U.S. Bank Stadium

Comments on Proposed Determination of Action Pursuant to Section 301

USTR Docket No. 2018-0018

Smarter.
Stronger.
Steel.

USTR Docket No. 2018-0018

Testimony on Behalf of the American Institute of Steel Construction

July 24, 2018

Dear Ambassador Lighthizer:

The following comments are submitted in support of applying 25% duties under section 301 of the Trade Act to the products described by the following HTS Codes relating to fabricated structural steel.

7308.10.00, 7308.20.00, 7308.90.30, 7308.90.60, 7308.90.70, and 7308.90.95

Respectfully,

David Zalesne
President, Owen Steel Company (Columbia, SC)
Chair, American Institute of Steel Construction (Chicago, IL)

Source: Sinostruct.com

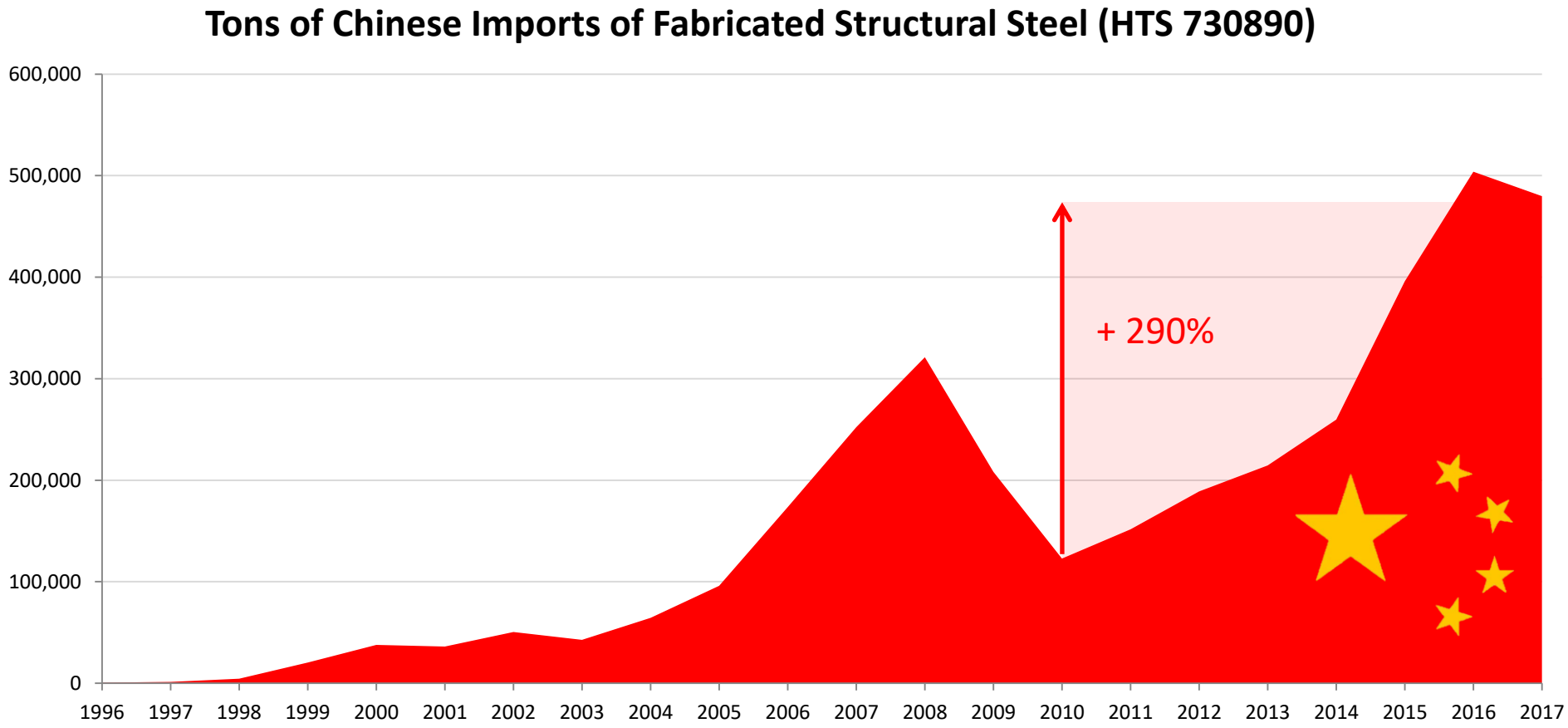
This Is “Gunboat Diplomacy” In 2018

This ship contains 26 100-ton pipe rack modules arriving from China into the port of Houston for a Lubrizol plant in Deer Park, Texas.

