

Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

OPENING STATEMENT OF CHAIRMAN DEANNA TANNER OKUN

Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures

Good morning. On behalf of the United States International Trade Commission, I welcome you to this hearing on Investigation No. 332-452, *Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures*. Following receipt of a request on March 18, 2003, from the Committee on Ways and Means of the U.S. House of Representatives, the Commission instituted its investigation under section 332(g) of the Tariff Act of 1930.

In the period since the institution of this investigation, the Commission has received letters on behalf of several groups that are testifying at this hearing regarding aspects of this investigation and the report that we will produce. Following our customary practice, the Commission did not respond to these letters because the subject matter did not require an official response. Nevertheless, because the letters questioned particular aspects of the process for this investigation, I want to take this opportunity to help individuals better understand the Commission's process.

This is a general fact-finding investigation, conducted under section 332(g) of the Tariff Act of 1930, to examine the current competitive conditions facing U.S. steel-consuming industries with respect to tariffs and tariff-rate quotas on imports of certain steel products imposed by the President under the global safeguard law and with respect to foreign competitors not subject to such measures.

As requested in the March 18 letter, the Commission is conducting its analysis along sectoral lines in order to assess the impact on differing segments of the U.S. manufacturing sector; and also is examining the data as related to

steel products on which the President imposed steel safeguard measures. To the extent possible, the investigation will address the effects of the safeguard measures on steel consuming industries and on industries that rely on steel imports such as the ports. In addition, the Commission will provide an analysis of the potential economy-wide effects of these safeguard measures using appropriate simulation models.

The Commission's role in this type of investigation is to gather information and to present its factual findings in a report. As such, the Commission collects information for both quantitative and qualitative analysis from several sources, including the USITC Dataweb, U.S. industry data, current industry literature, questionnaire responses, other materials developed by Commission Staff, testimony and written submissions. Indeed, the Commission sent questionnaires to more than 1,800 companies and made the questionnaires available on its website.

Today's proceeding is neither an import injury investigation nor a safeguard investigation, which would be conducted under separate statutory provisions and with different procedures governing issues such as APO access, time allocations among witnesses, or the ability of parties to cross-examine one another. The Commission will evaluate the factual record it collects and present its findings. Accordingly, the Commission has followed, and will continue to follow, established section 332 procedures. To do otherwise, would, I believe, turn the proceeding and the report into something they are not intended to be.

I also would like to emphasize for the participants how important it is for the Commission to receive complete and accurate information. First, the Commission asks any company that appears before us today or tomorrow to complete the Commission's questionnaires if it has not already done so. Second, the Commission is aware that a group has provided an "ITC Questionnaire Tip Sheet" to companies that may be in the position to complete the questionnaire. Certain advice contained in the "Tip Sheet" appears to recommend that questionnaire respondents should exaggerate their responses. The Commission is concerned that these instructions may have affected its fact-finding. The Commission is continuing to investigate this matter and is considering what, if any, measures to take.

I also want to re-emphasize the fact that this investigation is not a safeguard action mid-point review proceeding. Section 204 of the Trade Act of 1974 requires the Commission to monitor and report developments with respect to the domestic industry, including the progress and specific efforts made by workers and firms in the domestic industry to make a positive

adjustment to import competition. The Commission currently is conducting such an investigation concerning the Steel safeguard measures and will hold separate hearings on that investigation in July under the Commission's normal section 204 timetable.

As explained in the notice of institution, the focus of the present section 332 investigation is to assess the current competitive conditions facing the steel-consuming industries in the United States with respect to the safeguard measures. The request letter defined the scope of this investigation. Thus, the focus is not on the steel producing industry or that industry's upstream suppliers. Over the course of the next two days, I remind witnesses to focus on the safeguard measures' effects only on the consumers of steel products. Any other testimony is not relevant to this proceeding.

While the Commission is conducting the section 204 and the section 332 investigations simultaneously by virtue of the section 204 statutory timetable and the timing of the Ways and Means Committee's request, the Commission does not intend to alter or augment the content of its section 204 report beyond what is normally sought and included in such a report. Likewise, the contents of this section 332 report are defined by the scope of the request letter. As requested by Chairman Thomas, however, and with the acknowledgment from the Office of the United States Trade Representative that it had no objection to receiving the section 204 report and the section 332 report in a single document, the Commission will transmit to the President and the Congress these two separate reports simultaneously as one document. It is the Commission's expectation that the document will include multiple volumes, as did the Commission's original report to the President in the section 201 investigation.

I also would note that neither the statute nor the request letter require or request the Commission to make recommendations in its respective reports.

In requesting this investigation, the Ways and Means Committee asked that we provide the report by September 20, 2003. To meet this schedule, I know that we have imposed tight deadlines on participants and on Commission Staff. In order to have an adequate time to fully analyze questionnaires, hearing testimony and written submissions, it was necessary to hold an early hearing and to request receipt of data in a short time-frame. As such, on behalf of the Commission, I want to thank Staff for the excellent work that they have done and will do on behalf of the Commission in this investigation. I also want to thank the groups and individuals who will be appearing over the next two days, and others who will submit written statements and questionnaires. Because of the large number of requests to appear, the Commission extended

this hearing to a second day. I appreciate the patience of the groups and individuals while we organized the hearing calendar in order to accommodate a large number of witnesses and to best elicit testimony for this study.

I understand the witnesses are aware of time allocations. Unless panel participants reallocated their time, the Secretary will evenly divide each panel's allocated time by the number of groups testifying on each panel. The Commission established panels and allocated time in an effort to provide each group requesting to testify a generally equal share of time. Any questions regarding the time allocations should be directed to the Secretary. As all written material will be entered in full into the record, it need not be read to us at this time.

All witnesses must be sworn in by the Secretary before presenting testimony. Please give copies of prepared statements or other documents to the Secretary as soon as they are available.

Copies of the Commission's notice of institution, the tentative calendar and transcript order forms are available at the Secretary's desk. Transcript order forms also are located in the wall rack outside the Secretary's office.

Furthermore, if you will be submitting documents that contain information that you wish to be treated as Confidential Business Information, your request should be in compliance with Commission Rule 201.6.

Finally, before we begin, I would like to cover some logistical matters: (1) following each panel, the Commission and Staff may ask the witnesses questions and the next panel will not begin until the Commission has finished with the current one; (2) only the Commission and its Staff will ask questions of witnesses; and (3) depending on whether we can keep to this morning's schedule, the Commission intends to recess for lunch at around 1:00 p.m., the time that we anticipate completing Panel One testimony and questions. We will not, however, break for dinner, although I anticipate that the hearing could run into the evening hours.
