

**TESTIMONY OF ROBERT Y. KOPF
United States Steel Corporation**

**Before The U.S. International Trade Commission
Large Diameter Welded Pipe from Canada, Greece, India, China, Korea, and
Turkey
November 6, 2018**

Good morning. My name is Robert Kopf, and I am General Manager – Business Support for United States Steel Corporation. In that role, I am actively involved with our sales team in our efforts to sell hot rolled steel, the primary input used to manufacture large-diameter welded pipe. We actively sell steel to the majority of the producers here today, and for that reason, one of my job responsibilities is to monitor developments in the pipe market. In addition, I have over 30 years of experience in the flat-rolled products industry, all at U. S. Steel, and have frequently engaged in company-to-company market discussions with multiple customers of ours sitting here in this room today. My testimony provides a historic perspective of the U.S. welded pipe industry as well as some points on the current conditions of competition.

U. S. Steel is no stranger to the effects of unfair trade. We have fought against dumped and subsidized imports of flat-rolled and tubular products for decades. Historically, welded pipe was a significant product for U. S. Steel. For example, in 2007, we spent \$2.1 billion to buy Lone Star's tubular facilities in Texas, which included a state-of-the-art small-diameter welded pipe mill. In 2011,

we assumed operation of a tubular mill in McKeesport, Pennsylvania that had been operated by Camp-Hill Corporation. For U. S. Steel, this represented a major commitment to the production of welded line pipe – covering up to 20”. We believed that increased levels of fracking – particularly in the Marcellus Shale that runs through Western Pennsylvania – would provide us a great opportunity to grow our welded line pipe business. Unfortunately, a wave of imports from various countries put us in position to permanently close these facilities before the period of investigation began on this particular case, and U. S. Steel is no longer a producer of this product. We do, however, still produce hot-rolled steel for domestic welded pipe producers and fully support them in this latest fight against this surge of dumped and subsidized imports.

U. S. Steel's USA facilities are particularly well-suited to supply hot-rolled steel for welded line pipe – and we are in regular contact with the major domestic players in this industry. As a result, we have a unique insight into this industry's market dynamics, including unfair import competition. For example, in 2016, our sales of hot rolled coil substrate to our line pipe customers was only 24% of what it was in 2015, forcing us to delay tens of millions of dollars of capital investment in our major hot-rolled skelp production facility in Gary, Indiana. This validates the very simple concept that if our domestic line pipe customers are not able to compete on a level playing field, my company and many other Americans beyond

these petitioners here today, are also injured as we lose important orders on mills that thrive producing this product.

Let me add one last point. The opposition in this case is going to argue that the domestic large diameter welded pipe producers, despite their available capacity, cannot obtain the hot-rolled substrate to be able to manufacture the pipe to supply the needs of the USA market. This is simply not true. U. S. Steel has restarted 2.7 million tons of new capacity at our Granite City, Illinois plant since the preliminary hearing earlier this year. While this extra hot-rolling capacity in and of itself is material, what is of particular importance to this hearing today is that the rebalancing of our order book across our plants has unlocked hundreds of thousands of tons of hot-rolled substrate at our Gary Works facility that we are planning to sell as hot-rolled to our domestic pipe customers who manufacture heavy wall API X70 large-diameter welded pipe. We are open for business, have more hot-rolled capacity in 2019 to sell, and we would like nothing more than to sell more hot-rolled to our USA large-diameter welded pipe customers sitting here in this room today.

I believe the these unfairly-traded pipe imports are no different than past waves of steel products that have surged into the United States, in that their fundamental business plan for the U.S. market is to sell dumped and subsidized large-diameter pipe to either force our domestic customers to adopt untenable and

unsustainable business practices just to continue operating, or eventually idle capacity, or even go out of business. Given these facts, I have no doubt that subject imports have hurt U.S. producers of welded pipe.

In conclusion, on behalf of U. S. Steel, I urge you to provide trade relief to the remaining domestic large-diameter welded pipe producers from this latest surge of unfair imports.

Thank you and I will be happy to respond to any questions you may have.