



**Consuming Industries  
Trade Action Coalition**

FOR IMMEDIATE RELEASE

Contact: Dara Klatt

March 26, 2003

The PBN Company

**Tel. 202-466-6210**

**Dara.Klatt@pbnco.com**

**CITAC STEEL TASK FORCE MEMBERS TELL HOUSE WAYS & MEANS COMMITTEE THAT  
STEEL TARIFFS MAKE IT 'VIRTUALLY IMPOSSIBLE' TO COMPETE GLOBALLY**

*Washington, DC:* Consuming Industries Trade Action Coalition Steel Task Force (CITAC STF) members testified today before the House Ways & Means Subcommittee on Trade that they have suffered substantial business and financial losses resulting from the Section 201 steel tariffs imposed by the Bush Administration in 2002, and some warned of further job losses and closures unless the tariffs are removed.

The hearing on the "Impact of the Section 201 Safeguard Action on Certain Steel Products" was convened by Subcommittee Chairman Phil Crane to examine the impact of the Section 201 steel tariffs on steel consumers and steel producers. Last week, House Ways and Means Committee Chairman Bill Thomas formally requested that the U. S. International Trade Commission (ITC) analyze the impact of the Section 201 steel tariffs on steel-consuming industries.

"Today's testimony by steel consumers points to the obvious— that the steel tariffs are causing significant damage to steel consumers and the economy, and they must be removed as soon as possible," said William Gaskin, CITAC STF Chairman. "The four CITAC STF members who testified represent the steel-consuming sector in the U.S., which employs more than 12 million workers. These jobs are every bit as important as steel-producing jobs and we hope that Members of Congress will convey to the Bush Administration the need to end these tariffs as soon as possible."

"CITAC STF members are gratified that last week the Ways and Means Committee requested the International Trade Commission to investigate the impact of the tariffs on steel consumers and we greatly appreciate the opportunity to testify at today's hearing," stated CITAC Counsel Lewis Leibowitz. "Our message to Congress, the Bush Administration and steel producers is loud and clear: Steel consumers – the steel producers' own customers – are suffering as a result of this tariff policy. We will not rest until these tariffs are terminated."

The CITAC STF members testifying at the hearing included Lester Trilla, President and CEO of Trilla Steel Drum Corporation; David Pritchard, President and CEO of A.J. Rose

Manufacturing; Timothy Taylor, President of MacLean Vehicle Systems; and, Wes Smith, President of E&E Mfg. Co. They described in personal terms the impact on their companies of the dramatic price increases, supply shortages and quality issues caused by the Section 201 steel tariffs and they detailed the loss of business to foreign competitors.

Pritchard, whose Avon, Ohio-based company (A.J. Rose Manufacturing) produces metal stampings, air bag components and spun-formed products for the automotive market, testified that the tariffs added \$1.1 million to the company's cost of material in the last year and that these cost increases "had a devastating effect" on the company's bottom line.

Pritchard was forced to lay off 33 workers in the past year. He stated that the company has lost approximately \$7.5 million in new orders to competitors outside of the U.S.

"These contracts were awarded to someone else simply because we could no longer meet our foreign competitors' prices due to the steel tariffs," Pritchard testified.

"The tariffs have made it virtually impossible for us to compete with our foreign competitors," Prichard said. "This constant threat to our business is very real and will get worse if we are forced to continue to pay such a premium for the steel we need to run our business."

Lester Trilla testified that the tariffs on cold-rolled steel caused Chicago-based Trilla Steel Drum Corporation's steel costs to go up 70-80 percent in 2002. Trilla has raised prices by more than 20 percent and, as a result, lost 30 percent of his longstanding customers, who moved their business to foreign competitors who have much lower steel costs.

Other customers switched from steel drums to non-steel containers. "The companies that made this switch have had to change their logistics facilities, and will never come back to steel drums, which means they will not return to Trilla or any drum manufacturer in the United States," Trilla explained.

Trilla also testified that because he has had to switch from the higher quality imported steel to domestic steel, the company has become less competitive. "In the past year, we have had almost \$100,000 in claims from customers with failed coatings that are directly related to the problems we have had with the cleanliness and quality of [domestic] steel. Before last May, Trilla never had a failure of its coatings."

Timothy Taylor, President of Chicago-based MacLean Vehicle Systems, which produces fasteners and parts for the automotive, transportation equipment and telecommunications and other industries, began his testimony by reminding Committee members that Voluntary Restraint Agreements, tariffs and quotas on steel during the 1970s and 1980s resulted in 40 percent of the U.S. fastener manufacturing capacity disappearing or relocating offshore as a result of the higher U.S. steel prices.

Taylor stated that his company "must have access to globally priced steel, on the same basis as our competitors around the world, if we are to remain competitive in the markets we serve."

Taylor said that his company has suffered a seven percent price increase due to the Section 201 tariffs. While much less than the 30-50 percent increases that other steel consumers suffered, the price increase was more than enough to make his operations uncompetitive, since his company was already at a 25 percent disadvantage on steel costs before the 201 tariff.

“This is the fundamental point: the price of raw material is irrelevant, so long as it is a global price. When it is artificially increased in one country, manufacturers in that country are disadvantaged and production moves to the lowest cost,” stated Taylor. “My concern is that in attempting to ‘save’ jobs in the domestic steel industry, we have severely damaged domestic steel consumers.”

Taylor concluded: “[The tariff policy] is an example of the unintended consequences of government actions to meddle in the market. And, when we go offshore the steel-making jobs that supply us will go offshore too, and none of these jobs will return once the technology is transferred.”

Testimony presented at the House Ways & Means Subcommittee hearing is available online at [WWW.CITAC.INFO](http://WWW.CITAC.INFO). Other information on the Section 201 tariffs, including the CITAC job study, steel price charts, and state-by-state job statistics are available at [WWW.CITAC.INFO/STEELTASKFORCE](http://WWW.CITAC.INFO/STEELTASKFORCE).

CITAC is a coalition of companies and organizations committed to promoting a trade arena where U.S. consuming industries have access to global markets for imports that enhance the international competitiveness of American firms. The CITAC Steel Task Force is comprised of steel consumers working to achieve the termination of the 201 steel tariffs by mid-point review and reform U.S. trade laws and policies to benefit U.S. steel consumers.