disrupt the global steel trading system—foreign excess raw steelmaking capacity has averaged more than twice the level of average domestic steel consumption. Foreign governments and steel manufacturers have shown little interest in implementing meaningful capacity reduction programs. And the inefficient excess foreign steel capacity will continue to impose serious pricing pressures in the U.S. market as foreign producers attempt to unload their excess capacity whenever an opportunity presents itself.

This is precisely why I applaud President Bush for having the vision to implement such a broad and ambitious agenda for correcting the distortions in the steel marketplace which have made this threat as cyclical as the seasons themselves. Further, I applaud the Administration for actively implementing its three-part steel program and engaging all steel producing nations at the negotiating table. Specifically, the President's three-part plan will: seek the near-term elimination of inefficient excess capacity in the steel industry worldwide; eliminate the underlying market-distorting subsidies that led to the current conditions in the first place; and implementing the safeguard action for three years to allow for domestic steel industry restructuring and recovery.

All parts of the President's plan must be implemented in order to place our domestic steel producers on a level playing field. The domestic steel industry is a national asset and is inseparable from our nation's economic, political and military development. But while no one disagrees that the American steel industry is an integral component of our nation's economic base and critical to our national security, only a few voices speak loudly to decry the remedy as unfair to steel consumers. Mr. Speaker, I emphatically disagree.

The tariffs implemented under section 201 resulted from a thorough investigation of the facts. The U.S. International Trade Commission (ITC) conducted the most exhaustive investigation of its type in history. Foreign steel producers employed over thirty-four law firms and participated in more than three weeks of public hearings, submitting over 85 feet of legal briefs and arguments. Foreign and domestic interest groups., including domestic steel consumers, who were opposed to any form of relief for the domestic steel industry were given every possible opportunity to participate—and they did.

After this exhaustive investigation, the ITC unanimously found that the American steel industry had been seriously injured as a result of high levels of low-priced steel imports. Following the unanimous decision of injury by the ITC, the President reviewed the Commission's findings, considered if a safeguard action would have a greater positive effect on the economy than it would negative, and then imposed a reasonable set of tariff and tariff-rate-quota measures.

Mr. Speaker, up to this point I have detailed two separate mechanisms which facilitate the specific input of domestic steel consumers. It is evident that the facts in this case provide the merit for the President's safeguard action, that all interested parties had ample opportunity to participate in the investigation, and that, as part of a broader plan to reform trade distorting practices in this sector, the safeguard action is working without serious negative consequences to downstream industries.

Since the safeguard action was implemented one year ago, there has been a modest price recovery on steel products. Keep in mind, however, that the price of steel was at unsustainable levels prior to and had absolutely no where else to go but up. In fact, even after one year with the tariffs in place hot rolled steel prices are still below the twenty year average.

Steel supplies have also been robust since the safeguard action has been in place. Contrary to predictions, there is no evidence that the safeguard measure has unduly hampered import supply. Indeed, imports of flat-rolled steel increased substantially after the imposition of section 201 measures in 2002, as compared to the same period in 2001.

One goal of the safeguard statute is to achieve a period of breathing room from unfairly traded imports which allows the affected industry time to restructure. Since the safeguard action was implemented, domestic producers have enjoyed improvements in revenues, operating income, and capacity utilization. A number of companies have returned to profitability, while other companies have shown significant improvements even though they have not yet become profitable. The industry has made significant progress toward restructuring and consolidation. While recovery and restructuring will take time, the President's plan has allowed the industry to make a real start.

The crisis in steel is not yet over. It is not enough for Congress to look back on the actions already taken by the ITC and the President. Instead, Congress must continue to take an active roll, along with the President, and look toward completing the initiatives we have already begun. The safeguard action was put in place by President Bush for three years, declining each year it is in effect. The safeguard action must not be cut short and must run its full course. Further, great strides must be taken to facilitate a comprehensive and meaningful conclusion to the OECD high-level talks on steel.

Finally, the United States must also maintain and utilize strong trade laws which encourage free and fair trade. Over the long term, strong and full enforcement of U.S. antidumping and countervailing duty laws is the only means to encourage market behavior and deter the unfair trade practices that initially led to the steel crisis. These laws are critical to the long-term survival of the domestic steel industry. It is essential that our trade laws are fully enforced and that the Administration defend the integrity of this last line of defense against unfairly traded imports in negotiations for new international trade agreements.

THE U.S. STEEL INDUSTRY

HON. JERRY F. COSTELLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. COSTELLO. Mr. Speaker, I rise today to recognize the one-year Anniversary of President Bush's decision to impose temporary tariff relief on behalf of the domestic steel industry.

Since 1998, our domestic steel industry has been in crisis, with the worst year coming in 2001. The fundamental cause of this crisis was massive foreign overcapacity, which had caused the United States to become the dumping ground for world excess steel products. As a result of this, 35 steel companies have filed for bankruptcy, and over 50,000 American steel workers have lost their jobs.

In my home state of Illinois, the crisis has resulted in four steel companies filing for bankruptcy, including Laclede Steel and the parent company for Granite City Steel, which are in the Congressional District I represent. Approximately 5,000 steel workers have lost their jobs in Illinois alone.

In 2000, I joined my colleagues on the Congressional Steel Caucus in urging the President to implement a Section 201 investigation by the International Trade Commission to determine if our domestic markets had been harmed by illegal dumping. I also testified before the ITC to express my concerns regarding the steel crisis. The ITC ruled unanimously that the steel industry had indeed been harmed.

While the ITC's decision was welcome, it didn't guarantee relief for the domestic steel industry. That decision was left to the President to determine what type of remedy should be afforded to the industry. I was pleased that the President decided to impose the tariffs, rather than quotas, which would not have been as helpful to the industry.

Mr. Speaker, we have seen the positive results of the President's decision to impose tariffs. The steel industry is beginning to show signs of recovery. Prices are stabilizing and steel companies are returning to profitability. The industry is restructuring and consolidating. All of this has happened without hampering the availability of competitively priced steel products. In fact, steel imports were higher in 2002 than they were in 2001.

However, for the industry to continue its recovery, it is imperative that as the Section 201 tariff measures are reviewed, they remain fully enforced for at least three years as ordered by the President, and that exemptions to the tariffs are limited.

I urge my colleagues to join me in supporting our domestic steel industry by supporting the existing tariffs on foreign steel. This support will allow for the continued recovery of this nation's domestic steel industry.

INTRODUCTION OF THE INSTALLMENT SALE PRODUCTION ACT OF 2003

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. HERGER. Mr. Speaker, I am today introducing legislation that would restore effective use of the installment method of accounting to long-term service business owners who sell their business interests.

The installment method of accounting allows a seller to pay tax on the gain from a sale as the seller receives the sale proceeds. This tax treatment matches the time for paying the tax to when the seller has the cash with which to pay that tax.

As many Members are aware, in the 106th Congress, we acted on a recommendation from the Clinton Administration to repeal the installment method of accounting for accrual