Testimony of the Honorable Lincoln Davis, U.S. Representative, 4th District, Tennessee
September 23, 2010
Certain Seamless Refined Copper Pipe and Tube from China and Mexico
Inv. Nos. 731-TA-1174 and 1175 (Final)

Chairman Okun and Members of the Commission:

My name is Lincoln Davis, and I represent Tennessee's Fourth Congressional District in United States House of Representatives.

I want to thank you for giving me this opportunity to speak at today's hearing on the Commission's investigations on seamless refined copper pipe and tube. I hope to bring a very important concern and perspective to these proceedings and your investigation.

According to preliminary data from the Bureau of Labor Statistics, the unemployment rate in the State of Tennessee last month was 9.6 percent. But many counties across the state are coping with unemployment levels that are (in some cases, more than) double the state average. In Scott County, which is part of the district I represent, almost one out of every five people is out of work.

While I understand that many workers and many organized labor unions believe that anti-dumping laws are designed to protect Americans jobs, this is not always the case. Let me tell you about the Goodman Company, which is headquartered in Houston, Texas, and which employs 1,400 workers at its facility in Fayetteville, Tennessee, and another 250 workers at its facility in Dayton, Tennessee.

Goodman is a great American company and responsible corporate citizen. It manufactures air conditioners and heating units. All of its nearly 4,000 employees are employed in the United States, with the majority of those workers located in the Houston area and in Tennessee.

Goodman is committed to keeping American jobs in America. It has a cooperative, productive management-labor relationship. And, in fact, many of its workers at the plant in Fayetteville are members of the International Association of Machinists and Aerospace Workers Union.

For a variety of reasons that Goodman and other witnesses will discuss in detail with you today, the company imports seamless refined copper pipe and tube from its supplier in China, Golden Dragon.

The imported copper tube and pipe are then manufactured by Goodman workers into coil assemblies that are incorporated as component parts in air conditioning units. In all, 175 workers at Goodman's Fayetteville, Tennessee, facility are engaged in making coil assemblies.

In sharp contrast, many of Goodman's competitors have moved similar manufacturing jobs outside of the United States. For example, many of Goodman's competitors now have production facilities in Mexico, where workers manufacture coil assemblies similar to those made by my constituents in Fayetteville, and those coil assemblies are incorporated in air conditioning units that ultimately are imported to the United States and purchased by American consumers.

Here is why I have asked to testify today: Due to the way in which the anti-dumping law works, the Goodman Company – simply because it imports copper pipe and tube directly to its facilities in the United States, where workers manufacture coil assemblies – potentially will be encouraged to move jobs out of the United States due to competitive pressures.

How can this be? The answer is – because Goodman's competitors manufacture the coil assemblies outside of the United States, even though in many instances the copper tube and pipe is imported from the very same supplier or one of its Chinese competitors. Under the law, the supplier of copper pipe and tube to a competitor in say, Mexico, is *not* subject to U.S. anti-dumping duties. However, when Golden Dragon imports such pipe and tube directly to Goodman in the United States, it *is* subject to such duties.

If the law imposes an anti-dumping duty on Goodman's supplier – a duty that will be passed on to Goodman – Goodman could well determine that it must consider moving its manufacturing jobs outside the United States to remain competitive.

This would be is nothing less than a perverse result potentially at odds with the stated intention of the anti-dumping laws – the protection of American jobs.

I understand that the Commission must conduct this hearing and its investigation consistent with the law as it exists – not as it would like the law to exist. However, to the extent possible, I urge you to take into consideration the possible unintended consequences of the anti-dumping laws in this as well as other cases.

The idea that the Goodman Company, an American company with American workers, potentially would be encouraged by American law to move some of its jobs out of the country is not a result that my constituents in Tennessee would understand or accept. Nor should it be a result this body should allow.

Thank you.