

News

China trade policies, pollution record a growing concern for US

Diana Schwaeble
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U.S. trade policies need to address the growing advantage enjoyed by Chinese steelmakers, sources for the steel and manufacturing industries said after a new report slammed the country's environmental record.

The report, compiled by the Alliance for American Manufacturing (AAM) with a team of environmental and legal experts, including investigators working in China, noted that the country's steel industry produces at least twice as much greenhouse gases per ton of steel than U.S. producers (AMM, March 24).

The report is a "comprehensive account of China's industry," according to Scott Paul, AAM's executive director, adding that China's regulations are lacking, with broad consequences on health and trade. He stressed that not addressing these concerns will result in job losses in the United States.

Last year, AAM released a report by **Usha Haley**, of the University of New Haven in Connecticut, that found China's steel producers have received more than \$27 billion in governmental energy subsidies since 2000.

Chinese subsidies lead to very serious job losses in America, where mills are operating at 40 percent of capacity, Leo W. Gerard, president of the United Steelworkers union, said. "China today is almost up to full capacity and is flooding our market with cheap imports," he said.

Decisions by President Bush to dismiss 421 trade cases brought against Chinese exports and dumping have "badly damaged and weakened the pipe industry," he said, adding that "under our current trade laws your industry has to be damn near dead in order for it to succeed."

Terrence D. Straub, senior vice president of public policy and governmental affairs at U.S. Steel Corp., agreed. "In the fourth quarter all imports into the U.S. exceeded U.S. demand," he said. "And in most cases the vast majority of those imports were from China."

Any measures taken by the United States to regulate emissions must also be taken by other steel-producing nations, Thomas J. Gibson, president and chief executive officer of the American Iron and Steel Institute (AISI), said. "China is now responsible for at least 50 percent of total global steelmaking CO2 emissions generated with levels of pollution nearly 20 times higher per ton of steel in overall emissions than in the U.S.," he said. "Any CO2 regulatory scheme in the U.S. that does not provide for similar measures to be taken by other major steel-producing nations such as China on a contemporary time line will distort or adversely impact the competitiveness of U.S. steelmakers in comparison to global steelmakers."

The report shows a wide gap in standards and lack of enforcement between China's low standards and the much more stringent ones in the United States, Straub said. "There is no mystery to how to fix the environment," he said. "What I take from it and more importantly our policy makers should (is that) this is a behavior pattern. It is a story for the future about how (China) will conduct themselves."

As for specifics on legislation, Straub said the answer probably would be a combination of measures. Possible cost mitigation at the border and allowances for energy-intensive industries are things being discussed with lawmakers. "These are very complex issues," he said. "One of our main concerns is to take the time to do it right."

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