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Carlos Navarro

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Mexican Companies Protest U.S. Ruling On Steel Tariffs

by Carlos Navarro
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In the latest controversy over US-Mexico steel trade, the US Commerce Department ruled on June 22 that Mexico’s three largest steel producers Altos Hornos (AHMSA), Hylsa, and IMSA have been dumping some of their products in the US at unfairly low prices. The Commerce ruling is provisional, pending a final decision by the US International Trade Commission (ITC) on July 27. The ITC must determine if the low-priced imports from Mexico and steel producers in 18 other countries have harmed the US steel industry. According to Mexican government statistics, the ruling could affect about US$80 million per year in sales of Mexican steel products to the US. Among the Mexican products affected are flat iron, thick iron sheets used for automobiles, and anti-rust steel. The US government launched the investigation at the request of US firms Armco Steel Co., Bethlehem Steel Co., Geneva Steel, Gulf States Steel, Inland Steel Industries and LTV Steel Corp. The Commerce ruling provoked strong protests from the three Mexican steel companies. IMSA’s financial director Marcelo Canales Clariond criticized the US government for promoting the concept of free trade while at the same time providing "illegal protection for US companies." In addition, IMSA president Santiago Clariond Reyes traveled to Washington during the last week of June to argue the case of Mexican steel producers before the ITC. He said that, if ratified by the ITC, the decision would all but shut out his company from the US market. The Mexican government is also considering taking action. On June 23, Trade Secretary Jaime Serra Puche said the Salinas administration would examine the case closely and consider whether to bring the matter up before the General Agreement on Tariffs and Trade (GATT). Representatives from Brazil and the European Economic Community (EEC) also said they would consider taking the US ruling to the GATT. Sergio Sarmiento, a columnist for El Financiero International weekly business newspaper, argued that recent export-import patterns undermine the claims which led to the US action. "What's peculiar about Mexico's present situation...is that its imports of steel have been growing at a fast pace, while its exports have been dropping," Sarmiento wrote. "This is hardly the performance you would expect from a country engaged in dumping practices." According to Sarmiento, the trade deficit for Mexico's steel and iron industry in 1992 increased by almost 39% from 1991, reaching US$1.6 billion. Mexican steel and iron exports totaled US$868 million last year, a drop of 13.3% from 1991. In contrast, Mexican steel imports in 1992 totaled US$2.5 billion, an increase of 12.8% from 1991. In a related development, just one week before the Commerce Department decision was released, Mexican steel producers filed a formal complaint with their government charging that the US and nine other countries were unfairly subsidizing domestic steel industries. According to the National Steel and Iron Industries Chamber (Camara Nacional del Hierro y el Acero, CNHA), the complaint was filed by AHMSA, IMSA and Hylsa in conjunction with the practices of companies located in the US, Germany, Spain, Italy, the Netherlands, South Korea, Japan, Taiwan, Brazil and Venezuela. The Mexican companies did not provide statistics on the amount of steel imports in question. However, the CNHA said the complaints are based on steel imported during 1992. (Sources: Notimex, 06/23/93; Inter Press Service, La Jornada, 06/24/93; Agence France-Presse, 06/24/93, 06/29/93; El Financiero International, 06/27/93, 07/04/93, 07/11/93)