



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Thursday, Dec. 4, 2003

Grassley Commends President's Decision to Lift Steel Safeguard Tariffs

WASHINGTON – Today President Bush announced he will lift the steel safeguard tariffs that have been in place since March 2002. Sen. Chuck Grassley, chairman of the Committee on Finance, made the following comments on the President's action:

“This is good news. The tariffs on imported steel may have helped some sectors of the economy, but they certainly hurt others. Too many Iowa manufacturers faced increased production costs because of these tariffs. The President's decision to lift tariffs will bring welcome relief to struggling American factories. Today's decision will help American manufacturers compete against their foreign counterparts.

“Just as important, the President's bold decision means we can avoid retaliatory tariffs that were being proposed by some of our largest trading partners. Those tariffs would have hurt a lot of innocent companies and workers in the United States and contributed to slower economic recovery. Lifting the steel tariffs to avoid harm to many American workers and farmers across the United States was the right thing to do.

“But lifting the steel tariffs is just the first step to help jumpstart the economic recovery of our manufacturing sector. Next year, I hope we can quickly consider the Jumpstart Our Business Strength Act, or JOBS Act for short. This bipartisan bill will help to revive American manufacturing by reducing our corporate income tax rate for all that manufacture here in the United States, regardless of their size. I intend to work to get that legislation to the President's desk as soon as possible.

“I also want to encourage the Administration to redouble its efforts to achieve successful conclusions to the ongoing negotiations in the Organization for Economic Cooperation and Development on global steel overcapacity and steel subsidies. We need a comprehensive and enforceable agreement that will lead to the elimination of inefficient and excess global steel capacity. We need a similar agreement that will discipline government subsidies to steel producers. Such agreements will go a long way toward enhancing the prosperity of our own steel producers here in the United States. I hope our trading partners will put as much effort into resolving both of these problems as they have in pushing for the United States to lift the steel tariffs. I stand ready to help the Administration any way I can to achieve this important goal.”

Grassley's Nov. 14, 2003, letter to the President asking him to drop the steel safeguard tariffs follows.

November 14, 2003

The Honorable George W. Bush
President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to express my concerns, and the concerns of many Iowa businesses and workers, regarding the steel safeguard tariffs that have been in place since March 2002.

When you announced the decision to impose steel safeguard tariffs, you stated that the purpose of the tariffs was to provide temporary help to our steel industry so that the industry could restructure, thus ensuring its long-term competitiveness. Recently, the U.S. International Trade Commission (ITC) completed its statutory midterm review of the steel safeguard tariffs. The ITC's review makes clear that the steel industry in the United States has indeed experienced a significant restructuring. In addition, the United Steelworkers of America have negotiated groundbreaking collective bargaining agreements with several U.S. producers. Those agreements are expected to serve as the basis for future labor agreements with other U.S. producers. Separately, the Pension Benefit Guaranty Corporation has assumed a substantial portion of the U.S. steel industry's pension obligations. Taken together, these actions help to ensure the long-term competitiveness of steel producers in the United States.

The purpose of the steel safeguard tariffs has therefore been met, but this has come at a heavy cost. The ITC estimates that the steel safeguard tariffs have already cost U.S. businesses and workers over \$680 million since their imposition. Critically, the brunt of that cost has fallen on the shoulders of the motor vehicle parts and steel fabrication industries. These businesses and their workers are already experiencing economic challenges, as reflected by the downturn in employment within U.S. manufacturing in general. We shouldn't add to those challenges needlessly. I have heard personally from a number of Iowa manufacturers that have been hurt by the steel safeguard tariffs, and I attach letters they have written to me. These businesses employ thousands of Iowans. Their survival is key to maintaining the fabric of the communities in which they operate. My constituents inform me that they have incurred significantly increased raw materials costs by virtue of the steel safeguard tariffs, and yet have been unable to recoup these extra costs due to the increasingly globalized nature of competition in their industries. The same is true for steel consuming businesses across the United States. In short, continuation of the steel safeguard tariffs jeopardizes the future prosperity and survival of these vital members of our economy.

Mr. President, under your leadership we have taken important steps to ensure the revitalization, strength, and competitiveness of the U.S. steel industry. I call on that sense of leadership now to ensure the revitalization, strength, and competitiveness of U.S. manufacturing firms that consume steel. To continue the steel safeguard tariffs now will only serve to threaten the viability of the customer base that the revitalized U.S. steel industry seeks to service. The substantial declines in employment within U.S. manufacturing constitute changed economic circumstances under which the steel safeguard tariffs will no longer be effective in helping to ensure the long-term competitiveness of the U.S. steel industry. Rather, they will undermine that very goal, and the future economic and social costs of the steel safeguard tariffs will far outweigh the benefits. On the other hand, elimination of the steel safeguard tariffs will help to jumpstart the economic recovery of our manufacturing sector and revitalize the global competitiveness of our steel consuming businesses in Iowa and across the United States.

There does remain an important role for our government to assist the U.S. steel industry. That is, to redouble our efforts to achieve successful conclusions to the ongoing negotiations on global steel overcapacity and steel subsidies being conducted under the auspices of the Organization for Economic Cooperation and Development. The long-term competitiveness of our steel industry will not be completely secured until inefficient and excess global capacity is eliminated and disciplines are imposed on the provision of government subsidies to steel producers. We need comprehensive and enforceable agreements that address these underlying problems facing a globalized steel industry. Such agreements will go a long way toward enhancing the prosperity of our own steel producers here in the United States.

Thank you for considering my concerns and those of my constituents as you determine the appropriate course of action to take with respect to the steel safeguard tariffs.

Sincerely,

Charles E. Grassley
Chairman

Attachments