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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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April 11, 2016

Michael Froman  
United States Trade Representative  
600 17th Street, N.W.  
Washington, D.C. 20508

Hon. Penny Pritzker  
Secretary of Commerce  
1401 Constitution Avenue, N.W.  
Washington, DC 20230

Dear Ambassador Froman and Secretary Pritzker,

Global overcapacities in steel, aluminum, and other basic commodities are significantly impacting global production, consumption, and trade flows of those products. Much of this global overcapacity stems from foreign government subsidies and other market-distorting policies that are creating challenges for companies and workers across the United States and abroad. In anticipation of the public hearing on the global steel industry that the Office of the United States Trade Representative and the U.S. Department of Commerce (DOC) are convening on April 12, 2016, we are writing to express our interest in these issues and to urge the Administration to take all appropriate action to address global overcapacity and related challenges. In particular, we urge you to accelerate efforts to address global overcapacity through multilateral and bilateral fora. We also urge you to enforce U.S. trade laws, including the recently enacted *Trade Facilitation and Trade Enforcement Act of 2015* and *American Trade Enforcement Effectiveness Act*.

As the Organization for Economic Cooperation and Development (OECD) has noted, global crude steelmaking capacity more than doubled between 2000 and 2014, with growth during this period led principally by China. Certain Chinese industrial policies to encourage capacity expansion, including through subsidies and other market-distorting measures, were an important contributor to this growth. Meanwhile, global demand for steel, including U.S. demand and Chinese demand, has decreased. As a result, significant increases in exports of Chinese steel have entered global markets, including the United States, impacting U.S. steel producers, steel consumers, steel industry suppliers, steel industry workers, and communities across the United States.

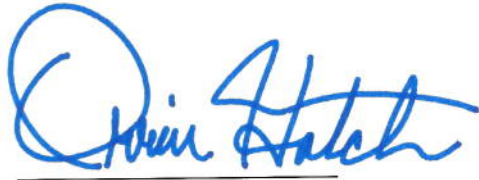
The current global steel situation highlights the reality of China's economic system, which involves significant market-distorting policies and government intervention. In a variety of industries, including steel and aluminum, Chinese firms (including state-owned or controlled enterprises) make investments in capacity that appear to be commercially unjustified. U.S. trade laws provide the Administration with opportunities to address several of these concerns. Moreover, the recently enacted *Trade Facilitation and Trade Enforcement Act of 2015* helps to ensure that granted relief effectively addresses unfair trade and that U.S. Customs and Border Protection is properly equipped to collect duties lawfully owed. In addition, the recently enacted *American Trade Enforcement Effectiveness Act* modifies U.S. antidumping and countervailing

duty laws to address aspects of the methodologies used by the DOC and the U.S. International Trade Commission to analyze petitions by companies and workers for relief from unfair trade practices. However, effective utilization of U.S. trade laws requires that the Administration fully implement and enforce them, including by providing necessary resources for those purposes. To this end, we will continue to monitor closely the Administration's implementation and enforcement efforts.

Coupled with effective trade enforcement in the United States, global overcapacity concerns, as well as issues related to global market-distorting policies and government intervention generally, ultimately should be addressed through global solutions. Therefore, we encourage the Administration to engage immediately with similarly situated trading partners to ensure durable, transparent, and verifiable solutions to address global overcapacities in steel, aluminum, and other basic commodities.

We appreciate your careful consideration of these important issues and look forward to further discussions in the months ahead.

Sincerely,



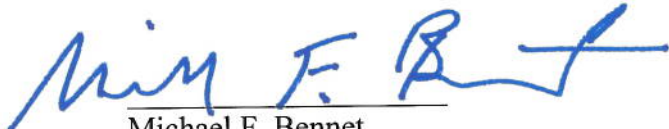
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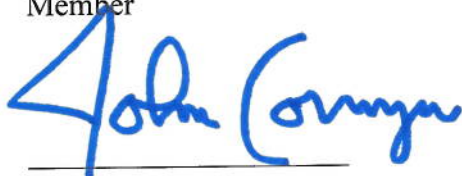
Michael F. Bennet  
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Richard Burr  
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Sherrod Brown  
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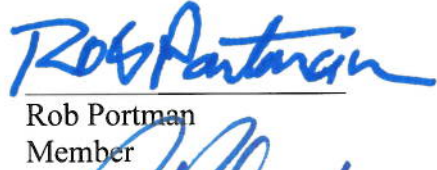
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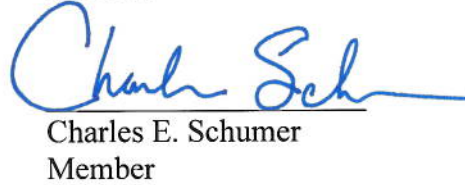


