

PRESS RELEASE

Wiley Rein Attorneys Author Report Detailing \$50 Billion in State Subsidies to the Chinese Steel Market

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Washington, DC – Wiley Rein International Trade attorneys Alan H. Price, Timothy C. Brightbill and Christopher B. Weld and consultant D. Scott Nance have authored *Money for Metal: A Detailed Examination of Chinese Government Subsidies to its Steel Industry*, an extensive study that concludes that the Chinese steel industry has benefited from massive government subsidies, many of which violate China's World Trade Organization obligations. The report documents more than \$50 billion in such subsidies granted to Chinese steel producers, subsidies that have fueled the unprecedented expansion of China's steel industry and the sharp increase in China's steel exports, at the expense of its international competitors. The study also finds that Chinese government ownership and control of the steel industry is far greater than previously reported.

The study, which was sponsored by the American Iron and Steel Institute (AISI), the Steel Manufacturers Association (SMA), the Committee for Pipe and Tube Imports (CPTI), and the Specialty Steel Industry of North America (SSINA), expands upon earlier research through a detailed review of the financial statements of leading Chinese steel producers.

Mr. Price, an expert on Chinese subsidy issues and leader of the firm's nationally recognized antidumping and countervailing duty practice, commented, "China's massive subsidies and pervasive government control of its steel industry are unprecedented and violate WTO rules. Eight of the ten largest Chinese steel groups are 100 percent controlled by the Chinese government, and more than 90 percent of the production of China's top 20 steel groups is state-

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controlled. This report documents the extent to which the Chinese steel industry has been fueled by subsidies, and remains controlled and directed by the government.”

Government subsidies allowed China’s steel production to increase by more than 170 percent between 2000 and 2005 and by another 20 percent in 2006. China’s steel capacity and production are now four to five times larger than that of the entire North American steel industry. Subsidies have also helped China become the largest single steel exporting country by volume in 2006. Wiley Rein’s International Trade Practice assists U.S. companies and industries that have been injured due to unfairly traded and subsidized imports.