

US Group Asks for End to Steel Duties Against Brazil

Contributed by Newsroom
Wednesday, 02 March 2005

Members of the Precision Metalforming Association (PMA) testified today at the International Trade Commission's (ITC) hearing on the five-year ("sunset") reviews on hot-rolled steel products from Brazil, Japan and Russia, and described how steel duties are damaging steel consumers, are no longer needed and should be revoked.

Two PMA members testified at the hearing, "Hot-Rolled Flat-Rolled Carbon- Quality Steel Products from Brazil, Japan, and Russia," including Wes Smith, President and CEO of E&E Manufacturing and Dennis Keat, CEO of the Su-Dan Corporation and Chairman of PMA. Also testifying was William E. Gaskin, President of PMA.

Every five years, the ITC conducts a sunset review to determine whether to terminate, suspend, or continue specific duties levied as a result of an anti-dumping/countervailing duties investigation.

There are currently 188 anti-dumping and countervailing duties (AD/CVD) orders in place on various types of steel needed by U.S. manufacturers, many of which have been in place since the early 1990s - some for over two decades.

In his testimony, Gaskin said, "Millions of steel-consuming manufacturing jobs depend on the steel industry - we know that these orders, if left in place during a period of unprecedented prosperity for steel producers, will distort the market for years to come and put our members at a chronic disadvantage to their foreign competitors.

Ultimately, demand for steel in the United States will fall and jobs will be lost ... keeping these restrictions in place is the best way I can think of to reduce demand for steel in this country." He continued, "We ask the Commission to give us the tools we need to survive."

Gaskin explained that metalforming companies, which include customer markets from defense and medical, to lawn and garden and telecommunications, are the largest consumers of flat-rolled steel in the U.S.

He said that flat- rolled steel is the largest cost for most metalforming companies, comprising 40-60 percent or more of their sales dollars.

"When steel is in short-supply, small businesses are the first to suffer. Small-middle market metalforming companies are powerless to resist price increases from their steel suppliers - they are simply told 'take it or leave it' - and they often have little ability to pass along increases in steel costs to their customers."

Smith and Keat, two small business owners, described the difficulties they are facing in the current steel marketplace, including escalating steel prices, reduced availability, and quality issues.

Smith's company, Plymouth, Michigan-based E&E Manufacturing, a manufacturer of heavy gauged stamped metal fasteners, progressive die metal stampings, and high value-added assemblies, stated that from 1963 to 2001 only one of his customers ever filed for bankruptcy.

In the last few years however, 18 of his customers either closed or filed Chapter 11. "Several of the companies told me these closings were in large part directly attributed to steel quality, availability, and in turn, price troubles," Smith said.

Because of late deliveries caused by steel shortages, Smith said, "We have absorbed over US\$ 250,000 in order to get our incoming steel in time to deliver the final products to our customers on schedule.

E&E has also absorbed an additional US\$ 400,000 in quality and product-related costs, including unscheduled overtime,

increased changeover and added costs from shorter production runs."

He stated that, "Steel producers say that we should be able to pass high costs of steel on to our customers, who would, in turn, pass the cost on to their ultimate consumers. But this doesn't work in reality."

Echoing Smith's comments, Keat, who has four manufacturing facilities in Oakland County, Michigan and one facility in South Carolina, told the Commission that "availability, quality issues, delivery and rapidly escalating costs of steel over the last year have been nothing but a wrecking ball tearing through the middle of our manufacturing plants."

He continued, "Just more than twelve months ago, my company experienced a sudden sharp increase in the price of steel. At the same time, every long-term contract we had with our suppliers was cancelled. Prior to that, we never had a contract cancelled within the last ten years."

To combat the escalating costs, he explained that Su-Dan has had to severely cut staff. "For a family-oriented company like ours, this is not easy."

PMA representatives will also testify at an April 26 sunset review hearing on stainless steel sheet and strip from eight countries.

The Precision Metalforming Association (PMA) is the full-service trade association representing the \$41 billion metalforming industry of North America - the industry that creates precision metal products using stamping, fabricating and other value-added processes.

Its nearly 1,200 member companies include metal stampers, fabricators, spinners, slide formers and roll formers as well as suppliers of equipment, materials and services to the industry.

Members are located in 30 countries, with the majority found in North America - in 41 states of the United States in addition to Canada and Mexico.

Precision Metalforming Association
www.metalformingadvocate.org

PRNewswire