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## RECENT POLICY DEVELOPMENTS

*This document will be considered at the next meeting of the Steel Committee on 4-5 November 1998. Any modifications or additional information should be submitted to the Secretariat by 30 October 1998.*

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## **SUMMARY**

This document contains a compilation of policy developments affecting the steel industry in Member and non-Member countries during 1998. The information was collected from official sources, the Internet and media specialised in steel and steel-related matters.

## **ACTION**

Delegates are invited to discuss the document, and to provide any modifications to its content or additional information on recent policy developments. If such modifications and additional information would be submitted to the Secretariat by **30 October 1998**, an addendum to this document will then be presented to the Committee as a room document.

## **RELATED DOCUMENTS**

DSTI/SI/SC(97)33

DSTI/SI/SC(97)54

## RECENT POLICY DEVELOPMENTS

### I. Introduction

1. This document, for the first time, summarises recent policy developments both in Member and non-Member countries of the Steel Committee. It covers the period from January 1998 to the beginning of October 1998. The information was collected from official sources, the Internet and media specialised in steel. Due to resource and time availability constraints, gaps may persist in the information collected.

2. The report indicates that trade actions during this period gained significance. The filing of dumping complaints and the imposition of anti-dumping duties strongly increased in a growing number of countries. Such focusing on trade actions reflects the continuing sensitivity to imports. In countries particularly affected by the financial and economic crises in South East Asia, Russia and Latin America, the adjustment programmes launched were primarily based on broad macro-economic measures addressing business in general, rather than individual sectors of the economy.

### II. Recent policy developments at the country level

3. The following developments were observed at the country level:

#### *Argentina*

4. In August 1998, Argentina's National Foreign Trade Commission initiated a preliminary investigation based on a dumping complaint filed by the country's sole flat products steelmaker Siderar involving HR coil imports from the Brazilian steelmaker Cia Siderurgica Nacional, as well as from Russian and Ukrainian producers whose names have not yet been disclosed.

#### *Canada*

5. On 5 May 1998, the Canadian International Trade Tribunal rescinded an anti-dumping measure on imports of hot-rolled carbon steel plate from Belgium, Brazil, the Czech Republic, Denmark, Germany, Macedonia, Romania and the United Kingdom. However, this decision is being appealed by Canadian steelmakers to the Federal Court of Appeal.

6. On 28 July 1998, the Canadian International Trade Tribunal rescinded an anti-dumping measure on imports of cold-rolled steel sheet from the United States, France, Germany, the United Kingdom and Italy. However, this decision is also being appealed by Canadian steelmakers. At the request of the US steel industry, the appeal involving the United States was sent to a dispute settlement panel under NAFTA; the other appeals went to the Federal Court of Appeal.

7. For imports of stainless steel round bar from Germany, France, Italy, Japan, Spain, Sweden, Taiwan and the United Kingdom an investigation has been concluded and an injury determination was made by the Canadian International Trade Tribunal as of 5 August 1998. This anti-dumping measure affects a trade volume of 1 700 tonnes.

### *China*

8. On 22 June 1998, the State Administration of taxation raised export tax rebates on a wide range of products, retroactively effective from 1 June. Rebates on steel exports were raised from 9 to 11 per cent.

9. As from 1 October 1998, new legislation on minimum prices for steel is effective. The State Bureau of Metallurgical Industry implemented regulations designed to prevent price undercutting by domestic steel companies. These regulations concern deformed bar, wire rods and hot-rolled coils. Other steel products will be included at a later stage.

### *Chinese Taipei*

10. On 6 October 1998, the Economic Ministry issued a final ruling imposing anti-dumping duties on H-shape steel imports from Korea, Poland and Russia. In May, temporary anti-dumping had been imposed on imports from these countries. The Ministry of Finance will announce a final duty plan within two weeks.

### *European Union*

11. The Commission of the European Communities has renewed the quotas on steel imports from Kazakhstan. From 1 July to the end of the year, Kazakh coil imports will be limited to 14,629 tonnes; heavy plate to 5 123 tonnes and other flat products to 4 140 tonnes. Thus, the new quotas were set at a similar level to those enforced during the first half of the year.

