

New Zealand unions campaign against Chinese steel imports

Tom Peters
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In recent weeks New Zealand's largest private sector union E Tu, the opposition Labour Party and sections of the media, have joined steel companies in alleging that China is "dumping" cheap steel on the New Zealand market. The union is demanding that the Ministry for Business, Innovation and Employment (MBIE) formally investigate a complaint laid by Pacific Steel Group (PSG) in July. On August 19, E Tu organiser Joe Gallagher declared that "jobs and the very future of our steel industry are at stake."

Robin Davies, CEO of PSG's sister company NZ Steel, the largest steel producer in the country, told Radio NZ he was "very concerned" about "a massive oversupply from China." He declared that "Australia, Canada, the EU, large parts of Asia, have all brought trade remedies for anti-dumping and countervailing duties on steel to date. New Zealand is just about the only country that hasn't." Both PSG and NZ Steel are subsidiaries of Australian-based BlueScope Steel.

These punitive trade measures against Chinese imports are a reactionary nationalist response to the ongoing global slowdown and slump in steel demand, particularly in China and Asia. The glut in steel has led to downward pressure on prices, unleashing a ruthless competition for market share. The Obama administration, backed by the unions, is demanding the shutdown of industrial capacity in China to boost the international competitiveness of US corporations.

Chinese companies, which produce half the world's steel, are already preparing to eliminate around 500,000 jobs, while seeking to sell their excess output on world markets. Tens of thousands more jobs are being axed globally.

According to New Zealand media reports, Chinese officials warned major export companies that any investigation of dumping complaints could provoke

reprisals. China is New Zealand's largest trading partner. Labour has accused the National Party government of trying to cover up China's threats. Some NZ kiwifruit imports have been held up at Chinese ports in the past month, but the government has denied that this is a response to the steel dispute, blaming it on a "technical" issue.

The union attack on Chinese steel "dumping" marks a significant escalation in the anti-Chinese campaign waged by the opposition since 2012. Over the past four years Labour and its allies, including the Greens and Maori nationalist Mana Party, have denounced the sale of farmland and houses to Chinese people. Labour has joined the anti-immigrant NZ First Party's scapegoating of Asian immigrants for unemployment, the high cost of housing and under-resourced social services.

This campaign takes place in the context of escalating geo-political tensions brought about by Washington's strategic "pivot" to Asia and US naval provocations against China in the South China Sea. The US is strengthening military ties with various countries, including Australia, Japan, and the Philippines, in line with detailed plans already drawn up by the Pentagon for war against China.

The New Zealand ruling elite is caught in an increasingly fraught dilemma: it derives considerable profits from trade with China but relies on its military alliance with the US to further its own neo-colonial interests in the Pacific and throughout the world.

Despite the government's caution in openly siding with the US against China, it has committed to \$20 billion in military spending to boost "interoperability" with US forces, while NZ's spy agency carries out surveillance on China on behalf of the US. A pointed editorial by the Chinese state-owned Xinhua news

agency in April warned that if New Zealand foreign policy was “hijacked by the ambitions of its military allies” this would “risk complicating the flourishing trade ties between China and New Zealand.”

Claims of Chinese steel “dumping” were made immediately prior to US Vice-President Joe Biden’s July visit to New Zealand to further strengthen the military alliance. E Tu has been coordinating its campaign with the United Steelworkers (USW) union in the United States. A July 22 Fairfax report quoted the USW’s Ben Davis: “We are working with steel workers’ unions around the world to partner with major producing companies to support their work to strengthen anti-dumping laws.”

The USW’s demand for protectionist measures is directly connected with the Obama administration’s military build-up against China and Russia. USW president Leo Gerard told Congress last April that US-based steel production was vital for “national security,” as it “goes into our ships, tanks, armored personnel vehicles and other weapons. It’s the critical infrastructure that supports our warfighters and our nation.”

In pushing for trade war against China, the USW has worked hand-in-hand with major companies such as ArcelorMittal and US Steel that have attacked workers’ conditions and cut thousands of jobs (see: “The United Steelworkers, economic nationalism and the US drive to war”).

New Zealand’s opposition parties and unions are pushing for a more open alignment with the US against China. Anti-Chinese propaganda has become a major feature of their politics, seen most clearly in Labour and the unions’ embrace of the right-wing New Zealand First Party, which routinely scapegoats immigrants, in particular from Asia.

On August 19, Fairfax newspapers prominently reported NZ First leader Winston Peters’ denunciation of Go Bus “considering employing 200 drivers from the Pacific ... at the expense of our own people.” FIRST Union joined NZ First in denouncing the employment of foreign bus drivers.

The Meat Workers Union’s July newsletter supported NZ First’s opposition to Chinese investment in the meat processing cooperative, Silver Fern Farms, which Peters denounced as “corrupt.” The trade union funded *Daily Blog* has also promoted NZ First, while

producing inflammatory articles accusing China of starting a “trade war” and of trying to colonise New Zealand.

Like their counterparts in Australia, Europe and America, the NZ unions are whipping up xenophobia and nationalism to divide workers and divert attention from their own collaboration with job cutting. On August 8, E Tu claimed that IMG Structural, which makes steel beams, had been “forced” to sack approximately five workers “because they can’t compete on price with cheap, Chinese steel.” Last year, the union helped NZ Steel cut 100 jobs at its Glenbrook factory, claiming that this was needed to give the company “certainty about its costs.” This represents almost 10 percent of NZ Steel’s staff (see: “New Zealand union collaborates in cuts to mining and steel jobs”).

The downturn in the steel industry has its roots in the crisis of the irrational and outmoded capitalist system, which the privileged trade union bureaucrats defend. From the standpoint of human need, there is no “oversupply,” but on the contrary steel is needed to replace crumbling infrastructure and to build housing, hospitals, schools, transportation, etc. Spending on such essential services, however, is not profitable for big business and their governments.

The attacks on steel workers cannot be countered by economic nationalism, protectionism and trade warfare, which is paving the road to war. By promoting these policies the unions help big business to pit workers of different nationalities against each other and prevent a unified fight against job and wage cutting. The global assault on living standards and the drive to war poses the urgent need for the working class to break from these pro-capitalist organisations, unite across national borders and fight for the abolition of the capitalist and nation state system, based on the program of international socialism.



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