German unions call for steel trade war against China

By Jan Peters and Dietmar Henning
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The trade war in the global steel industry is intensifying. Australia, the US and the European Union (EU) have adopted punitive tariffs on steel from China. For its part, the Chinese government has openly warned the EU of a trade war.

In late April, Australia imposed punitive tariffs against Chinese steel. Depending on the export company and product, customs duties could reach up to 57 percent, the Australian government said. Recently, the US imposed a customs duty of 450 percent on stainless steel from China. Washington also increased import taxes on cold-rolled steel by five times to 522 percent—including anti-dumping duties of 266 percent and anti-subsidy duties of 256 percent. These types of steel are mainly used in construction and the automotive industry.

In Europe, the European Commission has already imposed punitive tariffs on specialty alloys from China, Russia, the US and Japan. This was triggered by complaints from European steelmakers. Particularly in Germany, the government, steel companies and unions are demanding harsher trade war measures against China. The punitive tariffs on various Chinese steel products that the EU imposed in February were far too low at 13 to 16 percent, the companies and unions claimed.

German steel companies fear that additional Chinese steel that cannot be exported to Australia and the US is entering the European market. Hans Jürgen Kerkhoff, president of the German Steel Federation, called on the EU to act "more rigidly." He was quoted by the *Westdeutsche Allgemeine Zeitung* (*WAZ*), the business newspaper, as saying, "Given the international imbalances in trade protection, we need a new direction in trade policy in Europe."

Kerkhoff is supported by the IG Metall union. Its North Rhine-Westphalia district secretary Knut Giesler sees American-style punitive tariffs as a model. The US was responding "systematically to the flood of dumped and subsidized imports of steel from countries like China." He called on the EU to quickly impose higher tariffs.

The Chinese National Bureau of Statistics has published figures indicating that the country's steel production rose to record levels in April. Some 2.3 million tonnes [a metric ton = 2,205 pounds] of steel are produced in China per day. *Die Welt* reported at the end of May that Chinese output was 823 million tonnes, more than seven times higher than Japan's, which sits at number two in the world steel rankings. "Germany, the industrial heartland of Europe, is ranked seventh, with an output of 43 million tonnes, behind South Korea and Russia." Even the US, with 88 million tonnes, only manages slightly more than one-tenth of China's output.

The German news magazine *Der Spiegel* cites an internal strategy paper prepared by the European steel industry asserting that excess capacity in China will rise to a record level of 430 million tons in 2016 alone. This represents about 50 percent of steel demand in the rest of the world and is almost three times as much as the EU consumes annually.

The Beijing regime, representing the capitalist oligarchs, has already announced plans to destroy 1.8 million jobs in the coal and steel industries. However, this is obviously not enough for Europe's trade unions and government officials.

Above all, the German unions reject any international solidarity among workers and are determined to shift the impact of the world steel crisis onto the backs of steel workers in China. They are responding to the global crisis of capitalism, the source of the steel sales slump, by lining up with the employers and the government and calling for trade war measures against China. From trade war to military war is then only a small step.

At the same time, the alliance between the unions and the steel corporations forms the basis for accelerating job cuts in Europe. For example, Wolfgang Eder, boss of voestalpine AG and president of the World Steel Association, recently lamented that “much needed consolidation and plant closures” had not taken place in Europe.

On February 15, steel unions and employers’ associations from 17 European countries demonstrated on behalf of trade war against China outside the EU Commission headquarters in Brussels.

In Germany, IG Metall organised a day of action on April 11. At the rallies, high-ranking union officials and works council representatives, steel bosses and government officials spoke on the same platforms, calling for punitive measures against China and the weakening of environmental regulations.

Among the speakers was Minister for Economic Affairs and Social Democratic Party leader Sigmar Gabriel. In an interview with *WAZ*, he accused the European Commission of being too timid. “The United States adopted its anti-dumping measures within three months. For us, similar steps take more than nine months. This has consequences. What the Chinese can no longer supply to the United States is getting through to Europe.”

At the end of April, Gabriel was more blunt. In the Bundestag [German parliament], he said, “Nobody wants a trade war, no one wants anti-dumping measures, but if we do not put them into effect, we will never prevail. We will not be respected by the Chinese for our defensive behaviour.”

The issue of whether or not the World Trade Organization (WTO) should recognise China as a “market economy” is also central to the anti-Chinese campaign. The decision to grant China this status after a 15-year transitional period has to be made by December 11, 2016, according to WTO rules. Should the country be granted “market economy” status, it would become more difficult to introduce punitive tariffs and other countermeasures against Chinese companies.

Gabriel intends to refuse China this status. “If a country wants to gain the status of a market economy internationally, it must not behave like a state-run economy,” he says in the current edition of *Der Spiegel* .

For the same reason, in mid-May, the European Parliament, by a large majority, delivered a clear rejection of the recognition of China as a market economy.

On Tuesday, Beijing warned the EU of serious consequences if China were not recognized as a market economy. Economic relations could be damaged if the EU continued to refuse to grant China this status, wrote the *Xinhua* state news agency. “The worst case scenario could be a full-fledged trade war.”

China is the EU’s second most important economic partner. According to the European Parliament, 56 of 73 current ongoing anti-dumping measures relate to Chinese imports into the EU.

Whichever decision is taken on the issue of China’s status, the trade disputes between China and the EU and within Europe will worsen. The persistent low demand for steel will lead to further massive job losses in the steel industry and the closure of more steel mills.

The unions’ economic nationalism and their close collaboration with the steel corporations is thoroughly reactionary. It plays workers off against each other within Europe, at the same time inciting them against their Chinese brothers and sisters. In this way, the unions divide workers by country and location, and prevent any effective resistance to the globally operating corporations.

Economic nationalism in general and punitive tariffs in particular will not save a single job. They also exacerbate international tensions and create a political climate that promotes protectionism, trade war and open military conflict.