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KOREAN STEEL INDUSTRY ALARMED, CRITICAL OF COMMERCE DEPARTMENT RULING

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Washington, January 28, 1993

The Korean Iron & Steel Association (KOSA) was highly critical today of the U.S. Department of Commerce's preliminary determinations on a number of dumping suits implicating Korean steel producers. KOSA called the dumping margins assessed by Commerce completely unwarranted and a danger to free market principles.

"These determinations appear to reflect a trade system run-amok," KOSA said. "It is a unilateral disruption of the open market and calls into question the future of free-trade principles." KOSA also emphasized its concern for the course of global economic development in the wake of such disturbing events.

With regard to the countervailing duty determinations released by Commerce Nov. 30, KOSA reiterated its disapproval of the uncritical approach the department used when considering the domestic steel industry's allegations. The Korean steel group said the Commerce determinations were discriminatory and appeared to be politically motivated. In particular, KOSA said, duties assessed on imports of Korean hot-rolled coils from Pohang Iron & Steel Co., Ltd. (POSCO) to USS-POSCO Industries (UPI), a joint venture between POSCO and U.S. Steel (USS) located in Pittsburg, Calif., epitomized Commerce's flawed methodology and threatens the ultimate viability of the joint-venture.

POSCO's investment in the outdated Pittsburg, Calif.'s facility during the mid-80's served to heighten its productivity and competitiveness at a time when it was close to permanent shutdown, ultimately saving the Pittsburg site and the jobs it still supports. KOSA claimed a breach of good faith on the part of the United States as a result of the high duties assessed to POSCO: the International Trade Commission, and later, the Department of Commerce, failed to recognize circumstances that clearly denoted a benefit to the modernization of the U.S. steel industry. That the viability of the joint venture is threatened, is testimony to the irrational and arbitrary nature of these actions, KOSA said.

The U.S. steel industry has arbitrarily imputed its shortcomings to imports. In fact, some of the most important elements of its recent modernization have been the result of investment in the U.S. industry by the targets of these investigations. With this as a context, KOSA stated that its outlook for the future of world steel trade is apprehensive at best. In response to the preliminary findings, KOSA indicated that it intends to prepare additional supporting evidence that should expose the unjust nature of the determinations. The Korean steel group did not rule out other measures, such as petitioning the Korean government to take action before the General Agreement on Tariffs and Trade in conjunction with other nations.

In conclusion, KOSA said that the pursuit of amicable agreements, both at the Multi-lateral Steel Agreement talks and the Uruguay Round, would not bear fruit in an environment where U.S. trade policy slowly reverts back to the protectionism of the 1920s and early 1930s.

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