Representative Bart Stupak's Testimony for Section 332, Consuming Industry Impact Hearing at International Trade Commission
Thursday, June 19, 2003

Madame Chairwoman and Members of the Commission, I appreciate the opportunity to testify regarding the effects of the President's steel program on the domestic steel and iron ore industries as well as on domestic steel consumers.

I remember coming here almost 2 years ago to testify in support of the 201 Steel Safeguard. Since that time, we have made much progress- the 201 relief was instituted and U.S. steel companies and the iron ore industry have had an opportunity to try to catch their breath.

The Section 201 remedy has been crucial in stabilizing the steel industry, bringing much needed relief. In turn, this has allowed the iron ore industry some recovery as well.

The health of the domestic iron ore industry is of the utmost importance to me - 2 of the last 7 iron ore mines in the nation are located in my northern Michigan district, the Empire and the Tilden mines.

I am troubled to say that when I was here almost 2 years ago, I uttered a different sentence- that 2 of the last 8 iron ore mines were in my district. Since that time, one of the iron ore mines in Minnesota has filed bankruptcy and shut down.

The iron ore industry is a key ingredient in steel-making, and the iron ore industry depends on a strong domestic steel industry.

These iron ore mines have been hard hit by the crisis in the steel industry. We have had shutdowns, reduced production, and employment has gone down by the hundreds.

To make matters worse, while Cleveland Cliffs, the majority owner and operator of the mines has been trying to streamline and consolidate, it has recently suffered another setback with the loss of more than 1 million tons of pellet production as a result of a severe flood in Marquette, Michigan.

Steel companies are by no means out of the woods yet either. While they have been working to reduce capacity, restructure and modernize, these companies continue to deal with financial hardships and are plagued by legacy costs.

It is for this reason that I am here today: to emphasize to you that the need for the 201 tariffs continues, and our work in standing up for the domestic steel industry is not done.

The current 332 hearing will be addressing some arguments I have recently heard, even from some of my colleagues in Congress, that the 201 relief is no longer necessary, that it is steel consumers that now need our help.

This is simply not true. Since the Section 201 tariff was imposed, domestic producers have increased production. Prices remain below twenty year averages. The facts show that there is ample and affordable steel supply to meet consumers' demands.

In addition, the U.S. Department of Commerce has measured the cost of steel in manufactured products, and according to the Department, steel comprises an average of **only 1.8%** of the total cost of manufactured products.

Now some members who have opposed the Section 201 relief for the steel industry have also said that their own constituent companies' interests have been undermined by foreign competition and that there should consequently be trade relief on behalf of these companies.

I agree that steel companies and steel consumers alike are entitled to a level playing field. Much of our domestic manufacturing base has also been damaged by foreign imports, and they are wholly entitled to seek enforcement of our trade laws.

However, the International Trade Commission set forth a 3 year remedy for a reason: in its judgment, following a thorough investigation that considered comments from every concern, including consumer groups, it decided upon a 3 year remedy in order to preserve the domestic steel and iron ore industries.

The President reviewed this decision and agreed with the need for relief for our domestic steel industry. That decision was correct, and nothing has changed to justify a departure from that plan.

The U.S. steel industry has gone through painful adjustments in order to make American steel-making the most efficient and productive in the world. To do away with the Administration's Steel 201 safeguard at this point would undermine these strides made by the steel and iron ore industries, and ultimately harm the downstream steel-consuming industries, our nation's economy, and our very national security if we lose a stable domestic source of steel.

I urge the Commission to recommend the continuation of the President's 201 steel program. Thank you for the opportunity to testify here today.