International Trade Commission Testimony
The Honorable Jane L. Campbell, Mayor
City of Cleveland

Good morning, Madam Chairwoman and Commissioners. I am Jane Campbell, mayor of the City of Cleveland. I appreciate the opportunity to speak to you this morning on behalf of the nearly one-half million residents of my city.

I must tell you how critical the President's Section 201 steel tariff program is to the Cleveland economy, as well as to the economy of the Northeast Ohio region. The President's program established a temporary period of tariff protection from unfairly traded, foreign-made steel, with the caveat that the steel industry restructure, consolidate, reduce costs, and take other actions that would make this vital industry more competitive globally.

The effectiveness of this program is most evident in Cleveland. I am here today, as we near the halfway point of this critical program, to urge the International Trade Commission and the President to continue the Section 201 program for the full three years.

Cleveland is perhaps most qualified to testify to the benefits of the President's program because our city was directly impacted by the steel crisis of 2001. Although Cleveland has a diverse economy, including a growing presence in the medical research and biotechnology industry, it is still, at its core, heavily dependent on manufacturing and related services.

Manufacturing provides 23 percent of all employment and 32 percent of the total annual payroll in Cleveland. Any disruption in this sector of our economic foundation has a profound and devastating effect on thousands of working families.

In 2001, the steel crisis hit home for us. As imports flooded US ports—including the Port of Cleveland—LTV Steel, the nation's third-largest integrated steel maker, fell into bankruptcy for the second time in less than 10 years. Steel prices dropped to the lowest levels in 30 years, driving LTV and other integrated steel companies into severe financial crises.

In spite of the best efforts of the City of Cleveland, Cuyahoga County, the State of Ohio, and other civic and business organizations, LTV was unable to restructure itself into a viable business. It was unable to secure a federally guaranteed emergency loan, and its efforts to sell the business failed. Shutdown and liquidation quickly followed.

The shutdown sent a shockwave throughout the region, and the residual effects were even more harmful. More than 5,000 steelworker jobs were lost, and another 10,000 steel-related jobs were at risk. Suppliers and service providers in related industries lost business and laid off workers.

LTV's annual Cleveland-area payroll was over $300 million. That's equal to the payroll of the region's entire retail sector. Cleveland lost a major portion of its tax base, which impacted everything from the school system to municipal services. The shutdown also increased the demand for public assistance by laid off workers. Cleveland was plunged into a downward spiral with no clear way out.

By the way, that is just about the time that I became Mayor. And you know that timing is everything.

Thankfully, the President initiated the 201 action shortly thereafter, putting the brakes on a tidal wave of dumped steel that had driven 30 companies into bankruptcy. This was the lifeline we needed. Even though LTV Steel was shut down, the tariffs allowed a new company to be created: The International Steel Group, formed by Wilbur Ross, a well-regarded investor and turnaround expert who brought $350 million of fresh private capital to the business.

The 201 program created an environment in which Mr. Ross believed LTV and other steel companies could be restructured into viable businesses. The combination of the President's steel program and the expertise and courage of Wilbur Ross, the ISG management team, and the United Steelworkers of American brought about the consolidation off the American steel industry.

Since 2002, ISG has consolidated the assets of LTV steel, Acme Steel, and, most recently, Bethlehem Steel. This is the steel industry's largest consolidation in American history. This consolidation process—which, I proudly point out, began in Cleveland—is gaining momentum with US Steel now combining its facilities with those of National Steel. And, according to media reports, more such actions are being considered.

The results have been astounding. Cleveland is back in the steel business. We are again shipping steel out of the Port of Cleveland. And, the movement of critical bulk materials—including iron ore and limestone, which are vital to steel making—has significantly increased the business of our Port. ISG has reinstated many high-quality steel worker jobs, and the old, adversarial relationship between steel managers and the union has been replaced by a partnership resulting in a modern, competitive labor agreement supporting consolidation and restructuring throughout the industry.

Don't misunderstand me. Cleveland didn't recover all of its good steel worker jobs. ISG revived only the most efficient LTV facilities, leaving over 2 million tons of annual capacity idle, and we understand that is an inevitable and necessary part of consolidation.

Now... please allow me to shift gears slightly. Yes, we're happy about the return of steel making to Cleveland; however, we are not a single-industry City. As Mayor, I am equally concerned about the competitiveness of the companies that transform steel into auto parts, appliances, building supplies, and the thousands of items for which steel is a critical raw material.

I am aware that the ITC is hearing from companies calling for the tariffs to be reduced or eliminated all together. This is a tough issue. Steel consumers are fighting their own competitive battles with foreign competitors and want their interests recognized as well.

But I'm pleased to note that the President's steel program has not resulted in the hardships that many steel consumers had feared. With ISG operating the Cleveland Works again, the price of steel in our region is back to where it was at the time the tariffs were put in place—and well below typical prices seen in recent years.

Most importantly, what I'm hearing is that steel's available in our City and available at low cost, on demand, and with minimal transportation cost. And I'm hearing that from the steel service centers and processing companies, many of which are family-owned. In fact, steel prices in the US are among the lowest in the world, giving our manufacturing industry a competitive advantage over foreign companies.

Without the President's program, many Cleveland companies would be facing a bleak future. Of course I understand that many steel wholesalers are reluctant to come forward and openly support tariffs when their end users have stiff overseas competition. We need to support primary US producers rather than give in to the lure of cheap imports. Frankly, the economics are much more complex than that. I'm here today to speak for the many Cleveland-area businesses that see tariffs as an economic success.

The industry has made a lot of progress in a very short amount of time. The consolidation and restructuring process continues, and will for the near future. According to my friends at ISG, a substantial portion of the US steel industry needs to be restructured so that the remaining high-cost and financially distressed domestic producers can become long-term survivors.

Without the temporary protection of 201, we may again be overwhelmed by dumped steel and the progress toward a competitive industry will be reversed. Such an outcome will destroy more of our steel industry and leave our manufacturing sector more dependent on foreign producers. Such dependence would not be in Cleveland's best interest—or in the best interest of our country.

Furthermore, the remaining 18 months of the President's program would give the US government the time and leverage to have talks with the Chinese about the steel capacity that it is adding. This capacity must not be allowed to create another steel dumping crisis in the United States.

Therefore, I urge you, the commissioners of the ITC, to recommend to the President, in the strongest possible terms, that the 201 steel program continue for the full three-year period. This will provide a stable, competitive market for steel in the United States, allow the steel industry to compete its consolidation, and lead to a competitive American industry. I also have faith that the multilateral discussions taking place under the President's program will lead to the elimination of the international trade distorting practices that made the 201 tariffs necessary.

Thank you.