

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 18

Session of
1989

INTRODUCED BY COLAFELLA, WOZNIAK, TRELLO, DALEY, PETRARCA, LEVDANSKY, O'DONNELL, KASUNIC, YANDRISEVITS, O'BRIEN, RYBAK, BILLOW, RITTER, McHALE, VEON, COWELL, KUKOVICH, MARSICO, MURPHY, HAYES, GRUPPO, DININNI, STEIGHNER, MARKOSEK, LANGTRY, FARGO, JACKSON, BURD, CARLSON, GEIST, MORRIS, FOX, HERMAN, MELIO, FARMER, McVERRY, CALTAGIRONE, VAN HORNE, HAYDEN, MRKONIC, KAISER, PRESTON, JAROLIN, CAPPABIANCA, MICHLOVIC, MANDERINO, LaGROTTA, E. Z. TAYLOR, COLAIZZO, FEE, DOMBROWSKI, RUDY, BURNS, BELARDI, CAWLEY, TIGUE, LEH, MAYERNIK, B. D. CLARK, GIGLIOTTI, DeWEESE, LAUGHLIN, LESCOVITZ, TANGRETTI, WAMBACH, BLAUM, REINARD, ANGSTADT, RICHARDSON, McNALLY, TRICH, HALUSKA, PICCOLA, LASHINGER, RYAN, S. H. SMITH, ROBINSON, STUBAN, BISHOP, RAYMOND, CESSAR, J. L. WRIGHT, BUSH, NAHILL, BATTISTO, TELEK, CLYMER, GANNON, COY, DeLUCA, McCALL, DEMPSEY, STABACK, FREEMAN, MAINE, BUNT, CORRIGAN, SEMMEL AND PETRONE, FEBRUARY 13, 1989

REFERRED TO COMMITTEE ON RULES, FEBRUARY 13, 1989

A RESOLUTION

1 Memorializing Congress and the President of the United States to
2 take prompt action to extend the steel Voluntary Restraint
3 Arrangements.

4 WHEREAS, Extension of the steel Voluntary Restraint
5 Arrangements will provide America's steel industry with a
6 necessary, yet measured, defense against conditions abroad that
7 have not changed much since the Voluntary Restraint Arrangements
8 program was first instituted in 1984; and

9 WHEREAS, Foreign producers still receive massive subsidies
10 from their governments, foreign steel markets are still tightly
11 restricted to imports, foreign producers still engage in

1 pervasive "dumping" of steel, and there is still a serious
2 structural imbalance between world steel supply and demand on
3 the order of at least 100 million tons; and

4 WHEREAS, A five-year extension will give the United States
5 Government the time it needs to negotiate an end to these
6 ongoing trade-distorting conditions abroad, and the United
7 States cannot "unilaterally disarm" in steel by terminating the
8 Voluntary Restraint Arrangements until such negotiations have
9 been successfully concluded; and

10 WHEREAS, Voluntary Restraint Arrangements have enabled
11 domestic steel producers to take significant steps to improve
12 their international competitiveness--costs are down 35% since
13 1982, labor productivity is up 40% and quality has been greatly
14 improved; and

15 WHEREAS, Despite these competitiveness gains, additional time
16 is needed, because (1) the domestic steel industry still lags
17 behind other major steel-producing countries in such key areas
18 as product yield, energy efficiency and continuous casting rate,
19 (2) continued restructuring and modernization will be extremely
20 expensive and (3) the industry's underlying economic condition
21 still is fragile because of the enormous losses (\$12 billion)
22 sustained in 1982-1986; and

23 WHEREAS, Unlike most of its major foreign competition, which
24 is subsidized, the United States steel industry must depend on
25 continued profitability for meeting its future restructuring and
26 modernization goals, and the domestic steel industry's continued
27 profitability will be severely threatened if surges of unfairly
28 traded imports are allowed to resume; in fact, such surges at
29 this time could halt current or future modernization plans in
30 their tracks; and

1 WHEREAS, Voluntary Restraint Arrangements extension will
2 continue to require annual cash flow commitments from major
3 United States steel producers to assure ongoing worker
4 retraining, reinvestment in new plant and equipment, and
5 modernization of operations, which are critical to the domestic
6 economy in general and United States steel consumers in
7 particular; and

8 WHEREAS, The domestic steel industry, and its continued self-
9 help efforts to regain full international competitiveness, are
10 uniquely important to America's national security, industrial
11 base and infrastructure; and

12 WHEREAS, There is no viable alternative to Voluntary
13 Restraint Arrangements, because the only other alternative--a
14 return to massive, and very costly, trade litigation--would
15 cause considerable market disruption that would not be in the
16 best interest of the industry, its domestic customers, the
17 United States Government or our trading partners, many of whom
18 would face imposition of huge penalty duties; therefore be it

19 RESOLVED, That the House of Representatives of the
20 Commonwealth of Pennsylvania memorialize Congress and the
21 President of the United States to take prompt action to extend
22 the steel Voluntary Restraint Arrangements for an additional
23 five years; and be it further

24 RESOLVED, That copies of this resolution be transmitted to
25 the presiding officers of each house of Congress and to each
26 member of Congress from Pennsylvania and to the President of the
27 United States.