12. In April, Council Regulation 905/98 was adopted, amending Regulation 384/96. The amended regulation removed the "non-market economy" designation for Russia and China. It established a new case-by-case approach for anti-dumping proceedings for these countries, whereby exporters can request market economy treatment if they operate within clearly defined market economy conditions.

13. In June, the Commission imposed provisional dumping duties on imports of cold-finished stainless bars from India. The duties range from 10.9 per cent to 17.7 per cent.

14. On 17 June 1998, the Commission decided that the Luxembourg steel group Arbed SA had to repay LUF 91.95 million in subsidies it received to finance an environmental protection project by Profil Arbed. The Commission had originally authorised the aid in December 1994. Three years later, the court of First Instance withdrew the decision on the grounds that the Commission had not taken into account the comments made by one of Arbed's competitors. On the basis of these comments, the Commission finally adopted a negative decision on the aid.

15. On 3 August 1998, the European Steel Producers' Federation (Eurofer) filed an anti-dumping complaint against imports of stainless steel plate from Slovenia and South Africa.

*Hungary*

16. The Ministry of Industry, Trade and Tourism imposed a quota of 4 000 tonnes on imports of finished products from Russia and Ukraine. The quota, effective from 1 July 1998 to 30 June 1999, is similar to that applied the preceding year to all NIS. Belarus, Kazakhstan and Moldova are no longer subject to the restriction.

*India*

17. In February, the Union Ministry of Steel decided to set up an exporter's forum. The forum shall promote the domestic iron and steel industry abroad through goodwill missions, seminars and similar exercises. The forum will include key steel producers and representatives from government and industry associations. The Economic Research Unit of the Ministry of Steel will serve as the Secretariat of the forum.

18. In June, the government imposed an additional import duty of 8 per cent on metals and all other commodities. In addition to the general rise in duties, the import duty on cold-rolled steel was increased by five percentage points to a level of 30 per cent.

19. On 3 October 1998, India's Ministry of Commerce convened a meeting to hear the major steel mills present their case for protective duties on flat-rolled product imports from Russia.

*Indonesia*

20. From 1 January 1999, within the framework of a medium-term tariff reduction programme, Indonesia will begin lowering taxes on steel, and metal products. By 2003, the maximum tariff on these products will be brought down to 10 per cent.

*Mexico*

21. New import duties ranging from 49.38 to 67.99 per cent were placed on all imports of steel plate from Russia and Ukraine. The duties will be effective for a period of up to one year.

22. In July, the Mexican Government announced that within 30 days it will introduce an import advance registry system for various industrial goods including 16 steel products from Bulgaria, the Czech Republic, India, Indonesia, Japan, Kazakhstan, Korea, Malaysia, Romania, Russia, Singapore, South Africa, the Ukraine and Yugoslavia. The system, to be introduced initially on a temporary basis, will involve the publication of reference prices for the listed products. Import notification for listed products are due at least 10 days prior to their arrival. Products with prices lower than the reference will be subject to a fiscal duty and will require approval from an independent evaluatory body before they may be imported.

23. On 7 October 1998, two Mexican steel makers filed anti-dumping complaints against imports of hot-rolled carbon sheet and strip from Russia and the Ukraine, alleging dumping margins between 23 and 50 per cent.

***Poland***

24. Poland lodged a complaint with the WTO on 7 April 1998 concerning the imposition by the Thai Government of anti-dumping duties on Polish steel products. In May 1997, Thailand had imposed a final anti-dumping duty of 27.78 per cent on the cif value of angles, shapes and sections and H-beams.

25. On 29 June 1998, the Government of Poland approved a restructuring programme for the country's steel and coal mining industries. The programme, which includes plans to completely privatise the steel sector by the year 2001 was developed in the context of Poland's accession to the European Union. Production capacity will be cut to 13.3 million tonnes by the year 2005 and employment reduced by up to 40 000 from current levels of almost 90,000. From 1 July, import duties for steel from the European Union were lowered to 4 per cent, and a reduction to 3 per cent was set provisionally for next year. By the year 2000, duties on steel imports from the EU should be removed completely. In July, a Polish Delegation met with the Commission to discuss the restructuring programme. The acceptance of the programme by the EU is essential for the joint funding of redundancy packages. The EU has requested additional information from Poland on the content of the restructuring programme, particularly with regard to state aid and the privatisation of the two largest Polish mills, Huta Katowice and Huta Szendzimira.

