

**TESTIMONY OF REP. TIM MURPHY**  
**ITC Hearing on Hot-Rolled Steel from Brazil, Japan, and Russia**  
**April 6, 2011**

---

Good morning. I want to thank the Commission for the chance to testify today – and for your professionalism and hard work in enforcing our trade laws. This Commission plays a critical role in U.S. trade policy. Congress has clearly designed the antidumping and countervailing duty laws to prevent unfairly-traded imports from hurting domestic producers. But those laws can only be effective if you, the members of the Commission, do your job and strictly enforce the law as written.

Today, you are here to consider five-year reviews of orders on dumped and subsidized hot-rolled steel from Brazil, Japan, and Russia. For over a century, steel production has been central to the economy of western Pennsylvania. And hot-rolled steel – which is produced by U. S. Steel at the Mon Valley area of my district – is critical to the long-term survival of American steel production. The corrosion-resistant steel on your cars, the cold-rolled steel used to make appliances – all of it is made from hot-rolled steel, and all of it depends on a healthy domestic hot-rolled industry. To make sure that we are developing the new flat-rolled products of the future, we need a successful hot-rolled industry in this country.

These orders were put in place in 1999 – in response to one of the most devastating floods of imports ever experienced by domestic steel producers. Subject imports soared from 1.3 million tons in 1996 to almost 7 million tons by 1998. The results were calamitous. Although 1998 was a very strong year for U.S. hot-rolled demand, domestic producers earned an operating margin of only 2.6 percent because of the effects of unfair trade. Unable to make a healthy profit during good years, the industry was almost destroyed by this import surge and the recession that began with the end of the dot-com bubble. Fortunately, thanks to the combination of aggressive trade relief and the hard work of American steel producers, this great industry has survived. But the events of that time stand as a powerful warning of how quickly this market can be overwhelmed by unfair trade – and how harmful such trade can be.

These orders have been very effective, and domestic producers have been able to operate without fear of another surge of unfair trade from Brazil, Japan, and Russia. Unfortunately, however, American steel producers face other problems. As I'm sure you know, both our economy – and the world economy – is struggling to recover from one of the worst economic crises in recent history. Last year, U.S. producers used less than 70 percent of their hot-rolled capacity. Over the last two years, domestic producers have not only been forced to deal with massive shut downs and layoffs – they have lost over \$1.7 billion. In short, this industry is hurting – and is certainly in no condition to deal with any more dumped and subsidized goods.

There is no question this industry is vulnerable to further injury if the orders at issue here are lifted. And there is no question that these foreign producers would dump in our market again. With all the excess capacity on world markets, with new mills being built

around the world, these producers would be more than eager to return to the U.S. market and establish a major foothold here again.

Given the severity of our current economic problems, the harm that domestic producers have already suffered in recent years, and the numerous challenges that still face all American workers and businesses, any increase in dumped and subsidized imports would do grave harm to the American companies and workers before you today.

The industry is not seeking a handout or a subsidy. It is seeking, and needs to maintain, fairness in the marketplace. Without the steel industry in America, we become permanently dependent on foreign imports for automobiles, machinery, and defense products. Accordingly, it would be a serious mistake to lift the relief at issue at this time. I urge you to keep this relief in place, and give domestic producers the chance to recover free from concerns about unfair trade.

As Chairman of the Congressional Steel Caucus, I would like to leave with you a letter signed by 57 of my House Colleagues who join me in voicing their concern for the future of the domestic steel industry and urge you to keep this relief in place.

**Congress of the United States**  
**Washington, DC 20515**

April 5, 2011

The Honorable Deanna Tanner Okun  
Chairman  
U.S. International Trade Commission  
500 E Street, S.W.  
Washington, D.C. 20436

RE: Hot-Rolled Steel from Brazil, Japan, and Russia: Inv. Nos. 701-TA-384, 731-TA-806-808  
(Second Review)

Dear Chairman Okun:

We are writing to urge you to maintain the existing antidumping and countervailing duty orders and suspension agreement against unfairly-traded imports of hot-rolled steel from Brazil, Japan, and Russia. These trade orders and suspension agreement are necessary to prevent further injury to an already vulnerable domestic hot-rolled steel industry.

As the Commission is aware, the U.S. Department of Commerce recently determined that the revocation of the antidumping and countervailing duty orders on hot-rolled steel from Brazil and Japan, and the termination of the suspension agreement with Russia, would likely lead to continuation or recurrence of dumping and subsidies. In other words, these trade remedy orders are the only thing standing between the U.S. industry and a surge of dumped and subsidized hot-rolled steel from these three countries.

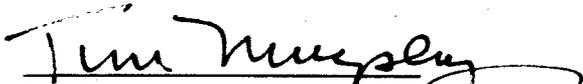
Since the start of one of the worst economic recessions in history, the demand for hot-rolled steel has declined dramatically, and in turn significantly impacted the performance of the domestic industry. Hot-rolled steel is used in numerous applications that are of vital importance to the U.S. economy, including the production of automobiles and household appliances, as well as in the construction and energy sectors. However, demand in these sectors remains weak, and the overall health of the U.S. economy is precarious at best.

