

Latin American Steel Association (Alacero) written comments related to Section  
232 National Security Investigation of Imports of Steel

May 29<sup>th</sup>, 2017

Mr Brad Botwin.  
Director Industrial Studies.  
Office of Technology Evaluation.  
Bureau of Industry and Security.  
US Department of Commerce.  
1401 Constitution Avenue, NW Room 1093  
Washington D, C. 20230

Dear Mr. Botwin:

The Latin America Steel Association (Alacero) is the organization that brings together the Steel Value Chain of Latin America to promote the values of regional integration, technological innovation, corporate responsibility, excellence in human resources, safe working environments, and social and environmental sustainability. Founded in 1959, Alacero now consists of 49 member companies in 12 countries.

The Latin American countries have a long trade tradition with the United States. Our many free trade agreements with the United States – with Chile, Colombia, Central America (Costa Rica, Dominican Republic, Guatemala, Honduras, Nicaragua, El Salvador), Mexico, Panama and Peru – provide a framework for conducting *and improving* our relations with the United States to achieve trade that is both free and fair.

The Latin American steel industry shares with the U.S. steel industry the same basic concerns that have led to the initiation of the Section 232 investigation of imports of steel. We agree that:

1. The global steel industry is facing one of its biggest challenges in history, driven in large part by global excess capacity.
2. A global crisis needs a global solution.
3. Global markets for steel products are distorted by large volumes of excess capacity, increasing volume of unfair trade, government subsidies of all kind, State-Owned Enterprises, countries operating under non-market conditions, and government policies intended to support exported-oriented steel industries.
4. These global steel trade distortions result in artificially low prices that suppress fair competition, discourage investment, increase unemployment and cause social damage to the communities where market-oriented producers operate.
5. The artificially low prices caused by excess capacity and unfairly traded imports also suppress profits in the steel industry, which discourages long-term investment in the industry and limits the ability of market-oriented producers to remain competitive.
6. China is at the center of this challenge. With over 400 million tons of excess capacity, a central government that has command and control of its steel industry, and State-Owned Enterprises and other “zombie” producers that receive government payments, financial facilities and other subsidies. China facilitates the operation of uneconomic producers that continue to flood global markets and distort global trade.

Last September, the Leaders of the G20 established the Global Forum on Steel Excess Capacity (GFSEC) with 33 countries as members, with the United States playing a significant role as vice-chair of the Forum.

The GFSEC has clear objective to move quickly to exchange information and take effective steps to deal with the root causes of excess capacity, including market distorting support measures.

The declaration of the G20 Leaders is very clear: "We commit to enhance communication and cooperation, and take effective steps to address the challenges so as to enhance market function and encourage adjustment."

The end goal should be to reduce the overcapacity and reach a level playing field in the global industry.

Alacero believes that a multilateral approach is better suited to solve this global overcapacity crisis. Give the limited results the GFSEC has produced so far, Alacero believes that this is the moment to reinforce the commitments of all the GFSEC members to solve the steel industry crisis.

We understand the frustration of many in the United States with the lack of progress on this longstanding issue under previous Administrations. We welcome the current Administration's focus on the problem of global over-capacity and the distortions caused by unfairly traded imports.

We hope that the current Section 232 proceeding will provide an opportunity to reinforce and strengthen – not contradict – the serious multilateral efforts that are currently underway.

We appreciate your consideration and look forward to working with the United States and our own governments to achieve a prompt and effective solution to the challenges the global steel industry is facing. ●●