

**Statement of Senator Sherrod Brown
U.S. International Trade Commission Hearing on
Seamless Standard, Line, and Pressure Pipe
Tuesday, September 14, 2010, Washington, D.C.**

Madame Chair Okun, good morning. Along with the other Commissioners, thank you for the opportunity to testify today.

I had the opportunity to testify last year in the case involving Oil Country Tubular Goods (OCTG), and appreciate the critical relief the Commission provided to that industry.

I am happy to report that after having many of these OCTG mills shut down for a good portion of 2009, these mills are active again and regaining their footing in the marketplace.

This spring, I attended the groundbreaking of the V&M Star expansion in Youngstown, Ohio, which will create more than 300 new jobs at the mill, and additional jobs in the construction of this \$650 million investment.

This expansion would not be possible without the relief of this Commission – a decision that ensured that our domestic producers could serve domestic markets.

Unfortunately, the same pattern we saw in that case also caused enormous injury to the seamless standard, line and pressure pipe industry at issue today.

It's a pattern that can be traced back ten years ago, September 19, 2000, when the U.S. Senate passed Permanent Normal Trade Relations (PNTR) with China.

Back then, there was great enthusiasm from proponents of PNTR, who heralded its passage as a boon of economic opportunities yet to come for U.S. workers and businesses.

Members of Congress were told – repeatedly and without equivocation – how 1.2 billion Chinese consumers would soon purchase goods from their districts and states.

We heard this from free trade advocates in Washington and Wall Street through their excessive corporate lobbying.

We read in newspaper editorials and advertisements how China PNTR would promote reform and stability in China and the region.

As a member of the House of Representatives at the time, I voted against China PNTR because I simply did not believe what proponents were selling.

Ten years later, we are seeing just how wrong they were.

Instead of abiding by the same set of WTO rules, China received the benefits of WTO membership while blatantly ignoring its rules.

The results are record trade deficits and millions of jobs lost in Ohio and across the U.S. And as for the impact on Chinese workers – they continue to face low wages and substandard labor conditions.

It is no secret that China's trade policies and market distortions have wreaked havoc in numerous sectors in the U.S. and around the globe.

There is probably no better poster child for this problem than the pipe and tube sector.

The seamless pipes and tubes are made on the same Chinese mills and by the very same producers that brought our OCTG industry to its knees.

U.S. imports of Chinese seamless tubes and pipes rose from 156,000 tons in 2006 to more than 366,000 tons in 2008 – increasing by more than 100 percent and capturing more than 34 percent of the market in 2008.

This level of imports was of course unsustainable in the best of conditions. During the economic crisis, the results were horrific.

Backed up inventories exploded to untenable levels, new orders almost completely dried up, and much of the domestic industry was shut down. As a result, workers in Lorain and Youngstown were idled or laid off.

To add insult to injury, after this crisis began, the Chinese shipped another 123,000 tons into a completely saturated market in 2009 – more than double the domestic shipments.

These facts only make the threat from Chinese imports that much greater.

Having lost many key markets abroad and in the United States, Chinese producers have an overwhelming incentive to ship every ton possible of this product to the U.S. market.

They quite literally have nowhere else to go to make up for this lost business or to feed the seemingly ever-growing capacity in China.

As China dumps products into our market, we must do our part to open up markets for our domestic producers.

Later this week, President Obama will convene the President's Export Council to discuss the plan to double exports in the next five years.

As a member of the Export Council, I look forward to implementing the National Export Initiative.

But, we will not and cannot achieve this worthy goal set to double exports unless we have strong trade enforcement.

We cannot expand opportunities for our workers and industries unless this Commission continues to ensure our domestic manufacturers have a fair venue to petition against unfair foreign competition that undermines our nation's economic competitiveness.

No one is asking that we do what China does –to break the rules, subsidize our industry, and rig the game in our favor.

All that is being asked is that we enforce the basic rules that have been part of the global trading system since its inception.

All that I would urge is that you give our workers and businesses a chance to compete on a level playing field.

The laws you are charged with enforcing seem to be the only mechanism we have to force some measure of responsibility and reality into China's behavior.

In the long run, it is in everyone's interest that those laws be strongly enforced and that we develop a more sustainable and mutually-beneficial trade relationship.

Thank you for your attention and work on this case.