Testimony of Rep. Betty Sutton
U.S. International Trade Commission Hearing
Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China
Investigations Nos. 701-TA-469 and 731-TA-1159
September 14, 2010

Thank you Chairman Okun and members of the Commission for the opportunity to testify at this important hearing on antidumping and countervailing duty relief with respect to seamless standard, line, and pressure (SLP) pipe from China.

I have brought with me a bipartisan letter signed by many of my colleagues in Ohio expressing our support for the domestic seamless pipe industry and urging that the Commission enforce our trade laws and stop unfair trade from China. The outcome of this litigation could very well dictate the prospects and livelihoods for many workers throughout Ohio. I would like to submit this letter for the record and I appreciate your consideration of it.

Workers throughout my Congressional District and I are grateful for your efforts to enforce trade laws in a similar pipe case last year, in the Section 421 tire case, and in other trade cases.

The seamless pipe at issue today is a very important product in Ohio – made at U. S. Steel's plant in Lorain in my Congressional District and at V&M Star's mill in Youngstown. For decades, U.S. Steel has made this product at two of its mills in Lorain. I understand that members of your staff visited those facilities last month, and I want to congratulate them for seeing two of the finest seamless mills in the world.

As I have testified many times in the past, these mills make seamless OCTG, and they have certainly benefited from the Commission's decision to grant relief with respect to dumped and subsidized OCTG from China. But these mills also make significant volumes of the product that is the subject of today's hearing. This product is critical to the success of the Lorain mills and to the jobs of the men and women who work there.

I am so proud to represent these hardworking men and women. They are proud people – independent, hard workers who love to compete and who believe in always doing their best. They are not asking for handouts. They are not asking for special favors. They certainly understand that business cycles have ups and downs.

All they ask is for the opportunity to compete with the rest of the world on a level playing field. If other companies in other countries are beating us fair and square, then we will just have to work harder. If we are more efficient and more innovative, then we should see the benefits. That's the spirit that has made workers and companies in Ohio so great and so prosperous. And that's the spirit that makes the Lorain mills some of the most competitive in the world.

In Ohio, we believe in playing by the rules – rules we agreed to. Cheaters should <u>not</u> be rewarded for their wrongdoing. For years, China has poured massive government subsidies into their pipe industry. Report after report indicates that they have more capacity than market

conditions justify. Finding after finding from the Department of Commerce shows that they have dumped pipe into the U.S. market at unfair prices. And in doing so, they have taken sales away from American companies. That's not true market competition. That's not playing by the rules. That's simply not right.

Chinese producers should not benefit from their unfair and purposeful actions by taking jobs and profits from American workers and businesses. And that's not just my opinion – or even the opinion of my constituents… It's the law.

Congress has made it clear that if dumped and subsidized imports cause or threaten material injury to a domestic industry, then tariffs should be imposed to level the playing field. In this case, there is simply no doubt that unfair trade has harmed domestic producers of seamless pipe.

Without going into all the details, let me draw your attention to one vital point… It is my understanding that your data shows that the U.S. consumption of seamless SLP pipe was basically the same in both the first half of 2009 and the first half of 2010. In terms of market conditions, the major difference between these two periods was that in 2010, Chinese imports largely left the market due to *these* cases. And what happened? The domestic industry's shipments increased by almost exactly the same volume that Chinese imports fell. It would be hard to find clearer evidence that unfairly-traded imports were a cause of injury to a domestic industry.

In other words, as soon as the unfairly-traded product left the U.S. market, U.S. mills and workers got that business almost ton for ton. That is clear and compelling evidence that unfairly-traded imports took a significant volume of sales from the domestic industry and caused material injury. Under those circumstances, domestic producers are entitled to relief.

The threat from Chinese imports is overwhelming. The mills that flooded this market with seamless SLP pipe and seamless OCTG in 2008 have not gone away. In fact, press reports indicate that a large number of new mills have been built. Since Chinese producers can no longer ship dumped and subsidized OCTG to this market, there is little doubt that they will send seamless SLP pipe instead. The potential harm to my constituents in Lorain – and to all Americans in this industry – is devastating.

Fortunately, you can prevent this harm. You can make sure that my constituents, and all Americans in this industry, are not victimized yet again by unfair trade. You can send a clear signal to China – and the world – that in America we believe in competition, but we also believe in fairness. You can send a clear signal that we will enforce our trade laws and hold cheaters accountable. That is the role Congress intended for the Commission to play, and I urge each of you to do so in this case. Grant the domestic industry the relief it needs and deserves.

Thank you very much for your attention and for your work.