***Russia***

26. As of 1 February 1998, the new trade agreement between Russia and the Ukraine removed value-added tax on products imported from the Ukraine.

27. In August 1998, the Russian Government announced that the rouble will be floated within a new currency corridor of between 6 and 9.5 roubles to the dollar. A 90-day moratorium had also been imposed on financial credits secured by foreign investors, together with a ban on foreign investments in rouble instruments with a maturity term of up to one year.

***Thailand***

28. In January, the Department of Foreign Trade widened investigations concerning alleged dumping to include all hot rolled sheet and coil under the four digit Thai Customs' code of 7208. Investigations are examining imports from Bulgaria, China and Kazakhstan. In May 1997, anti-dumping duties were imposed on certain HR coil imports from Russia and the Ukraine.

29. On 6 May 1998, the Thai Cabinet introduced higher tariffs for certain steel products. The new maximum import duty set for hot-rolled products is 15 per cent and that for cold-rolled products 17 per cent.

***Turkey***

30. As of 14 March 1998, the Turkish Government increased duties on steel and metal imports from certain countries. The increase applies to certain semi-finished iron, non-alloy and carbon steel products. Duties which had ranged between 9 and 17.6 per cent were set between 12 and 23.4 per cent.

31. The Turkish Government imposed quotas on imports of hot and cold-rolled coil from all countries, excluding the European Union. The quota effective to the end of 1998 limits such imports to 550 000 tonnes.

### *United States of America*

32. In January, the Department of Commerce announced preliminary countervailing duties on imports of stainless wire rod from Italy that were allegedly subsidised. The Department of Commerce established preliminary rates in the range of 1 to 30 per cent.

33. On 31 March 1998, US coiled stainless plate producers filed an anti-dumping duty petition requesting the Government of the United States to impose duties of up to 52.69 per cent on imports from Belgium, Canada, Italy, Korea, South Africa and Taiwan. They also filed a parallel countervailing duty petition against Belgium, Italy, Korea and South Africa.

34. In June, the Department of Commerce raised anti-dumping duties on standard pipe imports from Mexico from 3 per cent to 8 per cent, and from India from 18 per cent to 31 per cent. Less significant adjustments were made to duties on pipe imports from Korea.

35. In June, four US steelmakers filed petitions against imports of coiled stainless steel sheet and strip from eight countries. The petitions require anti-dumping duty margins on imports from France, Germany, Italy, Japan, Mexico, Korea, Taiwan and the United Kingdom. Countervailing duty petitions were filed against Italy, France and Korea.

36. The Department of Commerce imposed preliminary countervailing duties on imports of stainless coiled plate from four countries. The provisional duties, established to remedy alleged subsidies, were set at 1 per cent for Korea, 2 per cent for Belgium and South Africa, and 15 per cent for Italy.

37. On 30 September 1998, the US steel industry filed dumping complaints against Russia, Japan and Brazil for importing hot-rolled steel at unfairly low prices to the United States. An additional case against Brazil contends that producers of hot-rolled steel are unfairly subsidised by their government.

### *Venezuela*

38. The Venezuelan Government imposed anti-dumping duties on HR sheet imported from Kazakhstan, Russia and the Ukraine, on a temporary basis, following a first-ever dumping complaint from the country's major steelmaker Sidor, which was filed on 4 May 1998. The duties of 64.28 per cent on imports from Russia, 72.47 per cent from Kazakhstan and 80.5 per cent from the Ukraine are to be imposed retroactively. It has not yet been announced when the definitive decision on the dumping case will be made. Sidor is considering further complaints against HR products from Japan, Korea, Mexico and Brazil, and against CR sheet from Kazakhstan, Russia and the Ukraine.