EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 8, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J.Res. 84 - Disapproving the President's Steel Safeguard Action

(Rep. Jefferson (D) Louisiana)

The Administration strongly opposes H.J.Res. 84, which would disapprove the President's decision to impose temporary safeguards which will help give America's steel industry, steel workers, and their communities the opportunity to adapt to changes in the worldwide steel industry. This legislation wrongly replaces the President's remedy provided under Section 203 of the Trade Act of 1974, with the remedy recommended by the U.S. International Trade Commission (ITC).

Free trade is an important engine of economic growth and a cornerstone of the Administration's economic agenda. An integral part of the Administration's commitment to free trade is our commitment to enforcing trade laws. Consistent with this commitment, the President launched an initiative designed to address issues of concern in world steel markets, which included a "safeguard" investigation under section 202 of the 1974 Trade Act of the impact of imports on the U.S. steel industry. The ITC found that increased steel imports caused or threatened serious injury to the U.S. steel industry and recommended a remedy. Global safeguard actions are expressly sanctioned by the rules of the World Trade Organization.

As a result of the ITC investigation, the President announced on March 5, 2002, a comprehensive three-year plan to help the American steel industry and its workers get back on their feet. This plan calls for imposing tariffs ranging from 8 to 30 percent on certain steel products. The safeguard measures announced by the President will help our industry compete with foreign steel producers, which have often been nurtured by government subsidies that have allowed them to build huge amounts of excess capacity and flood the U.S. market with imports.

The President's remedy differs from the ITC's recommended remedy and is tailored to address the industry's problems. It is also flexible enough to meet our international obligations and ensure that consumers are not unduly affected. First, it gives the President the option of modifying the remedy as appropriate. Second, it imposes a special tariff-rate quota on slab to minimize disruption to steel operations that import slab for use as a feedstock. Third, it excludes America's four free trade agreement partners, and most developing countries, which export limited amounts of steel to the United States. These exclusions will be monitored to ensure consistency with our goals for the recovery of the U.S. steel industry. Finally, there is an ongoing process to evaluate and grant product exclusions in order to minimize any harm to consumers.

To help hard-working Americans adapt to changing economic circumstances, the President also has proposed a major expansion of the National Emergency Grants program to assist workers affected by restructuring with effective job training and assistance. Help with health insurance costs will be available to workers who lose their employer-provided coverage.

The President's actions can help restore the strength and profitability of this very important American industry.

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