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Mexican Steel Industry Worried About Low-Cost Asian, East European Imports

by LADB Staff

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Mexico's Camara Nacional del Hierro y del Acero (CANACERO) has asked the Secretaria de Comercio y Fomento Industrial (SECOFI) and the Secretaria de Hacienda y Credito Publico (SHCP) to monitor imports of steel from Eastern Europe and Asia because these are being sold in Mexico at lower-than-market value. CANACERO said the financial crisis in Asia and the former Soviet Union has forced countries like Ukraine, Romania, South Korea, and Japan to find new markets in which to place their products regardless of cost. Mexico imported more than 400,000 metric tons of steel in the first quarter of the year, much of it at less-than-market value, the organization reported.

CANACERO leader Jose Antonio Gomez Urquiza said many of these shipments are brought into Mexico with forged US certificates of origin. This means some steel imported from these countries receives preferential treatment reserved for US and Canadian products under the North American Free Trade Agreement (NAFTA), Gomez said. Gomez acknowledged the lower-cost imports have not yet damaged the Mexican steel industry, which produced 14.7 million MT of iron and steel products in 1997. He asked President Ernesto Zedillo to closely monitor imports from these countries, however. "Our domestic production could be in danger if this trend continues," said Gomez.

While Mexican steel manufacturers are concerned about the low-cost imports from Asia and Eastern Europe, the US steel industry has similar concerns about steel imports from other countries including Mexico. In a complaint filed before the US Commerce Department, the US Specialty Steel Industry of North America and the United Steelworkers of America asked the government to investigate low-priced imports of cold-rolled steel sheet, which is used primarily to manufacture consumer items like toasters and cutlery. The complaint cited US Customs Service statistics, which showed the value of cold-rolled steel imports dropped to US\$597 million in 1997 from US\$620 in 1996 and 1995, even though similar amounts were imported in the three years.

The principal supplier of cold-rolled steel imports last year was Mexico with US\$146 million. SECOFI also to probe imports of European plastics SECOFI launched a separate investigation in June to determine whether the European Union (EU) is selling polystyrene in Mexico at below-market prices. Polysterene is a plastic used for heat-resistant containers for packaging cassettes, compact discs, and other products.

SECOFI's anti-dumping investigation was requested by Mexican plastics manufacturers Resirene and Poliestireno y Derivados. EU countries that export polysterene include Germany, Belgium, Luxembourg, France, and Spain. However, the complaint filed with SECOFI only named one European exporter, German-based BASF AG. The secretariat rejected a similar request from the Mexican plastics manufacturers to investigate polysterene imports from US-based Dow Chemical Co. "We have data that reasonably suggests that imports of crystal polystyrene from the EU

hindered domestic development of this product," SECOFI said in the government's daily register (Diario Oficial de la Federacion) June 13. "This damage was manifested in the loss of market share for Mexican companies in the domestic market." SECOFI has scheduled a hearing for Oct 20, with arguments from both sides accepted through Nov 3. (Sources: Reuters, The Journal of Commerce, Notimex, 06/10/98; Excelsior, El Universal, 06/03/98, 06/11/98; El Economista, 06/01/98, 06/03/98, 06/11/98, 06/17/98)

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