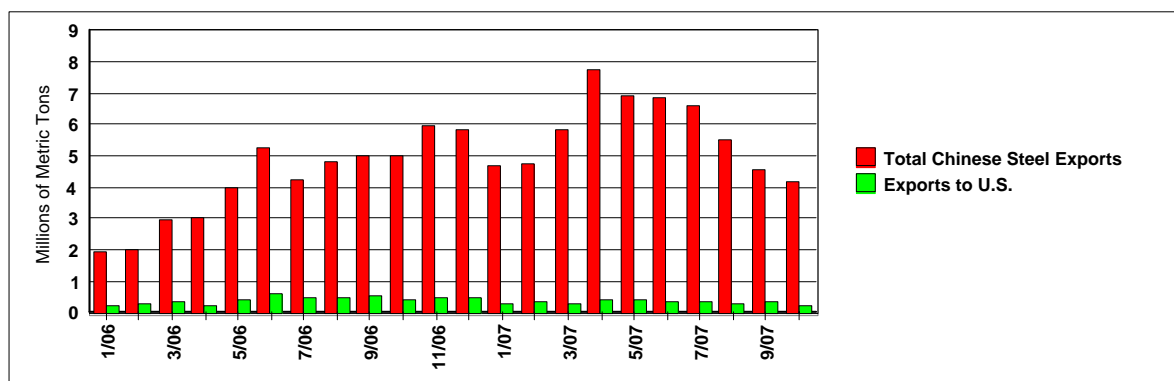




Chinese Steel Exports in Global and U.S. Markets

- China exported more than 50 million metric tons of steel in 2006, which was 12 percent of Chinese production and nearly double the 2005 volume of exports. In November, the China Iron and Steel Association (CISA) forecast that 2007 exports of finished steel mill products will reach 72 million tons.
- Reacting to pressure from many of its trading partners and purported concerns about the environment and energy consumption, the Chinese government adopted a number of measures designed to curtail steel exports, beginning in the spring of 2007. The VAT rebate has been reduced or eliminated on many categories of steel exports, and a 5-10 percent export tax was imposed on 83 steel mill products in August. China's monthly steel exports have fallen steadily since the April 2007 high of 7.7 million tons, to less than 4.2 million tons in October.



SOURCE: Global Trade Atlas

- U.S. imports of Chinese steel mill products reached a high this year of 515,000 tons in January. In September they totaled 303,000 tons, and just 278,000 tons in October, the lowest level of the year. (Note: Reported Chinese exports and U.S. imports may not agree exactly due to time lags and other factors.)
- On November 29, China agreed to terminate by January 1, 2008, export and import substitution subsidies that the United States alleged are illegal under WTO rules. In return the United States has withdrawn a WTO case submitted in February 2007. The subsidies provide significant benefits to China's steel industry and many other steel sectors. U.S. steelmakers cautiously welcomed China's decision, pending implementation of the agreement.
- On November 7, the Commerce Department announced its preliminary finding that the Chinese government had provided subsidies to manufacturers of certain pipe products. As a result, countervailing duties averaging 17 percent will be imposed. The ITC had earlier made affirmative preliminary injury determinations in these cases. Commerce will make its final decision in March 2008, and the ITC will complete its injury investigation next spring.