

PRESS RELEASE

U.S. Rebar Producers File 201 Surge Allegations against Brazil and Egypt

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Washington, DC—U.S. producers of steel concrete reinforcing bar have filed surge allegations against Brazil and Egypt, requesting that these countries be made subject to the President's steel 201 tariffs. The allegations were filed with U.S. Trade Representative Robert B. Zoellick and Secretary of Commerce Donald L. Evans by various rebar producers in the 201 Long Product Producers' Coalition.

The surge petitions allege that rebar imports from Brazil and Egypt have surged since the President's 201 remedy proclamation in March 2002, and therefore both countries should be made subject to the additional 15 percent tariffs on rebar. "Imports from these two countries alone are almost 20 percent of all imports, and are undermining the 201 remedy on rebar," said Alan H. Price of Wiley Rein & Fielding LLP, counsel to the coalition. "Rebar producers have seen only limited price recovery since March, and those increases have been offset by scrap cost increases. For the President's remedy to work, Brazil and Egypt must be covered."

The Coalition provided the following evidence of import surges:

Egypt: Rebar imports from Egypt account for almost 12 percent of all U.S. rebar imports since 201 relief was imposed in March. In comparison, Egypt sent no rebar to the United States until 2001, and Egyptian imports accounted for only 2.12 percent of imports in the 12 months prior to March 2002. Egypt is currently the fourth-leading source of U.S. rebar imports.

Brazil: Rebar imports from Brazil account for almost 9 percent of all U.S. rebar imports since 201 relief was imposed in March. In comparison, Brazilian imports accounted for less than 2 percent of

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imports in the 12 months prior to March 2002. Brazil is currently the fifth-leading source of U.S. rebar imports.

These surges have suppressed the recovery of the rebar industry. According to *Purchasing* magazine data, rebar prices have increased only \$20.00 per net ton since the President's proclamation in March 2002. Meanwhile, the cost of scrap - the main cost component in rebar production - has increased \$43.00 per ton. "The presence of these imports have prevented the domestic industry from obtaining price relief on rebar," Price said.

Long product import levels are being monitored for several additional countries not subject to the 201, such as Latvia and the Czech Republic, Price said.