

ORDERS FOR MONDAY, JULY 16,
2001

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 2 p.m., Monday, July 16. I further ask unanimous consent that on Monday, immediately following the prayer and pledge, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate begin consideration of the energy and water appropriations bill for debate only.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. REID. Mr. President, the Senate will not be in session tomorrow. On Monday, the Senate will convene at 2 p.m. and begin consideration of the energy and water appropriations act for debate only during Monday's session. There will be no rollcall votes on Monday.

We have a lot of activity expected on the energy and water appropriations bill. We hope that Members will be thinking about whatever amendments they want to offer because it is the intent of the leaders and the two managers of the bill, Senator DOMENICI and myself, that we will ask sometime Monday for a finite list of amendments to be filed, so people should be thinking about amendments.

ORDER FOR ADJOURNMENT

Mr. REID. Mr. President, I ask unanimous consent that the senior Senator from West Virginia be recognized to speak as in morning business, and that following his statement the Senate stand in adjournment under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. REID). Without objection, it is so ordered.

EMERGENCY STEEL LOAN GUARANTEE PROGRAM

Mr. BYRD. Mr. President, roughly 2 years ago, we passed legislation to create the Emergency Steel Loan Guarantee Program, Public Law 106-51. The President signed the legislation on August 17, 1999. At that time, we were

alarmed by a growing crisis in the steel industry. Therefore, Congress found that the U.S. steel industry had been severely harmed by a record surge of more than 40 million tons of steel imports in 1998. In addition, we found that the surge had resulted in the loss of more than 10,000 steelworker jobs in 1998 and was the proximate cause of bankruptcy for three steel companies; that the imports had damaged the financial viability of the American steel industry and had affected the willingness of private lenders to make loans to the industry; that all of these developments were having serious negative effects on communities across the country; and that: a strong steel industry is necessary to the adequate defense preparedness of the United States in order to have sufficient steel available to build the ships, tanks, planes, and armaments necessary for the national defense.

In response to this growing crisis, I offered an amendment during an appropriations conference to create a loan guarantee fund for domestic steel companies that have experienced layoffs, production losses, or financial losses since the beginning of the steel import crisis. The program was intended to provide guarantees of up to 85 percent of the principal amount of loans to qualified domestic steel companies for whom credit is not otherwise available at reasonable rates, provided there is reasonable assurance of repayment. The legislation provided budget authority of \$140 million to support \$1 billion in guaranteed loans.

Since we took that action, the import crisis has deepened. During the last 6 months, the number of steelworkers who have lost their jobs as a result of the crisis has reached 23,500. The number of companies filing for bankruptcy has reached 18. Current import levels remain well above pre-crisis levels. Moreover, prices for finished steel products have fallen below the levels that prevailed during the depths of the 1998 crisis.

The U.S. industry has been driven into this state of crisis by foreign producers who are generally less efficient and less productive, and who in many cases could not compete in the U.S. market or even survive without Government support. Since 1980, steel producers outside of North America have received well over \$100 billion in direct Government subsidies. This does not include the costs incurred by communist governments in the former Soviet Union, Eastern Europe, and China in establishing steel industries that would not have existed without government involvement. Enormous market distortions abroad have led to the creation and retention for over a quarter of a century of massive foreign overcapacity—an estimated 275 million tons of excess crude steel capacity, or more than twice the annual steel con-

sumption of the United States. The U.S. steel industry, on the other hand, restructured itself in the 1980s and early 1990s, emerging by the mid-1990s as the most productive in the world in terms of man-hours expended per ton of steel produced.

Unfortunately, the emergency steel loan guarantee program has not been able to fulfill its mission. By February 28, 2000, the governing board of the program had received 13 loan guarantee applications. Of that number, three were rejected for failure to comply with statutory or regulatory requirements and three others were rejected because the board did not find that there was a reasonable assurance of repayment. The board approved the other seven applications, totaling \$550,525,500 and issued offers of guarantee to the applicant lenders during Fiscal Year 2000. Nevertheless, no guaranteed loans were closed and funded during Fiscal Year 2000, and only one guaranteed steel loan—\$110 million to Geneva Steel Company of Vineyard, UT—has closed this year.

So, it is time to consider whether we can make changes to the program that will increase its effectiveness without imposing significant additional costs on the Federal Government. I have offered an amendment that has three key features:

No. 1, for \$100 million worth of guarantee authority, the amendment increases the federal guarantee from 85 percent of principal to as much as 95 percent of principal, provided that no steel company gets more than \$50 million of these more favorable guarantees. Similarly, for another \$100 million worth of guarantee authority, the amendment increases the federal guarantee from 85 percent to as much as 90 percent, with a \$50 million limit for any single company.

No. 2, loans approved after the effective date of the amendment could be structured so that repayment is not completed until 2015—extended from 2005 under current law.

No. 3, the Emergency Steel Loan Guarantee Board would have guarantee authority until December 31, 2003—extended from December 31, 2001, under current law.

The current balance of budget authority is \$127.2 million for \$890 million of unused guarantee authority. The Office of Management and Budget has estimated that the existing \$127.2 million budget authority balance will be adequate to support the more generous terms and conditions contained in my amendment. The amendment, therefore, does not need to provide any additional budget authority.

If we do not take every action we can to support this vital industry, I am afraid the wave of bankruptcies will continue. By the end of the year, we may not have much of a steel industry to speak of. What will we then say to