STCA
STEEL TRUSS & COMPONENT ASSOCIATION
LIGHT GAUGE SOLUTIONS FOR THE FUTURE

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608/268-1031 (VOICE)
608/268-1033 (FAX)

October 4, 2003

Mr. James J. Jochum,
Assistant Secretary for Import Administration,
U.S. Department of Commerce,
Central Records Unit, Room 1870
Pennsylvania Avenue and 14th Street, NW.,
Washington, DC 20230;

Attention: Treatment of Section 201 and Antidumping Duties.

Dear Assistant Secretary Jochum:

Manufacturers of steel structural building components are conducting business within all communities of the U.S., using the most efficient, economical resources for construction available. This industry includes the Steel Truss and Component Association (STCA).

STCA is a national trade organization representing the interests of structural component manufacturers across the U.S. Their products include trusses and wall panels that are engineered structural components assembled from light gauge steel and screws, that create structural building systems. We purchase more than 200 million dollars worth of light gauge, galvanized steel each year.

The current 30% steel tariff that was imposed on the products we purchase has adversely added cost to our economic structure, making others in our market more competitive.

According to a study entitled The Unintended Consequences of U.S. Steel Import Tariffs: A Quantification of the Impact During 2002 By Dr. Joseph Francois and Laura M. Baughman, it was found that:

- 200,000 Americans lost their jobs to higher steel prices during 2002. These lost jobs represent approximately $4 billion in lost wages from February to November 2002.
- One out of four (50,000) of these job losses occurred in the metal manufacturing, machinery and equipment and transportation equipment and parts sectors.
- Job losses escalated steadily over 2002, peaking in November (at 202,000 jobs), and slightly declining to 197,000 jobs in December.

- More American workers lost their jobs in 2002 to higher steel prices than the total number employed by the U.S. steel industry itself (187,500 Americans were employed by U.S. steel producers in December 2002).

STCA supports free trade and is opposed to artificial restrictions on steel imports. It is our understanding that several parties are now advocating that the Department deduct countervailing duties, as well as duties imposed under section 201 of the Trade Act of 1974 (section 201 duties), from export price (EP) and constructed export price (CEP) in calculations of dumping margins pursuant to sections 772(c)(2)(A) and 772(d) of the Tariff Act of 1930, as amended (the Act).

We oppose this proposal because:

- It is our understanding that the proposal to deduct countervailing duties and section 201 duties from United States price in a dumping margin calculation would cause a far greater portion of product sales to the U.S. to be considered to have been "dumped", and products already viewed as "dumped" will see a substantial increase in their dumping rate.
- The intent of a countervailing duty is to offset any subsidy provided by a foreign country -- essentially to equalize any advantage that has been created. To do what is proposed to calculate a new duty will result in a double penalty for imported products that we need to manufacture steel products for the US market.
- We should not be artificially altering current U.S. policy and rules to protect a fairly small number U.S. steel industry producers.
- Finally, such a change can only threaten one sector of the economy — construction —which has been one of the strong sectors in our economy and continues to show strength. Our industries are very dependant on the construction economy to maintain our revenues and employment base. Tariffs and quotas on steel imports serve only to drive up the cost of these products for our suppliers. In turn, the increase in cost ultimately is passed down to our industry, who then must pass the increased cost to their customer and eventually to the ultimate buyer. This action threatens to undermine our current economic recovery.

This proposal is fundamentally flawed trade policy. From our perspective, it is imperative that a resolution of the steel trade dispute be found as soon as possible.

It is essential to address and alleviate the unintended consequences of the steel tariff, which results in a significant disadvantage for the U.S. steel truss and component industry, exacerbating the problem of steel component manufacturing competitiveness. This policy change would further damage our industry's economic structure.

Respectfully Submitted,

Keith Kinser
STCA President