Source: Sinostruct.com

The Fabricated Steel Loophole

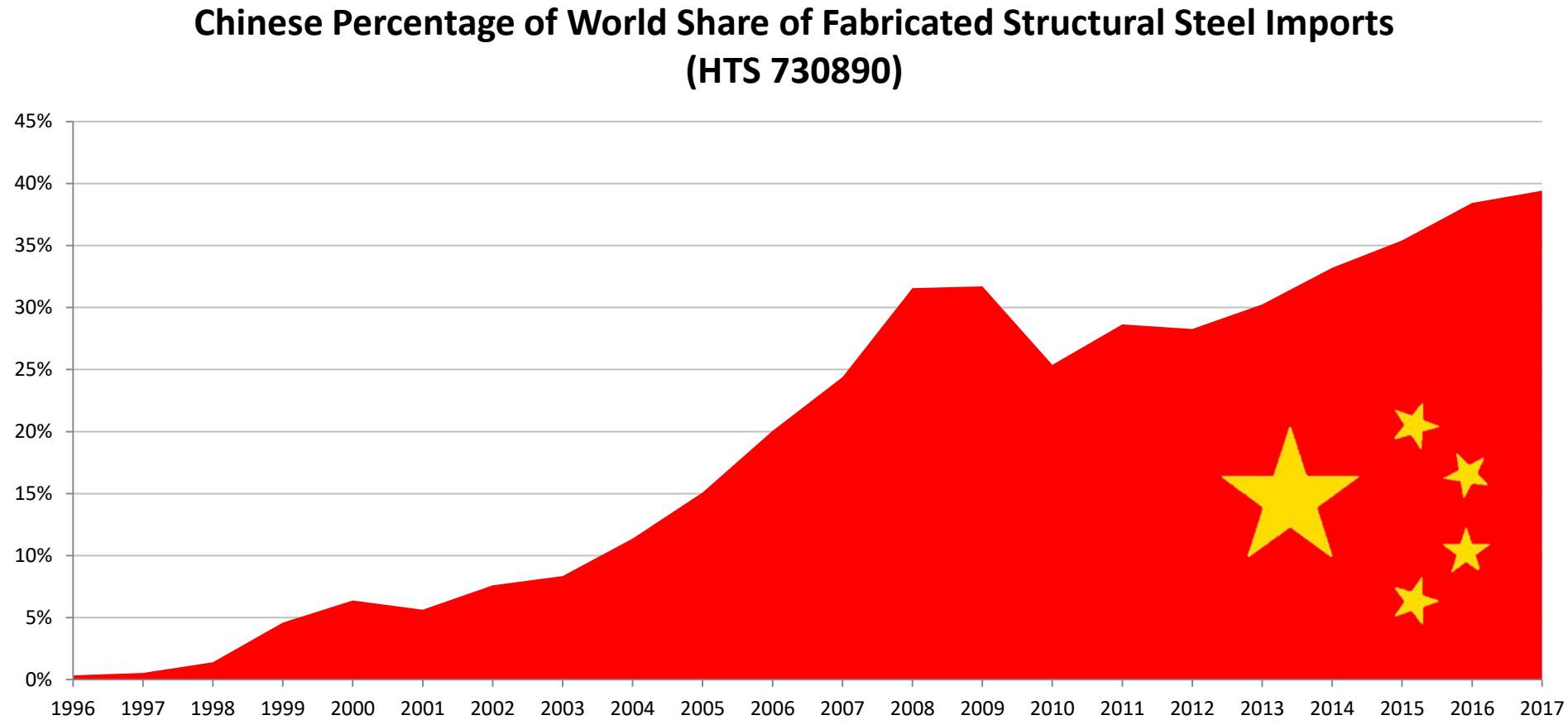
The steel in this project will not show up in import data for mill steel because it is coming into the U.S. as a fully-fabricated product. As a result, it is NOT subject to tariffs under 232 or any other orders, but it represents active circumvention of tariffs by China.



Fabricated Steel From China Has Increased Dramatically

In 2017, 479,817 tons of fabricated structural steel (HTS 730890) were imported into the US from China.

Since 2010, imports of Chinese fabricated structural steel have increased 290%



China Accounts for 40% of the World's Share

While direct imports of Chinese mill steel to the U.S. have fallen, imports of fabricated structural steel from China have steadily increased. In fact, of all the fabricated steel imported into the U.S., China's share has nearly doubled in the last decade and will continue to increase unless action is taken.

Chinese Imports of Fabricated Structural Steel

Should be addressed through the 301 process

According to the Federal Register Notice published by the Office of the U.S. Trade Representative on June 20, 2018:

"USTR requests that commenters address specifically whether imposing increased duties on a particular subheading listed in Annex C would be practicable or effective to obtain the elimination of China's acts, policies, and practices, and whether maintaining or imposing additional duties on a particular product listed in Annex C would cause disproportionate economic harm to U.S. interests, including small or medium-sized businesses and consumers."

The Standards for Including the HTS Codes are Satisfied

Duties on products described by HTS Codes 730810 and 730890 would be practicable and effective to obtain the elimination of China's acts, policies, and practices

Practical: Fabricated structures, components and modules easily identifiable under HTS codes.

Effective: In response to numerous tariffs on Chinese mill steel, including dozens of Orders in industry-initiated cases and the 232 Order, China has simply shifted resources into downstream production, circumventing all of those tariffs and applying more labor-intensive fabrication to mill products.

