AISI Priorities on International Trade

Foreign government subsidies and other market-distorting policies in the steel sector have resulted in massive global steel overcapacity - estimated by the OECD at more than 700 million metric tons, over seven times U.S. raw steel production. 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, 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.

Of particular note, China’s steel industry remains government-owned and controlled and heavily subsidized. China continues to protect and increase its exports by manipulating its currency, raw material markets and border measures for steel and steel-containing goods. Other major offshore steel producers also continue to use subsidies, tax and trade policies, and investment restrictions to protect their markets and expand their steel production and exports. The United States must take aggressive action to combat these unfair trade practices in order to preserve and strengthen our manufacturing base.

In particular, AISI urges the new Administration to take the following actions in the first 100 days after taking office:

- **Overcapacity** – 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 newly established Global Forum on steel overcapacity and through other avenues for engagement;

- **Section 301** – Instruct the U.S. Trade Representative (USTR) to initiate one or more investigations under Section 301 of the Trade Act of 1974 into the acts, policies and practices of foreign governments that contribute to the global overcapacity crisis and the repeated injurious surges of steel imports into the U.S. market;

- **Trade Case Enforcement** – Direct the Commerce Department and International Trade Commission to enforce aggressively and expeditiously U.S. unfair trade laws in all cases, including investigations, reviews and anti-circumvention inquiries;

- **Currency Manipulation** – Direct the Commerce Department to use its existing authority under the countervailing duty (CVD) law to offset the export subsidy resulting from foreign government currency manipulation and to make other administrative reforms to strengthen the effectiveness of our trade laws; and

- **Non-Market Economy Status** – Instruct USTR and the Commerce Department to defend aggressively at the WTO the United States’ ability to apply its non-market economy methodology in antidumping (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.
In addition, AISI urges the new Administration and Congress to work together during 2017 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:

- **Tools against Trade-Distorting Practices** – The Commerce Department and the USTR should use all tools available to address foreign trade-distorting practices, including aggressive enforcement of the recently strengthened U.S. trade remedy laws, WTO litigation, and appropriate bilateral and multilateral diplomatic efforts.

- **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, such as remedies for currency manipulation and exporter absorption of antidumping (AD) and countervailing duties (CVD).

- **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.

- **AD/CVD Evasion** – Direct U.S. Customs and Border Protection to revise its interim final regulations under the 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 this process, and to continue to place an enhanced focus on commercial enforcement.

- **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.

- **New Trade Agreements** – Any new and updated trade agreements should strengthen North American steel and manufacturing supply chains, eliminate tariff and non-tariff barriers to U.S. exports, enhance reciprocal government procurement market access, prohibit steel-making raw materials export restrictions and discipline currency manipulation and market-distorting state-owned enterprise (SOE) behavior.

- **NAFTA Steel Industry/Government Collaboration** – The U.S., Canadian and Mexican governments and industries should continue to closely collaborate and leverage their excellent working relationships through the North American Steel Trade Committee, and other international fora, to enable the strongest government policies and laws against unfair trade from offshore into NAFTA and strengthen North American steel and manufacturing supply chains.