STEEL INDUSTRY GROUP PROVIDES COMMENTS ON FOREIGN TRADE BARRIERS

WASHINGTON, D.C. – The American Iron and Steel Institute (AISI) today told the trade arm of the federal government that existing “foreign trade barriers distort international trade and are extremely harmful to U.S. companies,” especially those in the steel industry.

The 45 pages of comments, signed by Kevin Dempsey, senior vice president of public policy for AISI, was provided to the inter-agency Trade Policy Staff Committee for consideration in preparing the annual National Trade Estimate (NTE) report on foreign trade barriers. The Committee is led by the U.S. Trade Representative (USTR). Link to AISI’s full comments to USTR can be found here.

A number of “foreign government laws, policies, and practices …severely distort global trade and are of particular concern to AISI and its members,” AISI wrote. “In its annual NTE Report, USTR identifies a variety of foreign trade barriers, including export restrictions, import barriers, investment barriers, subsidies, anticompetitive conduct of state-owned enterprises and barriers in government procurement policies. We urge USTR to include some of the trade restrictions we have identified in its 2015 report, and we will continue to work toward the elimination of these and other trade barriers worldwide.”

In the comments, AISI highlighted:

- Export barriers – Many countries, including China, India and others, have enacted substantial raw material export barriers, like export quotas, taxes and licensing requirements, to ensure an abundant domestic supply at low prices for their manufacturers. Many of these trade obstacles violate WTO agreements, and all of them adversely impact U.S. manufacturers and the entire global economy.

The global steel industry depends on trade in scrap and other key raw materials such as iron ore, coke, coal, and ferroalloys. World demand for steel scrap has steadily increased over the last few years, and is expected to rise further due to increased steel production in countries like China, India, Turkey, and Brazil. Despite this global demand increase, more than 30 countries restrict scrap exports, resulting in severe shortages and increased prices.
AISI comments to USTR on foreign trade barriers

- Import barriers - Tariffs and other import charges, quantitative restrictions, import licensing and customs barriers can distort trade by protecting a country’s domestic producers from import competition. Steel producers in countries such as China, Argentina, Brazil, Russia and Japan, benefit from import barriers that give them a price advantage over imported steel products.

- China’s steel policies - China’s 12th Five-Year Plan for the Iron and Steel Industry sets specific market share targets to be met by domestic steel producers, implying that imports of certain steel products are a problem to be addressed. This raises concerns that the Chinese government will implement additional policies or regulations to further inhibit foreign steel producers’ (including U.S. steel producers’) exports to China. China’s various import restrictions are having their intended effect, as China’s steel imports have steadily decreased over the past five years.

- Government subsidies and/or government ownership of the industry - Heavily subsidized foreign producers, particularly in the steel industry, can more easily retain and grow market share in their home markets. As a result, it can allow these producers to sell at below-market prices at home and abroad, making it more difficult for U.S. exporters to compete in those markets.

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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. AISI also plays a lead role in the development and application of new steels and steelmaking technology. AISI is comprised of 20 member companies, including integrated and electric furnace steelmakers, and approximately 125 associate members who are suppliers to or customers of the steel industry. AISI’s member companies represent over three quarters of both U.S. and North American steel capacity. For more news about steel and its applications, view AISI’s website at [www.steel.org](http://www.steel.org), Twitter [@AISISteel], or Facebook.