

# Clinton administration moves to impose punitive tariffs on Japanese, Brazilian steel imports

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In a sign of mounting global economic tensions, the Clinton administration has formally declared Japan and Brazil guilty of dumping under-priced steel on the American market and announced the imposition of prohibitive duties against those countries' steel exports.

On February 12 the US Commerce Department announced preliminary duties of between 25 and 71 percent on imports from Brazil and Japan of hot rolled steel. The ruling means that importers of Japanese and Brazilian steel must pay deposits or post bonds to the US Customs Service. Actual collection of the duties will not begin until a final determination is made by the Commerce Department on April 28. However Commerce Secretary William Daley has said he will invoke special powers permitting him to levy duties retroactive to November.

The action stems from a complaint filed by American steel companies and the United Steelworkers union last September, accusing Brazil, Japan and Russia of selling their products below cost. The dispute centered around hot rolled steel, which is used in a wide variety of manufacturing processes including automobile production and appliance manufacturing. US steelmakers have blamed a recent increase in steel imports for lower sales and depressed profits. The three countries account for approximately 35 percent of foreign steel imports.

Action is expected this week against cut-to-length plate steel. Complaints have also been filed against imports of stainless steel.

The countries targeted for import restrictions are among those that have been hardest hit by the global economic crisis. Russia suffered an economic meltdown last summer while Brazil has been forced to

carry out a huge devaluation of its currency. Meanwhile Japan is trying to avert the collapse of its banking system. With demand for steel and other commodities falling worldwide, the United States remains as the only major market for countries seeking to revive their economies through exports.

Imposition of the tariff means the effective elimination of Japanese and Brazilian steel imports from the US market. Reaction from Japanese steel makers was swift and angry. Fujio Ono, president of NKK Corp's NKK America division, said, "Japan's 1998 steel exports were the result of market conditions, and the market, not government-imposed restrictions, should dictate future US-Japan steel trade." He called the tariff "unjustified, ill-conceived and counterproductive."

The Commerce Department excluded Russia from trade sanctions, yielding to fears that the imposition of tariffs could deal a death blow to that country's economy, threatening world financial stability. Steel exports are one of Russia's few sources of hard currency. The Clinton administration is seeking to force the Russian government to limit steel shipments to the US and agree to price its steel at \$285 a ton, above the average US price of \$250 a ton.

The decision to exclude Russia from the steel tariff angered steel producers and the extreme protectionist faction in Congress. The Clinton administration announcement was seen as a move to head off more aggressive trade measures, such as a bill proposed by congressman Peter Visclosky (D-Ind.) that would freeze imports at the July 1997 level. The Visclosky bill has gained the backing of House Republicans, who are calling on Speaker Dennis Hastert to bring it up for

immediate consideration. Steel executives are calling for even more drastic measures, including the banning of all steel imports, the so-called "special 201" case.

Echoing the steel bosses, United Steelworkers President George Becker denounced the Clinton administration measures as inadequate. "Getting those countries to cut back on one product line after they have robbed us blind for 15 months doesn't mean the crisis is over," he declared.

Becker has been named along with business executives and academics to a congressional panel to study the US trade deficit. The Trade Deficit Review Commission is supposed to review ways to reduce the US trade deficit, currently \$300 billion annually.

On February 11 the USWA president appeared on a joint platform in Washington DC with Bethlehem Steel President Hank Barnette and several Congressional Democrats and Republicans at a rally called to press the Clinton administration to step up action against foreign steel producers. Becker, who along with his fellow officials in the AFL-CIO has collaborated in the destruction of hundreds of thousands of jobs in basic industry, joined with other speakers in attempting to shift the blame for job insecurity and falling living standards of American workers to the overseas rivals of American capitalism.



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