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From _____

CONGRESSMAN

Nick Rahall

WEST VIRGINIA-4th DISTRICT

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RAHALL SEEKS RECIPROCITY BETWEEN STEEL AND COAL TRADES Measure Would Link Steel Imports With Coal Exports

WASHINGTON, D.C. -- In a move aimed at increasing exports of southern West Virginia coal, U.S. Rep. Nick J. Rahall (D-WV) today introduced legislation which would link steel imports with domestic metallurgical coal exports.

"The Steel and Coal Trade Reciprocity Act of 1989" would award those countries which are good customers of U.S. metallurgical coal with greater shares of the U.S. imported steel market within the overall quota ceiling set by the Steel Import Stabilization Act should it be extended for an additional five years," Rahall stated in introducing the measure. "In effect, it would explicitly link the metallurgical coal trade with the steel trade."

The Steel Import Stabilization Act was passed by the Congress in 1984 in response to the surge in imports of steel products during the early 1980s. Under it, various imported steel products could not exceed between 17% to 20.2% of the domestic market. The amount of steel products any given country could export to the U.S. is determined by restraint agreements which were negotiated by the U.S. Trade Representative. The steel program is due to terminate on September 30, 1989.

Rahall is an original cosponsor of legislation introduced recently to extend the Steel Import Stabilization Act for an additional five years. He said his bill compliments that legislation because it provides a formula under which imported steel market shares would be determined under extended or renegotiated restraint agreements.

According to the Congressman, the type of linkage suggested by his legislation makes good sense in light of the fact that metallurgical coal is an essential ingredient in the steelmaking process. "While many countries have quantities of steel products they would like to continue exporting to the U.S., we similarly have vast tonnages of metallurgical coal we would like to export," he noted.

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While metallurgical coal is produced in a number of areas in the U.S., Rahall said that portions of his southern West Virginia Congressional District were once the "international breadbasket of metallurgical coal production," with ample tonnages still left unmined. The decline in domestic steel production hit the economy of this region hard and Rahall views his bill as an equitable way to stimulate new growth in the area.

Under the legislation, the amount of steel product imports within the overall ceiling set by the restraint agreements that would be allowed from any given country under any extension of the Steel Stabilization Act program would be the same ratio that country's purchases of U.S. metallurgical coal bore to the overall level of U.S. metallurgical coal exported to countries subject to the voluntary restraint agreements during the first five years of the program, the period from October 1, 1984, through September 30, 1989.

"We used to have an axiom that as steel goes, so did metallurgical coal. In some respects, that is still applicable today. My legislation, however, is aimed at making sure it holds true if and when these steel import agreements are extended," Rahall said.