

AISI Priorities on International Trade

Unfairly-traded steel imports remain the top threat to the steel industry in the United States. Surges in these imports are fueled by (1) foreign government subsidies and other market-distorting practices; (2) the resulting massive global steel overcapacity; (3) dumping steel into the U.S. market by selling imports at artificially low prices; and (4) circumvention of U.S. trade remedies.

Foreign government subsidies, government ownership and control of major producers, currency manipulation, tax preferences, investment restrictions and other market-distorting policies in the raw materials and steel sector promote exports at the expense of U.S. steelmakers.

These subsidies and interventionist government policies have resulted in massive global steel overcapacity – estimated by the OECD at nearly 700 million metric tons, over seven times U.S. raw steel production. Heavily subsidized, China’s steel industry alone contributes more than half of global steel overcapacity. This overcapacity, combined with sluggish world demand and import barriers in other markets, has resulted in significant levels of steel imports entering into the U.S. market from numerous countries, including Korea, Turkey and Japan. Steel imports are capturing a historically-high percentage of U.S. market share and resulting in thousands of U.S. job losses and numerous plant closures throughout the steelmaking supply chain.

Despite over 100 U.S. antidumping (AD) and countervailing duty (CVD) orders on steel products from over 30 countries, unfairly-traded imports continue to flood the U.S. market through country-hopping, transshipment, third-country processing and assembly, minor alternations and other schemes aimed at avoiding or evading these orders.

The United States must take aggressive action to combat these unfair trade practices to preserve and strengthen our manufacturing base.

In particular, AISI urges the Administration to take the following trade policy actions to level the playing field for U.S. industry:

- **Section 232** – Repeated surges of dumped and subsidized steel imports threaten the viability of the American steel industry and our national security. AISI urges the President to take aggressive and immediate action under Section 232 to provide a broad-based remedy against imports for a meaningful time period.
- **Overcapacity** – The Administration should continue to press China and other nations to eliminate their steel overcapacity and to end all subsidies and other market-distorting policies that promote steel overcapacity through the Global Forum on steel overcapacity and other avenues for engagement.



- **Trade Case Enforcement** – The Commerce Department and International Trade Commission should aggressively and expeditiously enforce U.S. trade laws – including recently strengthened U.S. trade remedy laws – in cases, including investigations, reviews and anti-circumvention inquiries.
- **AD/CVD Evasion** – U.S. Customs and Border Protection (CBP) should aggressively investigate AD/CVD evasion and place enhanced focus on trade enforcement, including revising its interim final regulations under the recently-enacted Enforce and Protect Act (EAPA) to increase the transparency of its investigations into AD/CVD evasion and to facilitate greater U.S. industry participation in EAPA investigation and trade enforcement.
- **NAFTA Modernization** – The North American Free Trade Agreement (NAFTA) should be modernized and strengthened by updating its rules of origin to incentivize the use of North American steel in manufactured goods. To serve as a model for future trade agreements, an updated NAFTA should include new disciplines on currency manipulation and the conduct of state owned enterprises, while also promoting improved North American trade enforcement cooperation and coordination and streamlined customs procedures.
- **Currency Manipulation** – The Commerce Department should use its existing legal authority to offset the export subsidy resulting from significant foreign currency manipulation.
- **Non-Market Economy (NME) Status** – USTR must continue to defend aggressively at the World Trade Organization (WTO) the United States’ ability to apply its non-market economy methodology in AD investigations on imports from China, and work with other countries to maintain broad international support for the U.S. position on China non-market economy status.
- **Defend U.S. Trade Remedies at the WTO** – USTR must continue to defend aggressively U.S. trade remedies, including AD/CVD, safeguard, and any 232 action, at the WTO.
- **Tools against Trade-Distorting Practices** – USTR should use all tools available to address foreign trade-distorting practices, including unilateral retaliation under Section 301 of the Trade Act of 1974, WTO litigation, and appropriate bilateral and multilateral diplomatic efforts.
- **WTO Dispute Settlement Reform** – The Administration should pursue fundamental reform of the WTO dispute resolution system to address the repeated overreaching by WTO panels and the Appellate Body, especially in decisions related to AD/CVD measures.



In addition, AISI urges Congress to pursue the following initiatives to address foreign unfair trade practices and to strengthen and fully enforce our trade remedy laws both domestically and internationally:

- ***Trade Remedy Legislation*** – The Congress should enact legislation that further strengthens U.S. trade laws and updates existing trade remedies based on new economic realities.
- ***Foreign Investment Legislation*** – The Congress should modernize U.S. law to better scrutinize and react to foreign investment by state-owned companies that seek to distort the market.
- ***Funding for Enforcement*** – The Congress should provide for increased appropriations for the Office of Enforcement and Compliance at the Commerce Department to ensure adequate staffing for trade remedy and anti-circumvention investigations and for the Office of Trade at U.S. CBP to ensure adequate staffing for EAPA investigations and trade enforcement.