

**Testimony of Rep. Betty Sutton**  
**U.S. International Trade Commission Hearing**  
**Certain Oil Country Tubular Goods from China**  
**Investigations Nos. 701-TA-463 and 731-TA-1159**  
**December 1, 2009**

Thank Chairman Aranoff, Vice Chairman Pearson, and members of the Commission for the opportunity to testify at this important hearing on antidumping and countervailing duty petitions regarding oil country tubular goods (OCTG) from China.

As a member of Congress from the 13<sup>th</sup> District of Ohio, I proudly represent the men and women who work at the U. S. Steel plant in Lorain. From my perspective and that of my constituents, this is one of the most important hearings this Commission has ever held.

This case is so important to my constituents that I took the unusual step of testifying at the preliminary conference. And I am here this morning to ensure that the terrible and unfair situation that they are facing is addressed.

Let me explain why this case matters so much.

U. S. Steel has two seamless pipe mills in Lorain. The number 4 mill makes pipe from 1.9 to 4.5 inches in outside diameter. And the number 3 mill makes pipe from 10.75 to 26 inches in outside diameter. These are two outstanding mills – capable of producing some of the best and most advanced tubular products in the world.

In fact, a few years ago, U.S. Steel spent \$85 million to expand the heat treating capacity of the number 3 mill, significantly improving its ability to produce higher-end OCTG. I have toured this plant and visited with the workers and management. There is absolutely no question that these mills are highly competitive and would be highly successful under fair market conditions.

And that was the case last year. Last year, the orders were full and the plant was booming. Last year, U. S. Steel was hiring in Lorain – seeking to boost output as demand increased.

But that's all stopped now. It stopped because the Chinese government built new OCTG mills. Mills that cannot be justified by market forces. Mills that force our workers to face the constant threat of unfairly-traded Chinese imports endangering their jobs.

What is happening at the plant in Lorain and plants around the country is not just a result of the recession. Dumped and subsidized imports of OCTG from China surged from 725,000 tons in 2006 and 861,000 tons in 2007 to an astonishing 2.2 million tons last year. That's an increase of over 155 percent of OCTG into the U.S., overwhelming the market. This resulted in one of the most rapid, massive, and devastating over builds of inventory in the history of the industry.

It's my understanding that distributors normally prefer three to six months worth of OCTG in inventory. But these Chinese products continued to flood into the U.S. market long after the economic slowdown began. By March 2009, they had over 14 months worth of inventory. As a result, distributors stopped ordering OCTG from domestic mills.

From September 30, 2008 to March 31, 2009 – a period of only six months – domestic orders of OCTG dropped by *over 90 percent*... Forcing domestic producers like U. S. Steel to slash production.

For most of this year, one of the two lines at Lorain was shut down completely, while the other operated on a substantially reduced schedule. Over one hundred men and women at Lorain were laid off and fifty-three are still laid off. And the men and women of Lorain are not alone in their suffering. According to the International Trade Commission's own data, almost 2,100 workers nationwide lost their jobs. In Ohio, the unemployment rate is currently 10.5 percent, above the national average.

And I ask you, Commissioners, what are my constituents supposed to do? Indeed, *nothing* that happened to them was their fault. My constituents did their part... They worked hard and created a world-class product. The bottom line is China has subsidized millions of tons in unnecessary OCTG capacity. Chinese mills have shipped a virtually unlimited supply of OCTG to the U.S. regardless of market forces. Their jobs were specifically targeted by the Chinese government and all that my constituents are asking for is that our nation's trade laws to be enforced.

Without the rule of law, my constituents, their families, and our communities have literally no recourse for the harm they have suffered. Their fate depends on you. What we have experienced is exactly the kind of situation our trade laws are meant to address. And our trade laws make it clear that you must consider how unfairly-traded imports have affected American workers as well as American businesses. In considering the impact of dumped and subsidized imports on the domestic industry, you must evaluate the negative effects of these imports on employment and wages.

In this case, those factors are highly significant because the affect on our workers have been devastating. I see their suffering every time I'm in Lorain. I assure you that if there's any question about whether our workers are suffering present material injury, please come with me to Lorain and see for yourself. My constituents and thousands of Americans are sitting at home without work, victims of unfair and illegal trading practices.

What has happened to these hardworking men and women is not fair... it is not right... and it is absolutely unacceptable to anyone who cares about the long-term prosperity of this country. The American people will not – and should not – tolerate a system that allows foreign governments to attack one American industry after another.

If we do not stand up...if this Commission does not stand up and say “No, this is unfair trade and must stop”, then the domestic industry will continue to be threatened with additional material injury.

Hard-working, honest Americans are suffering. Please do not rob this industry of a chance to recover and rebuild by allowing China to continue to break the rules...to break the law. In this case, the appropriate response is a strong ruling in favor of the domestic industry. I urge you to issue such a ruling.

And I have brought with me a letter signed by 45 Members of Congress urging this Commission to fully and effectively enforce our trade laws to prevent unfair trade from entering this market. Thank you.