June 27, 2019

The Honorable Jeffrey I. Kessler
Assistant Secretary for Enforcement and Compliance
Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Re: Request for Public Comments Concerning Proposed Modification of Regulations Regarding Benefit and Specificity in Countervailing Duty Proceedings

Dear Assistant Secretary Kessler:

In response to a request for public comments from the Department of Commerce (DOC),¹ the American Iron and Steel Institute (AISI), on behalf of its U.S. producer member companies, submits the following comments regarding the proposed modifications to DOC’s regulations pertaining to the determination of benefit and specificity in countervailing duty proceedings regarding currency undervaluation.

AISI serves as the voice of the North American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. The domestic iron and steel industry plays a significant role in the economy, directly accounting for 387,000 American jobs and directly and indirectly supporting nearly two million American jobs. Additionally, the iron and steel industry is a large purchaser of domestic products and inputs for the steel-making process.

AISI supports the Trump administration’s strong actions to combat foreign unfair trade practices, including practices to undervalue currency. Foreign exchange actions by trading partners to undervalue their currencies can be one of the most distorting practices in international trade. Foreign currency undervaluation not only subsidizes exports to the United States, but it also disadvantages U.S. exports to the offending country and to third markets. The effects of artificially weakened foreign currencies on the U.S. economy, including the domestic steel industry, have been significant. C. Fred

Bergsten and Joseph E. Gagnon, writing for the Peterson Institute for International Economics, have estimated that currency manipulation by foreign governments cost the U.S. economy upwards of five million jobs, resulted in an increase in unfairly traded imports into the United States and made it more difficult for U.S. exporters to compete in foreign markets.\(^2\)

Given the harmful economic consequences of actions by foreign trading partners to undervalue their currencies, AISI strongly supports DOC actions to offset the trade-distorting effects caused by a foreign government’s targeted intervention in the market that artificially devalues its currency. The proposed modifications to DOC regulations would clarify how the DOC determines the existence of a benefit resulting from a subsidy in the form of currency undervaluation, and would clarify that companies in the traded goods sector of an economy can constitute a group of enterprises for purposes of determining whether a subsidy is specific.

Given the importance of addressing currency undervaluation as an unfair trade practice, AISI urges the DOC to issue a final rule that provides the agency with the maximum flexibility possible in administering the countervailing duty law and other trade laws to offset government intervention that confers an unfair competitive advantage to foreign producers over U.S. manufacturers. In this regard, AISI supports the comments submitted by the Committee to Support U.S. Trade Laws on this proposed rule.

AISI appreciates the Trump administration’s efforts to address currency undervaluation through the trade laws, as well as through international agreements, such as the recently concluded United States-Mexico-Canada Agreement (USMCA). These actions will help to deter this unfair trade practice by foreign trading partners and will offer an important remedy for U.S. workers and businesses that are harmed by unfairly subsidized imports.

Sincerely,

Kevin M. Dempsey
Senior Vice President, Public Policy and General Counsel

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