



CHINA DAILY

美国版
USA

THURSDAY, December 24, 2015

中国日报

chinadailyusa.com \$1

COMMERCE

China socked by US steel tariff

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The US Commerce Department has hit China with an anti-dumping tariff of 256 percent on corrosion-resistant steel products, and an attorney who has represented both sides in trade disagreements said the action "should be a wake-up call for China".

"China has an overcapacity of steel and will have to find the political will to adjust production," said Washington-based lawyer Bart Fisher in an interview on Wednesday, one day after Commerce said in a preliminary report that certain steel imports from China were sold at unfairly low prices and should be taxed at the 256 percent rate. The report said imports from India, Italy and South Korea will be taxed at much lower rates.

In June, US producers Nucor Corp and U.S. Steel Corp claimed that certain products from the Chinese mainland, India, Italy, South Korea and Taiwan were being dumped in the US and hurting the domestic steel industry. In November, the US government found that all of those countries and regions, except Taiwan, subsidized their domestic production, Bloomberg reported.

"We're concerned that the dumping that's occurring is at higher levels than these determinations reflect," said Tim Brightbill, a partner at Wiley Rein LLP, a law firm representing Nucor, according to Bloomberg.

"It's a problem worldwide with too much supply. In China it's really a political problem. Will President Xi be able to stop the overproduction? That's a hard thing to do when people will end up losing their jobs," he added.

Nine steel associations from countries including the US, Canada and Brazil released a joint statement last month claiming that the "global steel industry is currently suffering from a crisis of overcapacity and the Chinese steel industry is the predominant



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Bart Fisher, lawyer

global contributor to this problem."

Fisher said the assigning of tariffs is not over and China will have a chance to argue its case before the US International Trade Commission (ITC).

"This is a preliminary finding and the US will have to prove the domestic industry was injured by the Chinese steel," he said. "The Chinese may argue that the excess supply is being caused in part by an anemic economic recovery in the US."

Noting that the tariffs on Chinese steel are much higher than tariffs on South Korean steel (3.25 percent), Fisher said China may say that the tariff is not being applied fairly.

"I expect that the issue of whether the tariff has been calculated properly will be bitterly contested," he said.

Fisher said the ITC will make a finding and then the case will be shifted back to the Commerce Department for a final report, which may not come until late 2016.

The action against China came on the same day that Mexico said it will launch an anti-dumping investigation into imports of corrosion-resistant steel from China and Taiwan. In September, Mexican steel producer Ternium Mexico SA demanded an investigation, claiming that shipments from the mainland and Taiwan surged between January 2012 and April 2015, threatening the market for local manufacturers.