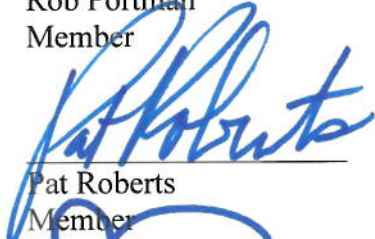
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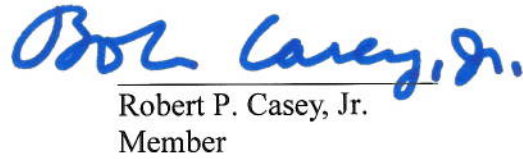
  
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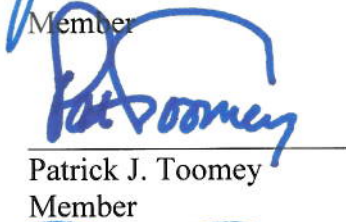
  
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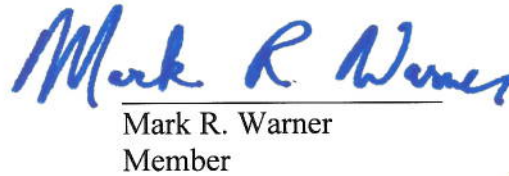
  
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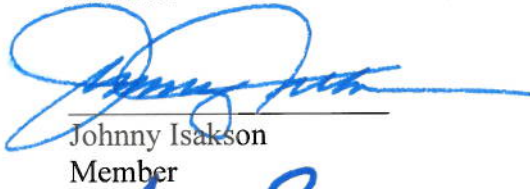
  
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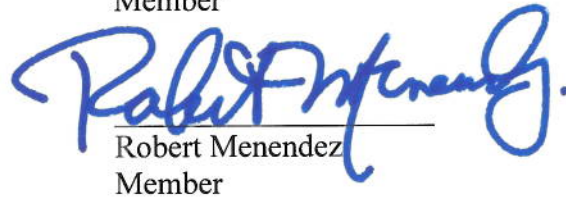
  
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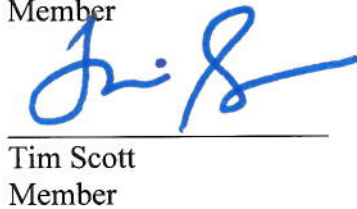
  
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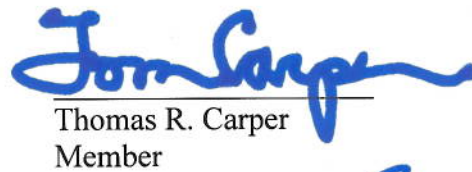
  
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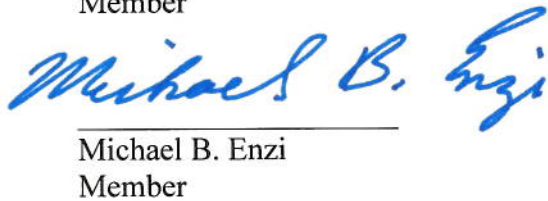
  
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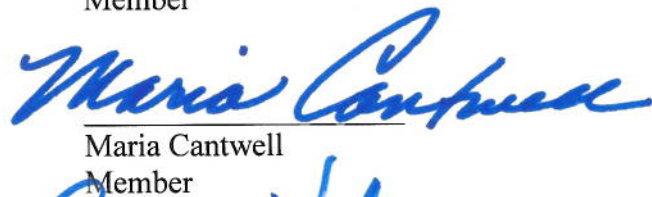
  
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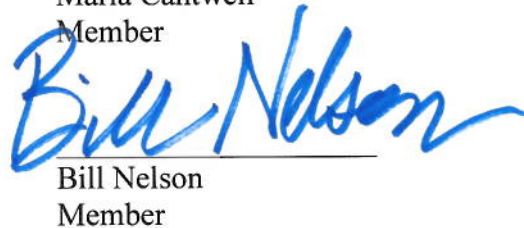
  
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