

U.S. Wire Rod Producers' Reactions Mixed to White House Decisions

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Washington, DC-- Two White House decisions affecting carbon steel wire rod imports prompted mixed reactions from U.S. producers of the product.

On November 21, the White House announced revising the current tariff-rate quotas to restrict imports of lower-priced wire rod from the countries comprising the Confederation of Independent States (CIS) and allow more imports from the European Union. Paul Rosenthal, counsel for the U.S. producers, explained, "While the overall volume of imports under the tariff-rate quota remains unchanged, the country-specific quotas announced by the President will be helpful to the domestic industry. Low-priced CIS producers have taken market share away from other importers and the U.S. industry. Restricting their imports should result in more realistic prices in the market." Mr. Rosenthal noted that since the Clinton Administration imposed the tariff-rate quotas in early 2000, the industry's condition has in fact worsened. "Imports have contributed to factory and plant closures," said Rosenthal. "GS Industries entered bankruptcy earlier this year and closed its facility in Kansas City, Missouri. North Star Steel ceased production of wire rod at its Kingman, Arizona, facility."

According to Rosenthal, the International Trade Commission (ITC) recognized the continuing decline of the domestic industry when it determined by a 4-2 majority on August 22, 2001, that imports of carbon steel wire rod from Canada and Mexico were undermining the import relief program. The ITC recommended that the President include imports from Canada and Mexico in the import relief program. Although no proclamation has been issued, the Administration has informed the domestic industry that it does not plan to follow the ITC's advice.

Mr. Rosenthal commented, "We are very disappointed with this decision. The ITC recognized that imports from Canada and Mexico were an important reason why the domestic industry's losses increased during the import relief period. It is unfortunate that the Administration would not take forceful action to help the domestic industry despite its dire plight. What's worse, the Administration would not even postpone a decision on the ITC's recommendation to see whether the country-specific tariff rate quota allocation or the recently filed dumping cases would help domestic producers. There is no good explanation for that."

Rosenthal added, "With this decision, it is all the more important that the U.S. industry prevail in the current antidumping and countervailing duty investigation against Mexico and Canada."

On August 31, 2001, the U.S. carbon steel wire rod producers filed an unfair trade case with the U.S. government that charged foreign producers in 12 countries, including Mexico and Canada, with engaging in an unfair trade practice known as "dumping," or selling in the export market at a lower price than in the home market. The petitioners requested that antidumping duties as high as 304 percent be imposed on imports from the countries. Additionally, the governments of five of the

countries, including Canada, were charged with providing illegal subsidies of substantial levels to their carbon steel wire rod industries.

Carbon steel wire rod is an intermediate product that is ultimately used for the manufacture of such products as tire cord, industrial wire, wire coat hangers, wire mesh, and chain link fences.

The major domestic producers of carbon steel wire rod are Co-Steel Raritan, Inc., Perth Amboy, NJ; GS Industries, Inc., Charlotte, NC; Keystone Consolidated Industries, Inc., Dallas, TX; and North Star Steel Texas, Inc., Edina, MN.

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