

Understanding Our Economy

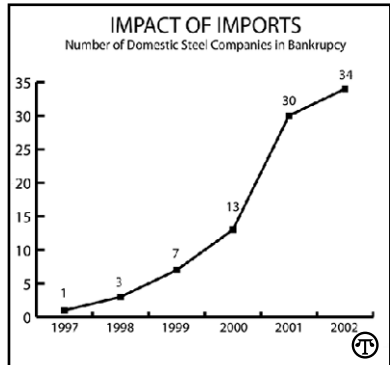
Domestic Steel Recovering From Import Crisis

(NAPSA)—The American steel industry is coming out of its worst crisis in history, but an import relief program that President Bush put in place this year is starting to have a positive impact, according to a study recently published by Dr. Peter Morici, a professor of international business at the University of Maryland.

In recent years, the United States became the world's steel dumping ground, as massive levels of foreign steel were dumped here, due to global excess steel capacity and rigged markets abroad. These illegal and unfair practices, combined with an overvalued dollar, caused the U.S. steel industry losses in excess of \$3 billion in the last three years, and drove 34 American steel companies into bankruptcy. As a result, more than 50,000 steelworkers were sent from manufacturing lines to unemployment lines across America.

In 2001, an International Trade Commission investigation found that the American steel industry had been seriously injured by imports. In March of 2002, President Bush took action on those findings and imposed tariffs on certain imports of steel through 2005. While these tariffs do not prevent foreign steel from entering U.S. markets, they have begun to correct the undercutting of prices of steel dumped from foreign markets.

According to the Morici study, titled "The Impact of Steel Import Relief on U.S. and World Prices: A Survey of Some Counterintuitive Results," these tariffs, along with a depreciating dollar, have started the healing process for America's steel industry, without causing short-term damage to U.S. steel-consuming manufacturers. While there has been partial price restoration in some steel products, steel prices here remain below their 20-year averages, and steel prices abroad are up by as much or more.



Recent moves by the government have slowed job losses and bankruptcies, reversing this disturbing trend.

Despite these positive signs, the healing process for steel is still far from over, as steel companies continue to fulfill multiyear contracts set while steel prices were at record lows.

This healing process is further drawn out by exclusions to the tariffs, which have been granted to foreign producers. In fact, more than 800 additional requests for exemptions are currently being considered by the federal government. Many of these requests are from the same foreign producers who previously benefited from dumping steel into the U.S. and who now want permission to send steel again to our shores at dumped prices.

While concerned about unwarranted exemptions, the steel industry has publicly voiced support for President Bush's actions and has embraced the administration's policy in defending one of America's most vital industries against unfair and illegal trade practices. The President's steel program is beginning to work, as a competitive U.S. steel industry is being slowly restored to health while it efficiently meets our nation's steel demands.

For more information on the domestic steel industry and the impact of foreign imports, visit www.steel.org.