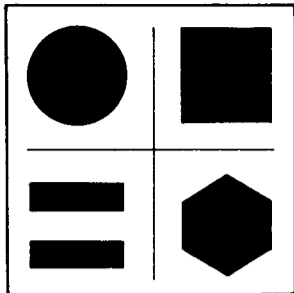


Senator John Heinz  
from Et Broadhurst



# The Cold Finished Steel Bar Institute

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THE COLD FINISHED STEEL BAR INSTITUTE

## Import Fact Sheet

Tariff conference  
vs  
Voluntary  
orderly Trade Agreement  
Group on Steel

1. Cold finished steel bars (CFSB) are a special steel product made by drawing, turning, grinding and/or polishing hot-rolled, special quality steel bars to give them increased strength, improved machinability, straightness, a smooth finish and dimensional accuracy. They are used as a raw material for the production of a wide variety of shafts, bushings, pinions, gears, pins, fasteners and a variety of screw machine products used in farm and industrial machinery, automobiles, trucks, and industrial equipment.

division of  
the growth \*  
1/2 = textiles  
sales below  
cost  
quantities  
Dumping  
Case

2. American producers of CFSB are principally small, nonintegrated companies. They have plants in fifteen states and employ over 12,000 workers.

3. American CFSB production has been relatively static. Average annual shipments during the 1970's exceed those during the 1950's by only 6%. By contrast, average annual shipments of all steel mill products ran 27% higher during the 1970's than the 1950's. Increases for stainless and alloy steels have been over 60% during the same period.

(more)

4. CFSB imports during the 1970's have increased dramatically - they were nil during the 1950's, averaged 34,000 tons during the 1960's and now average over 120,000 tons per year.

5. CFSB were specifically included in the 1972-1974 voluntary restraint arrangements with Japan and the EEC. Even so, imports during those years were the highest ever. While imports declined during the recession years 1974-1975, they have recently been increasing rapidly. Right now, CFSB imports from Japan are running at record levels.

6. CFSB imports have especially hurt regional markets on the Pacific and Gulf Coasts. For example, 1976 imports took more than 40% of domestic CFSB consumption in the West Coast states. On the Gulf, imports exceeded 20% of domestic consumption.

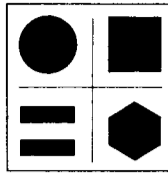
7. The recent pricing of imports has been particularly disruptive. Imported product is being offered, in some cases, as over 40% below domestic prices, with discounts of 20% the virtual rule. This kind of pricing has played havoc in several regional markets. The low price phenomenon is probably due to the collapse of the domestic market in Europe and the side deal reached by the EEC in Japan limiting Japanese exports. Rather than curtail production, both European and Japanese producers have unloaded in the U.S. (We know the Japanese CFSB producers increased their production in 1976 by 25%, at a time the European market was not significantly expanding.)

8. Total steel shipments from Japan reached a record high of 8 million tons in 1976, while the EEC, a larger steel market than the U.S., restricted Japanese imports to 1 million tons. This is a patently unfair diversion of international trade.

9. In spite of these problems, we have no national policy on world steel trade. The Trade Act of 1974 envisaged sector discussions on steel, but no progress has been made in Geneva. Recently, without consulting the domestic industry or labor, our government called for steel talks at the OECD in Paris. However, our representatives have no positions or objectives for these talks, at least none they are willing to discuss with the companies or unions. This kind of negotiation will only make it harder to get a resolution of this problem in the future.

10. We do not seek quotas or high tariffs on imported CFSB. We do think that international discussions should begin on world steel trade problems. Our government's objective in these discussions should be an international agreement recognizing:

- Healthy steel industries are essential to the economic well being of all industrialized countries.
- Disruptive trade in steel (rapid increases in imports sold at very low prices) is to be avoided.
- Where market disruption occurs or is threatened, importing countries have the right to ask for consultations with suppliers aimed at eliminating disruptive practices; if agreement cannot be reached, importing countries should have the right to impose reasonable restrictions.



## WHAT IS THE COLD FINISHED STEEL BAR INSTITUTE?

The Cold Finished Steel Bar Institute is a non-profit organization whose purpose is, in general, to promote and encourage beneficial and useful growth and development of the cold finished steel bar industry and to foster among the public, the government and the members of the industry an awareness and recognition of matters and conditions of importance to or affecting the industry.

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