

May 10, 2001

Ms. Carmen Suro-Bredie
Chair
Trade Policy Staff Committee
600 Seventeenth Street, N.W.
Washington, D.C. 20508

Attn: Gloria Blue, Room 122
Executive Secretary, Trade Policy Staff Committee

**Re: Preparations for the Fourth Ministerial Conference of the World
Trade Organization, November 9-13, 2001 in Doha, Qatar**

Dear Ms. Suro-Bredie:

Enclosed please find 20 copies of a submission on behalf of the following four major integrated U.S. producers of carbon steel products – Bethlehem Steel Corporation; LTV Steel Company, Inc.; National Steel Corporation; and U.S. Steel Group, a Unit of USX Corporation.

This submission responds to the *Federal Register* notice, 66 Fed. Reg. 18,142, published by the Office of the U.S. Trade Representative on April 5, 2001, inviting public comment on the preparations for the Fourth Ministerial Conference of the World Trade Organization.

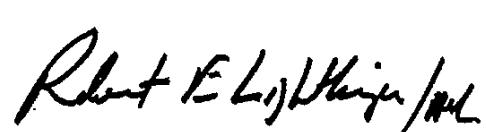
Please do not hesitate to contact the undersigned with any questions regarding this submission.

Sincerely,



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BEFORE THE
OFFICE OF THE U.S. TRADE REPRESENTATIVE

Comment on Preparations for the Fourth Ministerial Conference
of the World Trade Organization, November 9-13, 2001
in Doha, Qatar

May 10, 2001

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On behalf of:

Bethlehem Steel Corporation
LTV Steel Company, Inc.
National Steel Corporation
U.S. Steel Group, a Unit of USX

COMMENT ON PREPARATIONS FOR THE FOURTH MINISTERIAL CONFERENCE OF
THE WORLD TRADE ORGANIZATION, NOVEMBER 9-13, 2001
IN DOHA, QATAR

This submission is made on behalf of the four major integrated U.S. producers of carbon steel products: Bethlehem Steel Corporation; LTV Steel Company, Inc.; National Steel Corporation; and U.S. Steel Group, a Unit of USX Corporation. It responds to the *Federal Register* notice published on April 5, 2001, by the Office of the U.S. Trade Representative ("USTR") inviting public comment on U.S. objectives and preparations for the upcoming meeting of the World Trade Organization ("WTO") Fourth Ministerial Conference in Doha, Qatar, on November 9-13, 2001.

OVERVIEW

These comments address the third heading of USTR's request for comments, "Existing Agreements and Work Programs." The central question for USTR's present review continues to be what, if anything, will be added to the list of mandated negotiations on agriculture and services, including which, if any, other Uruguay Round agreements will be reopened. Our main message is a simple one: whatever else may be added to the "built-in agenda," new negotiations on trade remedy rules should not be. The new antidumping rules were concluded only with great difficulty during the Uruguay Round, have not been much tested, and certainly have not proved defective. Application of antidumping measures is not a problem in international trade, and the current WTO rules are in no need of re-negotiation. Reopening the *Antidumping Agreement* cannot possibly serve U.S. interests and should be blocked by whatever means necessary. The same is true with respect to Part V of the *Agreement on Subsidies and Countervailing Measures* ("SCM Agreement").

This approach to future WTO negotiations is not, and should not be taken as, opposition to the WTO itself – which we have supported – or to progress on the "built-in agenda." We favor the opening of markets around the world to fairly traded goods.

By reference, we also incorporate the comments that we submitted last July to USTR related to institutional improvements in the WTO.¹ In our view, the United States must seek real transparency in WTO dispute settlement, which under the new WTO regime is supposed to be adjudicatory. Over time, Americans have come to understand that certain procedural elements – such as open hearings, full opportunities for real parties in interest to participate in dispute resolution, and professional, unbiased decision-makers – are an essential part of any justice system. Bringing these elements into the WTO process can only improve that process and strengthen the WTO.

¹ See Letter from Skadden, Arps, Slate, Meagher & Flom LLP and Dewey Ballantine LLP to the Office of the U.S. Trade Representative (July 10, 2000) (responding to USTR's June 8, 2000 request for public comments on U.S. objectives and proposals for improving the functioning of the WTO. 65 Fed. Reg. 36,501 (June 8, 2000)).

Existing Agreements and Work Programs

In its *Federal Register* notice, USTR states that the "United States has signaled that it would be prepared to work toward a consensus among members to realize the launch of a round of negotiations in Doha."²

The steel industry has supported trade negotiations to open markets but believes that U.S. negotiators must make clear that the U.S. Government will not engage in negotiations that could weaken our unfair trade remedies.

