

Congress of the United States
House of Representatives
Washington, DC 20515-1303

WRITTEN TESTIMONY OF U.S. REPRESENTATIVE DANIEL LIPINSKI

3rd Congressional District - Illinois

BEFORE

THE U.S. INTERNATIONAL TRADE COMMISSION

July 14, 2016

Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes

From Korea, Mexico and Turkey – Inv. No 701-TA-539 and 731-TA-1280-1282 (Final)

Dear Chairman Williamson and members of the International Trade Commission,

I would like to thank you for the opportunity to submit written testimony for the record to the Commission on this matter regarding harm to the United States' steel industry due to unfair imports of heavy walled rectangular pipes and tubes from South Korea, Mexico and Turkey. This is an important issue for the American steel pipe and tube industry and critical to the future of Independence Tube of Chicago, a family owned company founded in 1972 that makes structural tubing in my Congressional District, along with many other local and national firms.

It is vital that we find a way to keep American businesses competitive as they struggle to persevere against unfairly dumped imports. It is one of my top priorities as a Member of Congress to enhance our manufacturing sector and strengthen the American economy.

As you know, the domestic steel industry continues to face challenges from persistent dumping and subsidization which has resulted in the filing of antidumping and countervailing duty cases. Since the beginning of 2015, the U.S. steel sector has requested 26 investigations into unfairly traded foreign imports. The pending investigation on heavy walled rectangular tubing demonstrates how escalating imports from South Korea, Mexico and Turkey have caused serious financial deterioration in the industry. Firms in Turkey, for example, benefit from a slew of tax incentives and provisions, allowing them to sell at less than fair value. These imports have led to further price suppression, reduced revenues and have prevented companies from making new investments and expansions due to depressed profits as a result of unfairly traded structural tubing imports from the subject countries. This includes Independence Tube of Chicago, Illinois which planned to upgrade its facility, but was forced to put some of these expansions and upgrades on hold due to the flood of unfairly priced imports.

This type of steel tubing is used in construction applications and is made to meet the specific needs of customers in the marketplace. Today's industry is efficient, modern and is an important customer of the nation's flat-rolled steel industry that provides the input material to make tubing products. These companies provide an important economic contribution to the country and to communities across the nation, and it is important that we do all we can to ensure that the trade laws work for them. Fair and proper application of our trade enforcement laws will lead to strong competition and will help stop unfairly priced market distorting imports.

As the Commission further reviews the record and testimony, I would also like to highlight recent changes to trade enforcement laws that were adopted by Congress and enacted in 2015. I believe these changes give the Commission the necessary tools to assist American manufacturing in defending itself against unfairly dumped imports. Specifically, Congress amended the definition of "material injury" for the purpose of antidumping duty law to clearly express that the Commission should take into account an expanded group of factors when looking at possible injury. This includes the industry's ability to service debt, as well as declines in output, sales and market share, productivity, return on assets and utilization of capacity. All of these factors give vital insights to injuries that the industry may be experiencing due to unfairly traded imports.

Congress also amended how the Commission should examine profits in antidumping cases. The Commission is prohibited from finding no injury simply because the industry remains profitable or because industry performance has recently improved. Illegal dumping of imports can still occur even in the face of improving market conditions and during periods of industry profitability. Additionally, the Commission is permitted to examine broad types of profits including gross, operating and net profits. Congress has made it clear that domestic industry should not be forced to hemorrhage money before being permitted to seek redress.

While you consider the relevant facts in this matter, I urge that you take into account the recent amendments to the law and the intent of Congress in enacting these changes. It is important that our steel tube producers and the steel industry are allowed the opportunity to compete against foreign competitors on a level playing field.

Thank you for your consideration on this important matter. I greatly appreciate the opportunity to share my views.

Sincerely,



DANIEL LIPINSKI,
Member of Congress