

INTERVIEW: AISI, US steelmakers urge Congress to act on trade remedy law to address import duty evasion

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- **Steel industry looks to close loopholes in trade law update**
- **House, Senate committees show narrow focus on trade updates**
- **AISI says trade laws haven't kept pace with efforts to circumvent duties**

The American Iron and Steel Institute is again calling on Congress to take action to update US trade remedy laws that steelmakers say have not kept up with the efforts of China and other nations to circumvent and evade import duties.

In discussions with lawmakers, there is a growing sense of interest among members of the House Ways and Means Committee and Senate Finance Committee to address trade issues, but any legislation that does not include efforts to improve enforcement would be "incomplete," AISI CEO Kevin Dempsey said in an interview with S&P Global Commodity Insights March 1.

Currently, the two committees are looking to do something with a narrower focus around the Generalized System of Preferences, a long-standing program that provides nonreciprocal, duty-free treatment for certain US imports from developing countries that expired Dec. 31, 2020.

Dempsey said he doesn't expect to see any immediate action from Congress on trade, but "once you get the key committees focusing on starting to have at least some discussions on trade, you want to really try to get them focused back on what we think is a priority issue," he said. "Trade bills are few and far between," he added.

Leveling the Playing Field 2.0 Act

The AISI sent a letter to leaders of the House Ways and Means and Senate Finance Committees this week, making a case for the Leveling the Playing Field 2.0 Act that has been introduced with bipartisan support in the House and Senate and is supported by the steel industry.

The legislation, which builds off the last update to trade remedy laws passed in 2015, provides the US Commerce Department with the authority to use countervailing duty law to address the growing problem of cross-border subsidies. It also addresses the current lack of statutory deadlines for circumvention inquiries, which the AISI said results in significant delays for industry efforts to obtain relief against dumped and subsidized imports. It would also revise the existing law to allow Commerce to make "particular market situation" adjustments in antidumping investigations in all instances where home market costs have been distorted.

Taking this action now is critical due to China's Belt and Road Initiative, as it is being used to subsidize Chinese steelmakers to build new facilities outside of China and Southeast Asia, Dempsey said.

In December, the House Select Committee on the Chinese Communist Party released a report that provided several recommendations to address strategic competition between the US and China. One of these recommendations was enacting the Leveling the Playing Field 2.0 Act “to update US trade laws by addressing issues such as cross-border subsidies, simplifying investigations into circumvention and repeated product-related inquiries, and strengthening remedies to minimize PRC predatory economic practices.”

Beyond steel, the legislation has received support from the Coalition for Fair Trade in Hardwood Plywood, Coalition of American Manufacturers of Mobile Access Equipment, Coalition of American Millwork Products and the Southern Shrimp Alliance, according to letters of support. The US steel industry has been successful in winning more than 150 antidumping and countervailing duty trade cases, but Dempsey said without updates to trade remedy laws, there will continue to be loopholes to evade paying duties.

“There's a constant incentive for foreign governments and foreign steel industries to look for a way to get rid of their excess production and to get around any trade remedy laws or other measures that are designed to prevent dumping or subsidized steel sales in other markets; it's a constant battle,” he said.

Moving forward on the Leveling the Playing Field 2.0 Act is the best course for addressing new ways to evade trade measures, but Dempsey said he is “under no illusion” it will fully solve issues related to unfair trade in steel if laws don't keep up with changes in the market.

“If we fix these changes in another five or 10 years, I'm sure there'll be other issues that come up,” he said. “There's going to be -- it's a constant effort by steel producers and other countries to get around our trade remedy laws [but] if we want to have an effective trade remedy system, we have to constantly look to monitor what's going on and look for updates where needed.”