The steel industry has staunchly supported trade liberalization and open markets, backing such measures as the NAFTA and various bilateral free-trade initiatives, and the fast-track system for implementing trade pacts. We have been able to do this because the agreements in question contemplate strict remedies against unfair trade of the kind that has caused – and continues to cause – so much pain in our industry.

Likewise, the steel industry supported the Uruguay Round's WTO agreements, which made major revisions to the international rules governing remedies against unfair trade practices. To be sure, our industry did not favor all aspects of the Uruguay Round changes – particularly those that weakened domestic trade remedies. (It is important to note that since its inception the General Agreement on Tariffs and Trade (GATT) has condemned unfair trade practices and sanctioned antidumping and countervailing duty laws in response to such unfair trade.) Nevertheless, the steel industry backed the WTO agreements as a whole based on an understanding that these rules would not be weakened further in subsequent negotiations and that the United States, with the world's largest open market, would have and enforce the strongest possible remedies consistent with the new rules.

Despite the fact that there already exists a built-in agenda for the next round of WTO negotiations and that the antidumping and countervailing duty rules are not part of that established agenda, some WTO members, many of whom have been found to be among the most egregious violators of the U.S. trade laws, have launched a concerted effort to renegotiate these rules. This is one more element of a multi-front attack on the U.S. trade laws. In the WTO, as well as in FTAA and APEC discussions, foreign governments continue to seek further erosion of U.S. trade remedies.

Our foreign competitors want their governments to reopen these agreements for a single purpose. They need the United States to absorb their dumped and subsidized excess steel production instead of taking the painful yet necessary steps to restructure and reduce their production overcapacity. The WTO-sanctioned trade remedy rules are the best means to compel foreign producers to rationalize production. As such, efforts to reopen WTO trade remedy agreements would not only deprive domestic producers of basic fair trade remedies in their own

² "Public Comments on Preparations for the Fourth Ministerial Conference of the World Trade Organization, November 9-13, 2001 in Doha, Qatar," Office of the U.S. Trade Representative, 66 Fed. Reg. 18,142 (Apr. 5, 2001).

market, but would actually encourage foreign producers to maintain and supplement uneconomic production capacity. This is unacceptable.

The United States, therefore, needs to make clear to our trading partners that the Administration will not consider, and Congress will not implement, trade agreements that undermine U.S. unfair trade remedies.

Finally, our industry notes that if the U.S. Government engages other Member governments to launch future WTO negotiations, it should be cognizant of the following related issues:

- Cartelization remains a major problem in steel trade. However, WTO competition policy discussions have, ironically and regrettably, served as a forum for attacking the WTO's antidumping rules. Until the U.S. Government comes up with a plan of action for eliminating international cartels without eliminating the only remaining defense against injury from the trade distortions caused by those cartels, there is no acceptable path forward in this area.
- We recognize that problems may be emerging with respect to new antidumping regimes established by less-developed WTO Members, and some Members have been slow to meet existing requirements with respect to meaningful judicial review of antidumping determinations. However, none of these implementation issues in any way justifies re-opening the agreement itself. While continued efforts to ensure full compliance with the Uruguay Round rules make sense, that is of course very different from re-negotiating those rules. The United States should be very clear about the distinction, and should be careful not to agree to anything under the "implementation" rubric that will in practice lead to re-opening. In fact, re-opening the Uruguay Round rules, which numerous countries are just now trying to implement, is only likely to make compliance more difficult.

CONCLUSION

The steel industry supports open, fair, rule-based and market-based trade, coupled with effective trade laws to respond to unfair trade practices. We note, however, that U.S. efforts to launch a new round of WTO negotiations in Doha, Qatar, must be accomplished without engaging in an unnecessary re-negotiation of the rules governing trade remedies.

As the United States pointed out in its July 1998 submission to the WTO Working Group on the Interaction between Trade and Competition Policy, the antidumping remedy continues to have an essential role in the world trading system.

[The antidumping rules are] necessary to the maintenance of the multilateral trading system. Without this and other remedial safeguards, there could have been no agreement on broader GATT and later WTO packages of market-opening agreements, especially given the imperfections which remain in the multilateral trading system. . . . [T]he antidumping rules represent an effort to maintain a "level playing field" between producers in different countries . . . [and] are a

critical factor in obtaining and sustaining necessary public support for the shared multilateral goal of trade liberalization.³

By ensuring that basic fair trade laws are not weakened in future negotiations, the United States will enhance support for the world trading system.

³ "Observations on the Distinctions Between Competition Laws and Antidumping 2-4 (July 1998).