

Senator Amy Klobuchar
USITC Hearing: Steel Concrete Reinforcing Bar from
Mexico and Turkey, Inv. Nos. 701-TA-502 and 731-
TA-1227-1228 (Final)
September 15, 2014

Chairwoman Broadbent, Vice Chairman Pinkert, and distinguished Commissioners, I am grateful for the opportunity to appear before you today to speak about the economic impact of foreign dumping and subsidization of rebar production on my state and the importance of enforcing our laws against unfair foreign trade practices.

As I have argued before you previously, foreign dumping and subsidization of steel products have major implications for our economy. I have often said that America needs to get back in the business of making things, not just moving money around on Wall Street. And American steel, including the rebar that goes into our buildings and infrastructure, is essential to that goal.

But when foreign producers dump their rebar here, it deprives our own domestic steel industry of the benefits of economic growth. Their unfairly priced rebar displaces the rebar produced by the mills in our country that employ American workers. That hurts the Americans who make our steel, and every American who is connected to them.

There are 30,000 steel-related jobs in 33 states across our country, including 379 employees in Minnesota at Gerdau *[GRR-dow]* Longsteel mills in St. Paul and Duluth. And I'm glad that three of those important jobs are represented here today by the leaders of United Steelworkers Local 7263. I'd like to recognize:

- Chuck Nippoldt *[nip-OHLT]*...
- Jason George...
- And Mike Wodaszewski *[WAD-ah-CHESS-key]*.

Chuck, Jason, and Mike work at the Gerdau *[GRR-dow]* mill in St. Paul. They can tell you that foreign dumping has an impact. Today, the mill in St. Paul employs 330 people, but just last year 31 employees were laid off.

Today, the mill is only operating at about 70 percent of its capacity. Nationwide, our steel rebar mills are only operating at about 66 percent of capacity, a historically low rate. This means reduced hours and the threat of layoffs for workers.

This isn't the way it is supposed to be. The rebar produced in Minnesota goes directly into buildings, bridges, and mines. Our steelworkers can compete with anybody in the world on a level playing field.

Unfortunately, that fairness is compromised by foreign trading practices that are putting these jobs in jeopardy.

The flood of foreign rebar into the United States is causing our domestic industry to lose sales and market share to underpriced foreign competitors. Between 2010 and 2012, Mexican and Turkish rebar imports into the United States increased by over 97 percent and expanded their market share substantially.

And I think it's important to note that these foreign competitors don't necessarily have lower production costs than U.S. rebar producers. Turkey, for example, must import the raw materials in order to make rebar, has higher energy costs than the United States, and then has to transport its products here. Exporting rebar to the United States should not make economic sense for Turkey—but those exports continue anyway.

Mexico, meanwhile, has a severely restricted rebar market in which its own domestic consumers are charged prices that are on average 20 percent higher than the U.S. market because of the lack of competition. Last year, for example, Mexico exported 300,000 tons of rebar to the United States while allowing only about 13,000 tons of U.S.-produced rebar to enter the country.

I am glad that the Commerce Department's investigation has recommended significant dumping margins against Mexican rebar of between 20.58 and 66.7 percent. I hope you will support these findings and ensure that Mexican firms are held accountable for their unfair practices.

But I am concerned that the Department's findings hold harmless Turkish firms for dumping and only minimal subsidization amounting to a 1.25 percent margin. The domestic industry has raised serious concerns about the methods the Department used in its investigation of Turkey, including how it calculated benchmark prices for energy subsidies and how prices of Turkish and American rebar were compared. I urge you to seriously consider these issues, as well as the overall harm to the domestic industry and workers, as you review this case.

It is critical that our trade laws are strongly enforced on behalf of American companies and workers. The rebar industry is vital to the economic prosperity of my state and the country as a whole, and it must remain competitive. But they also need to be allowed to compete on fair terms.

Thank you for the opportunity to testify today. I look forward to continuing to work with you to ensure that U.S. businesses and workers are competing on level playing fields.