

## STATEMENT OF MICHAEL PFEIFFENBERGER

Good morning. Thank you for the opportunity for allowing me to speak with you today. I am Michael Pfeiffenberger. For the past 6 years, I've been the General Manager of Precision Tube, a copper tube redraw mill located in North Wales, Pennsylvania. I would like to talk a little bit about our company, the significant effect the antidumping duty orders have had on our company, and the adverse impact that would result if the orders are revoked.

By way of introduction, let me first explain that North Wales — where our mill is located — is a small town of about 3,000 people. Precision has been around for more than 80 years, and we have been located in North Wales for the past 64 years. We may be part of the Mueller Group, but Precision is not like a lot of big corporations. We employ about a hundred people, members of the United Steel Workers 6816-1, and a lot of our employees stay with us for their entire career. It is not uncommon to find employees with more than 40 years of seniority. We give good people the chance to earn a good living — so they can own a home and send their kids to college.

Some would call us a “niche” producer. That's why I'm here. I read Nacobre's brief, and I was surprised by their assertion that they don't threaten the U.S. industry. Steffen here has already told you why Nacobre is not really a “niche” player. Our experience has been that Nacobre is very much a direct competitor, and they threaten the viability of our entire operation. Let me give you a very real example of our experience competing against Nacobre.

In the years prior to the orders, we were struggling to compete with low-priced imports from China and Mexico, and we often lost business to them. Back in the 2009-2010 timeframe, there was one piece of business that we tried over and over again to win. We would bid lower and lower for the business at this particular customer account, but would always be told we

simply were not competitive with Nacobre's prices. Once the antidumping order on Mexico was put in place, we immediately won this customer away from Nacobre at a higher price than we were offering just a few months before. This customer has been our #1 copper tube customer ever since, and we supply them with 100% of their straight length copper tube requirements. Before that, they sourced from Nacobre.

Earning this customer saved us. As a direct result of winning this business, we added a draw bench to our line, and more importantly, we added 17 plant workers to our payroll. I understand that your Commission handles big cases and 17 jobs may not seem like much to you. But in North Wales, where job opportunities are limited, this is a big deal. 17 households in the North Wales area are now better off as a direct result of this case.

And the effects of this business were felt beyond our factory walls. Because of this added customer, we added new suppliers for packaging, oils, lube, machine repair items, trucking, and others.

Again, all of this was because the orders stopped Nacobre from undercutting our bids at every turn. The antidumping order forced Nacobre to stop dumping, and with a level playing field, we were able to earn our #1 customer.

Although this is our most dramatic story, we have seen business stabilize with our other key copper tube customers, since the orders were imposed. We've also seen a recovery in our operations. Production quantities and sales values are up, and our capital expenditures are on average higher than they were in 2010.

We just recently invested in a significant upgrade to our mill's sprinkler system, which we would not have been able to do without the benefits of the orders. The orders have had real effects, and our business would not be what it is today without them.

However, despite these successes, we are still vulnerable. Without going into detail, our profit has been down over the past five years, while our COGS have risen. U.S. demand has not increased, and as a result, we've continually had a large amount of unused capacity. So even though the antidumping orders allowed us to survive, we have not yet been able to prosper as much as we would like.

Which leads me to the future. Revocation of the orders would reverse the gains earned since the orders were imposed. The influx of low priced Mexican and Chinese product would devastate us. The threat is real. I have no doubt that Nacobre would return at unfair prices to steal back our #1 customer. And I have no doubt that our #1 customer would run back into Nacobre's arms if they had the chance to get cheaper product. Why wouldn't they?

We estimate that we would experience a significant loss of business if the orders were removed. We would not be able to sustain the jobs we added after the orders were imposed, and we would certainly lose even more. Again, we're a small producer that focuses on a wide range of specialty products.

One final point I want to make is that the copper tube work we do requires a very unique and specialized skill set. Our workers are first rate, but the skills that they have mastered would not easily transfer to other industries, or even other metal working factories. That makes them especially vulnerable too.

I'm also here on behalf of those workers. I'm here because, although we are a small producer compared with other members of the domestic industry, we're just as vulnerable as anyone else and we don't want you to forget about us. I'm here because we would probably not survive the future without the discipline of the antidumping orders.

This industry suffered for many years because of a flood of dumped imports from Mexico and China. This Commission found that the threat posed by those imports was real and imminent. The orders reduced that flood to a steady but manageable stream. We've survived, but we know that Nacobre and other Mexican and Chinese producers have the ability and desire to return at dumped prices. If the orders are revoked, I have no doubt they will return. We would then lose not only our number 1 customer, but other business as well. Simply put, without the orders, the threat of injury from Mexican and Chinese imports is just as real and just as imminent as it was in the original investigation.

Thank you for your time and attention.