

United States Senate

WASHINGTON, DC 20510

September 30, 2016

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Obama:

We write following the G-20 talks on the global steel sector earlier this month. While we are pleased that the Administration has encouraged international discussions about excess steel capacity, we want to underscore the importance of diplomatic efforts producing tangible results for U.S. steel manufacturers and their workers who continue to face challenges.

The U.S. has participated in multiple dialogues on steel-related issues this year. At the G-20, the leaders agreed to create a Global Forum on steel excess capacity. This forum is a new addition to a long list of existing fora in which international steel issues are discussed. The Organisation of Economic Co-operation and Development (OECD) Steel Committee met in April and issued a joint statement with many of our allies, but the gathering was defined by China's refusal to agree to a collaborative approach to reducing overcapacity. At the bilateral U.S.-China Steel Dialogue the following month, low-level talks did not produce any new commitments on either side. The Strategic and Economic Dialogue high-level meetings in July focused on the steel sector and China's excess capacity. While China committed to adopt measures to reduce net steel capacity, no agreement was reached on the level of the capacity reductions that must be achieved. The most recent OECD Steel Committee meeting earlier this month yielded another joint statement with our allies but no new enforcement efforts. Despite all of these talks, China has not yet taken permanent steps to reduce its total steel production capacity.

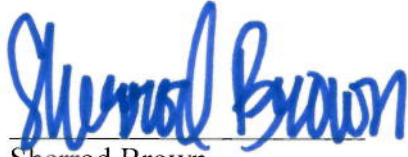
We do not discount the importance of diplomatic overtures and the work of our negotiators to address the global steel crisis, and we agree they must be part of any effort to help U.S. steel producers and workers. A dialogue-only approach, however, will not succeed. We must make enforcement efforts a significant part of our strategy. The antidumping and countervailing duty cases on steel products have helped to stem the flood of foreign steel imports. But the systemic problems remain a threat to our steel workers, and the trade cases will not resolve them.

We urge the Administration to consider all options for increasing China's compliance with its international trade obligations, including a potential case brought with our allies at the World Trade Organization and a pause of other trade negotiations with China, such as the Bilateral Investment Treaty talks.

China has proven repeatedly that it acts according to its self-interests. Diplomatic pressure, even if made with our allies, has not been sufficient to change government subsidy policies, state-owned enterprise involvement in the market, and access to free capital that allows unprofitable

steel companies to pump excess steel products into the market. Only if we incorporate strong enforcement measures into our strategy to reduce excess global capacity will U.S. steel companies and steelworkers get the relief they need.

Sincerely,



Sherrod Brown
United States Senator



Jeff Sessions
United States Senator



John Boozman
United States Senator



Joe Donnelly
United States Senator



Amy Klobuchar
United States Senator



Richard Burr
United States Senator



Al Franken
United States Senator



Robert P. Casey, Jr.
United States Senator



James M. Inhofe
United States Senator



Shelley Moore Capito
United States Senator



Charles E. Schumer
United States Senator



Rob Portman
United States Senator