

# American Metal Market

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## Letter to the Editor: Leadership in Global Forum

Jan 02, 2018 | 11:35 AM |

### To the Editor:

After reading Thomas Graham's over-the-top critique in American Metal Market ("A Win for China's Xi and the ongoing Woes for Global Steel") of my comment in the October 26 edition of the Wall Street Journal ("China Steel Overcapacity: A World Problem") regarding the importance of strong American leadership in the Global Forum on Excess Steel Capacity, I was reminded of Samuel Clemens' (Mark Twain's) famous speech in London just after Oxford University honored him with a Doctor of Literature degree. In his talk, Clemens described his approach to writing: "I am not one of those who, in expressing opinions, confine themselves to facts," Clemens said. Now that Oxford had named him a doctor, he would turn his attention away from improving his own writing to another task: "...I mean to doctor everybody else's," Clemens said.

Having just had my words doctored by a less-skillful rhetorical surgeon, who also did not confine himself to facts, I would like to correct the record.

First, Graham asserts that in my remarks I construe President Xi's recent consolidation of power in China, and its continued flouting of international trading rules, as a "positive development." Since I haven't expressed any public opinion about President Xi's domestic political maneuvers, this is as odd as it is wrong. Moreover, the organization I am privileged to lead, the American Institute for International Steel (AIIS) - not the American Institute for "Imported Steel," as Graham misidentifies it - has similarly not issued any comment regarding China's presidential transition, let alone one that could remotely be construed as positive. Nor has AIIS ever called China's use of globally trade-distorting steel subsidies "positive." To the contrary, AIIS was one of the first to call out China in this regard over 18 months ago, and we did so forcefully and publicly in a Washington, DC, hearing co-sponsored by the Office of the United States Trade Representative (USTR) and the Department of Commerce.

Second, Graham states that Graham Allison, the distinguished Harvard professor to whom I refer in my Journal comment, also considers President Xi's consolidation of power and its continued flouting of international trading rules to be a "positive development." If Graham actually read Professor Allison's Journal Op-Ed in the paper's October 17 edition, he would see that Allison said no such thing. In fact, Allison refers to President Xi as the "New Emperor of China." I don't believe the phrase is intended as a compliment. Moreover, Allison did not even mention or refer to the Global Forum.

Third, Graham's description of Allison as "a totally naive Harvard professor" is also badly off the mark. Allison's exceptional accomplishments speak for themselves. He doesn't need me to defend him. But I will anyway.

Allison has for decades been one of this country's most highly regarded and clear-minded national security strategists. He has advised seven Secretaries of Defense of both political parties, including Caspar Weinberger, Ronald Reagan's Secretary of Defense. Allison was twice awarded the Defense Department's highest civilian honor, once by Weinberger himself. As I recall, President Reagan and Secretary Weinberger were not given to seeking the counsel of "totally naive" Harvard professors. Allison also served as a Director of Getty Oil and as an adviser to Chase Bank, both also not known for seeking guidance from naive, uninformed bumpkins.

Full disclosure: Allison is one of my former professors, a man for whom I have profound respect.

Unfortunately, Graham never addresses the central point of my Journal letter: We need robust, sustained American leadership in the international economic realm, and specifically in the Global Forum, a new multi-country entity established at last July's Group of 20 (G20) Summit in Hamburg, Germany.

How does nominal, almost grudging US participation in the Global Forum advance our interests?

Shouldn't we work as hard as possible, with other like-minded nations, to shape the agenda of the Global Forum in a way that advances our shared goal of eliminating trade distortions in global markets?

Despite the obvious answer to these questions, Robert Lighthizer, the current head of USTR, decided his presence was not required at the first high-level ministerial meeting of the Global Forum last November 30 in Berlin. Instead, he dispatched a non-Senate-confirmed staff member to represent him and the United States at the first meeting of this new body that the United States helped create. A ministerial meeting is one in which countries typically send their top decision makers - a person who holds a ministerial, or ambassadorial, appointment.

In Berlin, Lighthizer could have employed his status with the Trump administration and the goodwill usually accorded new ambassadors to good effect. He could have personally lobbied his colleagues, many of whom he does not know, building rapport and developing new alliances. He could have engaged in a number of constructive initiatives on behalf of the United States, but none of that happened.

If this is an example of the robust American leadership we can expect to see in the global effort to address steel overcapacity, our current senior trade officials need to reflect on what that term means. Our trading partners and, more importantly, our competitors certainly noticed the absence of senior, high-level US engagement, and no doubt drew the obvious and regrettable inference that the United States is out of the leadership business, at least as far as significant elements of international economic policy are concerned.

Most troubling, the perceived lack of US interest in the Global Forum is likely to provide China with another excuse for dismissing any meaningful international effort to achieve a workable solution to the problem of steel overcapacity, or perhaps for walking away from the Forum altogether.

No one expects the Global Forum to resolve overnight the extremely difficult problem of global steel overcapacity. But we should not use the fact that something is hard, or requires a long-term effort, as a rationale to walk away or downgrade its significance. It took decades of hard work for the GATT/WTO (General Agreement on Tariffs and Trade/World Trade Organization) to agree on meaningful disciplines on trade-distorting agricultural subsidies, but this US-led effort finally achieved what few thought possible, to the benefit of many American agricultural producers and exporters.

Graham and others who share his views - individuals with deep industry knowledge and acumen - would perform a valuable service by working with all of us in the steel supply chain to build a strong consensus in support of effective US global engagement aimed at ending job-killing steel trade distortions in international markets.

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