Moreover, there is no doubt that Brazilian, Japanese, and Russian hot-rolled imports *will* come to the United States if the orders and suspension agreement are revoked. Indeed, all of these countries are export-oriented and have an ability to send significant quantities of hot-rolled steel to the United States. Given current market conditions, *any* increase in dumped and subsidized imports of hot-rolled from Brazil, Japan, and Russia will quickly deal a serious blow to American jobs and manufacturers.

For these reasons, we strongly urge you to maintain the existing orders and suspension agreement against unfairly traded imports of hot-rolled steel. The health and survival of the U.S. steel industry depends on nothing short of the full and fair enforcement of the trade laws of the United States.

Thank you in advance for your time and consideration of this critical issue.

Respectfully submitted,

  
Tim Murphy  
Chairman, Congressional Steel Caucus

  
Peter J. Visoloky  
Vice Chairman, Congressional Steel Caucus

Mild Dole

Jose Altamira

Mike Kelly

Frank R. Wey

James E. Ogle

J. Sh. II-19

John

John Butterfield

Paul Wall

E. C. W.

W. B. M. R.

John W. Jones

C. May

see myick

David P. Lucillie

Carl

C. A. Dutch Ruppel

Sam Costello

Walter B. Jones

Steph S. Jones

Joy Wilson

James J. Lane

James Bush

Robert Adams

Ralph M. Hall

Charles Jackson

Carlson

Dennis J. Kucinski

Shelley Moore Capito

Mark B. ...

Danielziginski

D. C. Fitter

Larry Kinell

McBrook

Joe Dault

Dave Lockard

Betty Sutton

Tim Ryan

Sam ...

Hansen Clarke

Bill Johnson

Michael H. Michael

Peter Welch

Clay ...

Mike ...

Leni Sewell

MST

Rosa DeLauro

Mr. [unclear]

Bill Shuster

Steve Stivers

Steve Coakley

[unclear] NY-29

[unclear] AR-1

**Member****Signiture Location**

1. Murphy, Tim (R-PA)	Front Page
2. Visclosky, Peter	Front Page
3. Doyle, Mike	L 1, 1
4. McKinley, David (R-WV)	R1, 1
5. Jones, Walter (R-NC)	R9, 1
6. LaTourette, Steve (R-OH)	L11, 1
7. Bachus, Spencer (R-AL)	L2, 2
8. Butterfield, GK (D-NC)	L 9, 1
9. Myrick, Sue (R-NC)	R4, 1
10. McGovern, Jim (D-MA)	R2, 1
11. Moore, Gwen (D-WI)	L1, 2
12. Stivers, Steve (R-OH)	R 1, 3
13. Donnelly, Joe (D-IN)	R2, 2
14. Dingell, John (D-MI)	L 10, 1
15. Cohen, Steve (D-TN)	R 2, 3
16. Peters, Gary (D-MI)	L 10, 2
17. Altmire, Jason (D-PA)	L 2, 1
18. Loesback, Dave (D-IA)	R 3, 2
19. Kissell, Larry (D-IA)	L 11, 2
20. Sewell, Terri (D-AL)	L 1, 3
21. Michaud, Michael (D-ME)	R 9, 2
22. Brooks, Mo (R-AL)	R 1, 2
23. Ruppertsberger, Dutch (D-MD)	R7, 2
24. Costello, Jerry (D-IL)	R 8, 1
25. Pingree, Chellie (D-ME)	R 11, 2
26. Clarke, Hansen (D-MI)	R 7, 2
27. Crawford, Rick (R-AR)	L4, 3
28. Lipinski, Dan (D-IL)	L 10, 2
29. Kucinich, Dennis (D-OH)	L 6, 2
30. Green, Gene (D-TX)	L 8, 1
31. Bishop, Rob (R-UT)	R 6, 1
32. Critz, Mark (D-PA)	L 2, 3
33. Graves, Sam (R-MO)	R 6, 2
34. Boren, Dan (D-OK)	L 5, 2
35. Shimkus, John (R-IL)	L 7, 1
36. Shuster, Bill (R-PA)	L 5, 3
37. Capito, Shelley Moore (R-WV)	L 7, 2
38. Ryan, Tim (D-OH)	R 5, 2
39. Cicilline, David (D-RI)	L 5, 1
40. Jackson Jr, Jesse (D-IL)	L5, 2
41. Sutton, Betty (D-OH)	R 4, 2

42. Cravaack, Chip (R-WI)	L 3, 1
43. Kelly, Mike (R-PA)	L 4, 1
44. Welch, Peter (D-VT)	R 10, 2
45. DeLauro, Rosa (D-CT)	L 3, 3
46. Kinzinger, Adam (R-IL)	L 4, 3
47. Lynch, Stephen (D-MA)	R 10, 1
48. Johnson, Bill (R-OH)	R 9, 2
49. Fitzpatrick, Mike (R-PA)	R 11, 2
50. Murphy, Christopher (D-CT)	R 3, 1
51. Hall, Ralph (R-TX)	L 4, 2
52. Clyburn, James (D-SC)	L 5, 1
53. Aderholt, Robert (R-AL)	L 3, 2
54. Reed, Tom (R-NY)	R 3, 3
55. Wolf, Frank (R-VA)	L 4, 1
56. Wilson, Joe (R-SC)	R 11, 1
57. Stutzman, Marlin (R-IN)	L 8, 2