressure mounts for U.S. to repeal its tariffs on steel; □Trade allies threaten export war**
By Jeffrey Sparshott, THE WASHINGTON TIMES

Some of the United States' biggest trade partners yesterday continued pushing the Bush administration to eliminate steel tariffs by threatening a war against American exports.

President Bush remained silent on the tariffs as foreign pressure to eliminate duties on foreign steel mounted. The measures, ruled illegal Monday by the World Trade Organization, were designed to protect U.S. steel manufacturers from overseas competition.

Europe and Asia's biggest economies yesterday united in a call to end the tariffs immediately. The 15-nation European Union restated a plan to strategically target $2.2 billion in U.S. products with sanctions, effectively making them too expensive to compete in Europe.

"I don't want Europe getting into a trade war with the U.S., but the ball is now in Washington's court," British Trade Secretary Patricia Hewitt told reporters in London. Japan is giving the United States more time but also plans to retaliate if the tariffs are not repealed, officials in Tokyo said. Other nations that brought the case also said they eventually would seek to retaliate if the United States does not heed the WTO decision. South Korea, China, Brazil, New Zealand, Switzerland and Norway also filed at the WTO and won the right to raise tariffs against U.S. products. Two of the United States' biggest trade partners, Canada and Mexico, were exempted from the tariffs. Although companies, not national governments, buy the U.S. goods, the foreign duties, which could affect $3.1 billion in trade, would price U.S. goods out of markets.

U.S. manufacturers that turn steel into parts or goods, and have been hurt by the tariffs, echoed the European and Asian demands. But U.S. steel companies and unions are fighting to keep the tariffs. "Failure to uphold the steel safeguards would have a devastating impact, not only on the steel industry, but on all industries that depend on American trade law," said Dan DiMicco, president and CEO of Nucor Corp., one of the country's biggest steel producers.

The Bush administration continued to guard its decision-making process. Richard Mills, spokesman for the U.S. Trade Representative's Office, said, "We are studying the report, we are studying its implications and considering all options." But he declined to discuss the decision-making process in detail or timing for any action.

The tariffs are part of a larger effort to help steel companies that had been going bankrupt by the dozen. The Bush administration also is participating in international talks to reduce subsidies and production. The government, through the Pension Benefit Guaranty Corp., also has taken over thousands of retirement plans that had saddled the industry with debilitating legacy costs. Economists, companies and government officials do not agree whether the tariffs have helped or hindered U.S. steel firms as they consolidate.

A U.S. International Trade Commission report indicates they assisted, but some independent analysts said that new contracts with unions, and a reduction in labor costs, actually spurred takeovers and closeouts.

While the Bush administration weighs the economic and political costs of defending or retreating from the tariffs, the WTO decision also has sparked a backlash against the global trade body. The United States helped create the WTO to maintain a rules-based trade system, and supporters maintain that the body benefits the U.S. economy.

Sen. Charles E. Grassley, Iowa Republican, said the WTO has been an effective platform "to gain restitution for trade grievances and to defend our practices. So, if we want other nations to comply with decisions that go in our favor, we need to set the right example when decisions don't go our way."

But some critics have grown agitated with several high-profile setbacks. "This decision shows once again that the administration needs to do something about the badly flawed WTO dispute settlement process," said Sen. Max Baucus, Montana Democrat, a party leader on trade issues.

"The dispute resolution is not working and has been guided by politics rather than law," said Rep. Phil English, Pennsylvania Republican and a staunch supporter of the tariffs. Mr. English said that the United States should tighten the tariffs against Europe if the bloc retaliates.