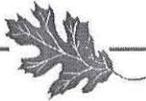


OAKLEY



CALIFORNIA

Agenda Date: 07/12/2016
Agenda Item: 3.13

STAFF REPORT

Approved and Forwarded to City Council:

A handwritten signature in blue ink, appearing to read "BHM", written over a horizontal line.

Bryan H. Montgomery, City Manager

Date: July 12, 2016
To: City Council
From: Bryan Montgomery, City Manager
SUBJECT: **Resolution of Support for Excluding USS-POSCO from the Final Dumping Order for Imported Hot-Rolled Steel Flat Products from the Republic of Korea**

Background and Analysis

The U.S. Department of Commerce announced the initiation of antidumping and countervailing duty investigations of hot-rolled steel flat products ("hot bands") from seven different countries – including the Republic of Korea on September 1, 2015. As part of these investigations, the International Trade Commission ("ITC") must determine whether the importation of hot-bands from Korea is causing material injury, or a threat of material injury, to the domestic steel industry. Should the ITC issue a final affirmative "declaration of material injury," it could preclude USS-POSCO Industries ("UPI") in Pittsburg from obtaining its essential supply of hot bands for its continuing operations. UPI currently employs 650 residents in Contra Costa and Solano counties, most of which are union members and a large number live in Oakley.

The Department of Commerce is currently conducting on-site verifications of the information provided by UPI during the preliminary investigation. The next ITC hearing is set for August 4, 2016.

On June 6, 2016, the Pittsburg City Council adopted Resolution No. 16-13195 supporting the exclusion of USS-POSCO Industries from the final anti-dumping order that is currently being considered by the International Trade Commission. Due to the potential negative impact on Oakley residents, this resolution is also being proposed for your consideration.

Here are links to more information relating to the Department of Commerce's considerations: <http://enforcement.trade.gov/download/factsheets/factsheet-multiple-hot-rolled-steel-flat-products-ad-prelim-031516.pdf>

<https://www.federalregister.gov/articles/2016/01/15/2016-00750/countervailing-duty-investigation-of-certain-hot-rolled-steel-flat-products-from-the-republic-of>

Fiscal Impact

Approval of the resolution has no fiscal impact; however, the proposed action of the Department of Commerce could do great harm to USS-POSSCO and there would be a resulting negative impact on the local economy.

Recommendation

Staff recommends that the City Council adopt the resolution of support for excluding USS-POSSCO from the Final Dumping Order for Imported Hot-Rolled Steel Flat Products from the Republic of Korea

Attachments

1. Resolution

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY
OF SUPPORT FOR EXCLUDING USS-POSCO FROM THE FINAL DUMPING
ORDER FOR IMPORTED HOT ROLLED STEEL FLAT PRODUCTS FROM
THE REPUBLIC OF KOREA**

WHEREAS, the City of Oakley in the County of Contra Costa has a population of over 40,000 people that depend on the health of the local, regional, and California economy; and

WHEREAS, California's largest steel finishing company, USS-POSCO Industries ("UPI") is located near the City of Oakley and employs over 650 people, including many Oakley residents; and

WHEREAS, UPI contributes approximately \$130 million of economic value to the local and regional economy through the payment of local taxes (\$5 million), its employee payroll (\$50 million), and the purchase and sale of goods and services (\$75 million) which benefits community services and businesses in the County, including Oakley; and

WHEREAS, UPI imports most of its basic raw material, high quality steel coils, from its joint venture parent Pohang Iron & Steel Company, Ltd. ("POSCO"); and

WHEREAS, a final determination of material injury, or the threat of material injury, by the U.S. International Trade Commission ("ITC") in the case of imported hot-rolled steel flat products from the Republic of Korea would cause UPI's operations to be severely threatened and dependent on uncertain and unreliable sources of hot band supplies; and

WHEREAS, the City of Oakley and this region would be severely impacted by this result with loss of substantial jobs and essentially 3 million square feet of vacant heavy industrial land.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1.

All the recitals above are true and correct and incorporated herein.

Section 2.

The City Council hereby adopts this Resolution supporting the exclusion of UPI from the final anti-dumping order in Investigation Numbers 701-TA-545-547 and 731-TA-1291-1297.

Section 3.

The City Manager is hereby authorized to take such further actions as may be necessary or appropriate to carry out City's obligations pursuant to this Resolution.

Section 4.

This Resolution shall take effect immediately upon adoption.

The foregoing resolution was adopted at a regular meeting of the City Council of the City of Oakley held on the 12th day of July, 2016, by Councilmember _____, who moved its adoption, which motion being duly seconded by Councilmember _____, was upon voice vote carried and the resolution adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

Kevin Romick, Mayor

ATTEST:

Libby Vreonis, City Clerk

Date