



Small Steel Users Say Costs Have Soared Because of Tariffs

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WASHINGTON (AP) - House Small Business Chairman Donald Manzullo accused U.S. steel producers on Tuesday of gouging small companies after the government imposed tariffs on imports.

Manzullo, R-Ill., asked the Justice Department to investigate soaring steel prices for small companies, despite existing contracts.

"I realize that some price increases were expected and anticipated ... but the magnitude of price increases reported seems excessive and suggests that U.S. steel producers may be engaging in unlawful anticompetitive activity," Manzullo said.

In March the Bush administration imposed tariffs designed to keep out low-priced foreign steel that U.S. steel companies say have hurt their industry. Since 1997, more than 30 companies have filed for bankruptcy and thousands of workers have lost their jobs.

At a congressional hearing Tuesday, executives and workers from small companies that use steel products described how the tariffs are causing higher prices, lost business and could lead to layoffs.

"This constant threat to our business is very real and it will only get worse if we are forced to continue to pay such a premium for the steel we need to run our business," said David Pritchard, president of Avon, Ohio-based A.J. Rose Manufacturing Co.

Pritchard told the House Small Business Committee that his 400 employees specialize in making air bag components and other products for the automotive industry. He said his company is

struggling to pay the tariffs because the specialty hot-rolled steel it needs isn't produced domestically. He said U.S. producers have declined to quote him a price for the steel he needs because significant changes would have to be made to their production lines.

Pritchard said he has asked for an exception from the tariffs. The Bush administration has granted 247 exclusions based on a Commerce Department finding that the United States does not make enough of those products to satisfy domestic demand. About 800 requests are pending.

"The steel tariffs were supposed to protect American businesses and save American jobs. So why do the steel mills deserve to stay in business more than A.J. Rose?" asked Robert Herrman, a machine technician and union worker at the company.

Lester Trilla told the committee that since the Bush administration imposed tariffs of up to 30 percent on certain kinds of imported steel, his Chicago-based steel drum manufacturing and transport company has seen prices increase by 54 percent.

"If this situation continues for any length of time, some of our larger customers will choose to fill drums offshore in other parts of the world," said Trilla, president of Trilla Steel Drum Corp. "This would ... dramatically reduce production and jobs at Trilla."

Michael Tanner of Wren Industries says prices have been hiked despite existing contracts, leading to massive losses for his Tipp City, Ohio, company.

"We had relied on these contracts with our suppliers and based our pricing to our own customers accordingly," he said. "My customers will not pay for the increased prices I am now being forced to pay for steel."

John Grove of Swickley, Pa.-based Cold Metal Products said the higher prices have cost his company business and put jobs in jeopardy at plants in Indianapolis, Youngstown, Ohio, Roseville, Mich., and Ottawa, Pa.

The tariffs were supposed to give the domestic steel industry time to reorganize and become more competitive. Industry groups say it's working; the industry just needs more time.

"The president did the right thing when he put his steel program in place. We need to give it a chance to work," steel industry groups said in a joint statement.

The American Iron and Steel Institute, United Steelworkers of America and other groups urged the committee "not to be swayed by half-truths and premature judgments based on the potential for possible averse impacts" because of the tariffs.