



Leo W. Gerard
International President

December 29, 2008

The Honorable Carlos M. Gutierrez
Secretary of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

The Honorable Susan C. Schwab
United States Trade Representative
600 – 17th Street, N.W.
Washington, D.C. 20508

RE: USW Objections to WTO Doha Rules Proposal

Dear Secretary Gutierrez and Ambassador Schwab:

I write to reiterate the views of over one million active and retired members of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) that the direction of the on-going Doha negotiations in the Rules area is unacceptable.

We appreciate the strong statement of disappointment issued by the USTR after the release of the December 18, 2008, rules paper, which recognizes the complete failure of that paper to address the series of overreaching WTO Appellate Body decisions on the right of members to assess duties on 100 percent of the dumping found to exist on imports covered under orders (“zeroing”). The USW pledges to work with the incoming Administration and with Congress to ensure that the overreaching of the WTO Appellate Body with regard to zeroing and other important aspects of the laws are reigned in and that trade remedies are strengthened – not weakened – in these negotiations.

Trade remedies that ensure conditions of fair competition in the United States are vital to our members’ livelihood in numerous manufacturing sectors. When companies and workers face unfair trade in the form of dumping or subsidization, our members are the first to suffer the serious harm that follows. Companies are then forced to reduce payroll, cut jobs and benefits and -- worst of all -- stop investing in their future in the United States.

There has never been a time when effective trade remedies are more important to our workers and domestic manufacturers -- with the staggering trade deficit the nation faces, with the beggar-thy-neighbor policies being followed by some of our major trading partners, and with the

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painful economic recession that has gripped our country for the last year. Indeed, as one of the largest manufacturing unions in the nation, our members are on the front line of and have been involved in more trade remedy actions than any other union or company. While we stand proud of the creativity and industriousness of our members in meeting the challenges of import competition, we simply cannot compete successfully against the coffers of foreign governments, against producers in non-market economies operating with state support or against dumped goods. These anti-competitive practices are as old as trade itself and rightly have been actionable in the United States for many decades, whenever a domestic industry is being injured.

Yet, at this critical moment in our nation's history, the trade remedy laws are being all but abandoned and permitted to be re-written by trading partners whose sole goal is to weaken trade remedies for their own export advantage at the expense of U.S. jobs and the nation's manufacturing base. This cannot stand.

However, as it now remains, the Rules paper does not limit the excesses of the dispute settlement system in the Rules area -- quite the opposite. Rather, language in the text has been removed and replaced with brackets in areas of utmost importance to the administration of our trade remedy laws, which does not restore the rights the United States negotiated in the Uruguay Round, but instead moves in the wrong direction by substantially departing from existing U.S. practice and the rights understood by the United States to have been secured in the Uruguay Round. Such rights include being able to fully capture the amount of dumping found to exist (zeroing), not separating out causal factors to determine injury, not requiring mandatory termination of orders of sunset reviews and the sovereign right to disburse monies collected under our trade laws.

Efforts by some of our trading partners to make trade remedies harder to invoke, more costly for domestic parties to pursue and that provide more limited relief have been and continue to be unacceptable. For example, the current antidumping agreement follows the common sense approach of permitting governments not to consider opposition to an investigation for determining standing from companies who are related to the very exporters or producers who are subject to potential investigation or those companies who themselves are importers of the merchandise. Yet, language in the paper would require authorities to justify the exclusion of such entities from the standing determination. Placing other controversial issues in brackets (like the lesser duty rule, the public interest test and barriers to pursuit of sunset reviews) move the Rules negotiations in the wrong direction. The pursuit of these types of irrational advantages by our trading partners cannot be allowed to permeate the draft text or weaken the ability of injured companies and their workers to seek relief.

The existing paper -- to say nothing of the changes promoted by "the friends" group -- does not meet the needs of our workers or the repeated commitments of the Congress and the

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current, or past Administrations to ensure effective trade remedies. Rather, these types of contemplated changes and a host of other problematic changes would severely undermine the effectiveness of our trade remedies and render them in a much more weakened state than at the conclusion of the Uruguay Agreements.

Plainly stated, the Rules paper portends a dismal failure of the negotiations to achieve an outcome in accordance with the Congressional objective of strengthening, not weakening, the trade laws and of providing strong and effective trade remedies. In that regard, the paper simply fails to address in any manner the serious and long-standing problems that place U.S. manufacturers and workers at a substantial and unfair disadvantage vis-à-vis foreign competitors. The difference between the direct and indirect tax systems of Members, which discriminates against U.S. producers in the Agreement, is nowhere addressed. Similarly, efforts need to be made to make operational rights long-present in GATT Article VI to treat currency misalignment as a form of dumping or subsidization to address a particularly pernicious beggar-thy-neighbor trade policy.

Let me be perfectly clear, the USW views as essential to any forward movement in multilateral negotiations the much needed rebalancing of the WTO trade remedy agreements to correct the abuses of the Appellate Body in imposing obligations never agreed by the United States and in ensuring that our laws are preserved and strengthened. We will actively oppose ongoing efforts by some of our trading partners to cripple our economy and our rights to seek redress.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive, slightly slanted style.

Leo W. Gerard
International President