Elimination: Creates financial disincentive to give Chinese contractors access to sensitive technical design information about American infrastructure and industry projects.

The Standards for Including the HTS Codes are Satisfied

Duties on fabricated structural steel products from China would not cause disproportionate economic harm to U.S. interests, small businesses or consumers.

- No greater disruption than tariffs already applied to imported mill steel products under section 232 and other trade orders

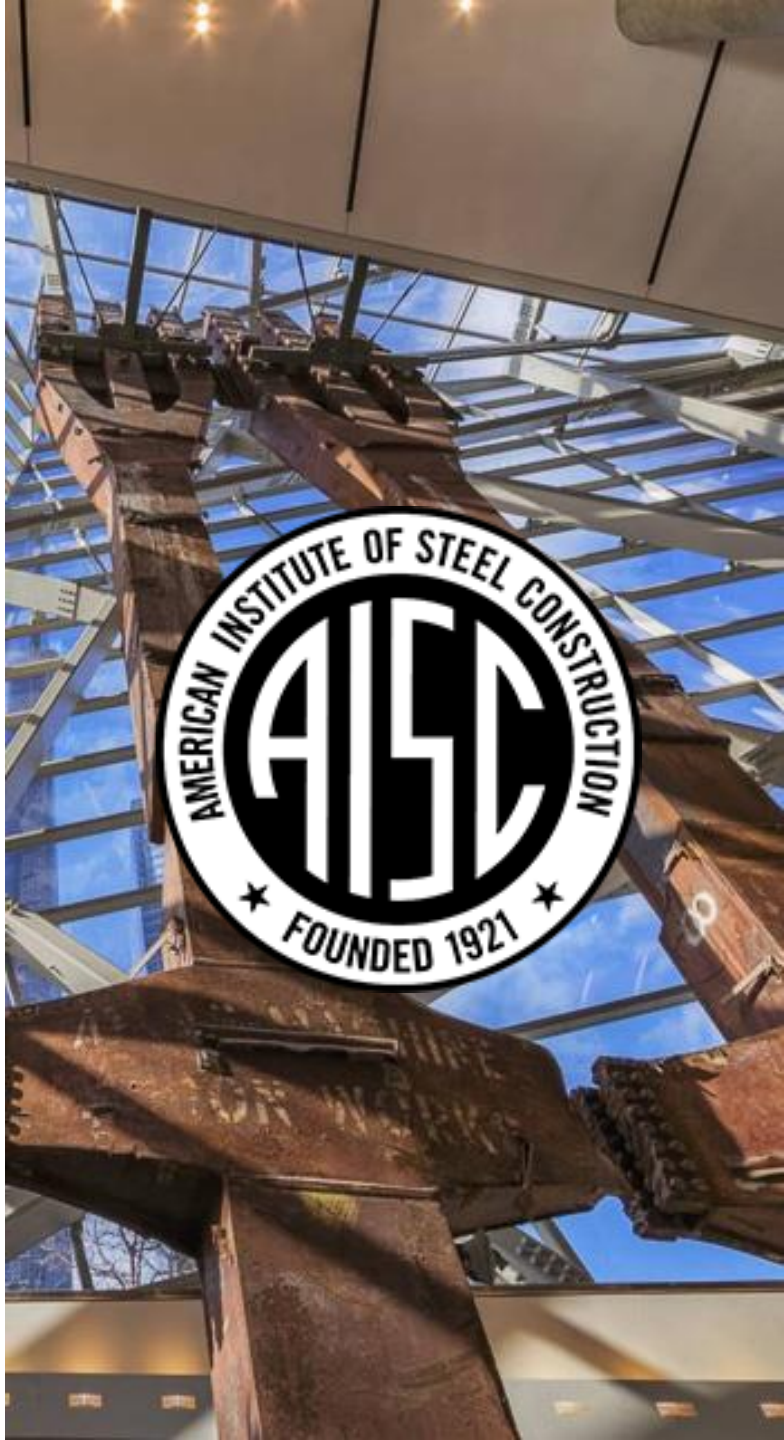
- No disproportionate economic harm to U.S. interests – capital investment costs of major industrial and infrastructure projects are recovered over long periods of project usage and broad customer bases.

- No tariffs has an adverse effect on U.S. interests – continues to allow circumvention of tariffs on steel at the mill level.

AISC Represents the U.S. Structural Steel Industry

Over 40,000 individual members work collaboratively on specification and code development, research, education, technical assistance, quality certification, and standardization to support safe and economic steel buildings, bridges and other structures framed in structural steel.

- Established in 1921
- Non-profit, non-partisan trade association and technical institute
- More than 1,000 businesses that fabricate and install structural steel in America's great building, infrastructure and industrial projects.
- Project-level face of the supply chain for structural steel, buying from mills and building components
- Capacity utilization reduced from 7.2 million tons in 2015 and 2016 to 6.3 million tons in 2017 due to increased imports.
- Ample domestic capacity to absorb Chinese steel imports.



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