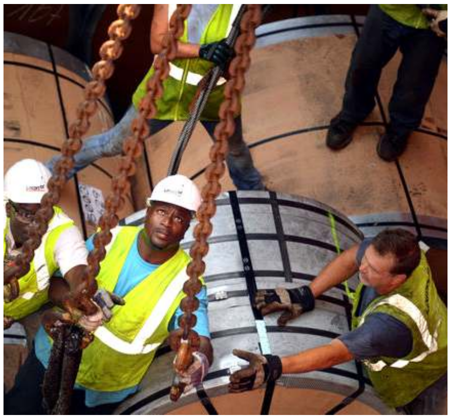
U.S Department Imposing Tariffs in CR Steel

The U.S. Department of Commerce is slapping countervailing tariffs on cold-rolled steel from Brazil, China, India and Russia. The federal agency found China and other countries had been subsidizing their steelmakers by as much as 227 percent, allowing companies such as Angang Group Hong Kong Co. and Benxi Iron and Steel to sell steel here for less than what unsubsidized American steelmakers can.

"Our government's investigation of cold rolled steel imports is a small step toward the immediate action America's steel industry needs against the continued job stealing by foreign government illegal subsidization and the resulting steel flooding into our markets," United Steel Workers President Leo Gerard said.

"State-owned steel companies in China have grossly expanded steel production capacity to stratospheric, uncontrolled levels



that are wrecking American steelworkers' jobs and the communities where they live. We now have thousands of layoffs at the iron ore mines in Minnesota plus the steel mills in Granite City, Ill., Birmingham, Ala., and Northern Indiana as families enter the year-end holiday season."

ArcelorMittal, AK Steel, U.S. Steel, Nucor Corp. and Fort Wayne-based Steel Dynamics requested tariffs back in July. The countries they target exported nearly $900 million worth of steel to the United States last year.

In a preliminary determination, the Commerce Department decided to place 227 percent tariffs on all cold-rolled products from China, to offset the high subsidies those companies receive. Duties of 7.42 percent will be placed on Brazilian steelmakers, while steel producers in Indian and Russia will face tariffs of 4.45 percent and 6.33 percent respectively.

Those rates are meant to offset, or countervail, subsidies that governments in those countries give to their steelmakers.

Foreign steelmakers will have a chance to rebut the case made against them in a hearing before the Commerce Department reaches a final decision.

"AK Steel is pleased that the Commerce Department has made a preliminary ruling that certain imports of cold-rolled steel are being unfairly subsidized," AK Steel President and CEO James Wainscott said.

"The domestic steel industry continues to suffer devastating injury caused by dumped and subsidized imports. Today's preliminary ruling is yet another important step in stopping the flood of these unfairly traded imports."

Imports have captured a record 30 percent of the market share for the U.S. consumption of steel. Steelmakers have idled mills, laid off thousands of workers nationwide and attempted to slash health care benefits.

"Tens-of-thousands of American steelworkers should know their jobs and the industry will get some protection from this preliminary duty order from our government to level the playing field for steel sold in our market," USW Vice President Tim Conway said.

"We especially appreciate the Commerce Department's naming several mandatory foreign respondent companies in China as big violators of our trade laws."

The Commerce Department will next decide on anti-dumping duties of up to 320.45 percent for those four countries, and also South Korea, Japan and the United Kingdom. A decision is expected by Feb. 23.

BHP Billiton's Pilbara Rail Line Resumes Normal Operations

BHP Billiton's Pilbara iron ore rail line in Western Australia resumed normal operations, following final repairs over the weekend, company spokeswoman Eleanor Colonico said.

She declined to comment on the impact on iron ore output and when the first rail cargo was moved since the derailment.

On December 3, at approximately 0600 Western Australia time (2200 GMT, December 2), a number of cars had derailed on the rail line, 67 km south of Port Hedland, Ruban Yogarajah, a company spokesman said. The mines produce around 254 million mt/year of iron ore, which works out at around 700,000 mt/day shipped by rail.

The mining giant told the media that the derailment did not have an impact on loading or shipping activities at Port Hedland.

Iron ore sources said they did not anticipate an impact as there were ample offers. 62%-Fe IODEX fell 20 cents to a new low of $39.30/dmt CFR North China.

In the shipping market, BHP Billiton was last heard seeking a Capesize vessel on November 26 to move iron ore from Port Hedland to Qingdao for loading from December 10 onward.

Sources did not rule out that the miner might have sufficient ore stockpiled at the port.

Meanwhile, lack of iron ore cargoes from the west coast of Australia, coupled with an oversupply of vessels in the Pacific region, put downward pressure on Capesize rates for the Port Hedland-Qingdao route.