STATEMENT OF STEFFEN SIGLOCH

Good morning. My name is Steffen Sigloch, and I appreciate the opportunity to speak with you today. I have been the President of the Extruded Products Division at Mueller Industries for the past 5 years, and before that I had Tom's job — I was the CEO of Wieland Copper Products for 8 years. The Mueller Group includes such companies as Mueller Copper Tube Company, Inc., Mueller Copper Tube Products, Inc., Linesets, Inc., Howell Metal Company, and Precision Tube Company, LLC.

The Mueller Group employs roughly 1,000 American workers in our copper tube manufacturing operations around the country. I can tell you that many of those workers owe their jobs to the existence of the antidumping orders. In fact, as one of the original petitioners in this case, and the largest domestic producer, Mueller has a very informed view of the U.S. market, the effect of the antidumping orders, and how domestic producers would be affected if the orders were revoked.

Before the orders were imposed, the U.S. market was suffering because of dumped imports from China and Mexico. We saw huge volumes of low-priced imports from China and Mexico and enormous amounts of unused capacity in those countries which threatened to increase exports even further. We saw domestic prices being depressed as Chinese and Mexican imports used "underselling" to gain market share and prevent domestic price increases. We saw customers switching suppliers from domestic producers to foreign imports based upon their low prices.

The antidumping cases improved this situation measurably. Even while the case was pending, we saw an immediate shift in market share away from Mexico and China, and to the domestic industry, and our conversion revenues — that is, the fabrication charge above the metal cost — began to return to sustainable levels.

Another significant effect of the orders was the shifting of some foreign production to the United States. In particular, IUSA began supplying the U.S. market almost exclusively through its U.S. subsidiary, Cambridge-Lee, and Golden Dragon opened a new factory in Alabama. This shifting was easy because of existing relationships and a strong familiarity with the U.S. market.

I want to be clear that we welcomed Golden Dragon's decision to invest in Alabama because we welcome fair competition on a level playing field. You see, copper tube is a commodity product. It's sold on the basis of price, meaning that customers will, for the most part, simply buy from whoever sells at the lowest price. When we would compete against product made in China or Mexico by Golden Dragon or IUSA, we would be competing against dumped imports. These companies had a track record of doing whatever it took to gain market share in the United States, and we were losing in this unfair environment. Now, when we compete against Golden Dragon and Cambridge-Lee, we are all playing by the same rules. The orders created a more level playing field for domestic producers, and the American worker is the beneficiary.

To be sure, we continue to face competition from imports from countries other than China and Mexico, and those countries increased their market share once China and Mexico shifted their exports away from the United States. But these countries have not yet presented the same threat as Mexico and China. In particular, the pricing from these countries is typically higher than pricing from subject imports, even after China and Mexico came under antidumping orders. You can see this price comparison in the exhibit on the screen.

As easy as it was for companies to shift production from China and Mexico to the United States, it would be just as easy for them shift back if the orders were revoked. With even larger amounts of unused capacity than what was available during the initial investigation period, it makes economic sense that Golden Dragon and IUSA would shift production back outside the United States so they can resume their dumping.

This is particularly true with respect to Mexico. Mexico is right next door. In the past, Mexican producers have taken full advantage of that proximity to target the relatively high-priced U.S. market by adding capacity, leveraging their relationships with U.S. customers, and selling at dumped prices to gain market share. Mexico pivoted away from the United States because of the orders, but they continue to have the proximity, capacity, and relationships that enabled them to injure us previously. We know that Nacobre recently expanded its capacity to add a cast-and-roll production line. And if the orders were revoked, I have no doubt — none at all — that Nacobre would immediately start selling into the U.S. market.

We also see companies like IUSA actively pursuing business opportunities in the marketplace, and I have no doubt that IUSA — as well as other Mexican producers like Golden Dragon — would also aggressively penetrate the U.S. market if the orders were revoked. Why? Because they have so much unused capacity, and because the United States would be the most attractive market in the region for Mexico to unload its production. The two other largest potential markets for copper tube in the Americas — Canada and Brazil — have already imposed antidumping duty orders against Mexico. Mexican producers would certainly take advantage of the U.S. market because of its size and because of its relatively higher prices. If this is allowed to occur, domestic producers would be harmed.

The same analysis applies to China. The unused capacity in China is enormous and growing. In fact, Hailiang — which was the #2 Chinese supplier in the original period of investigation — recently announced that it will be adding enough capacity that would be large enough to supply almost the entire U.S. market. And again, the U.S. prices are among the most attractive in the world. The prices in China, by contrast, are terrible. We know from our own commercial intelligence that market prices in China barely allow you to cover your *variable* costs. So the Chinese would have every incentive to reenter the U.S. market immediately at cut rate prices. Again, the result would be devastation for domestic producers.

Finally, I would like to end my testimony by pointing out one other important effect of the antidumping orders. The orders have given the domestic industry the ability to reinvest tens of millions of dollars in American manufacturing. Mueller, for example, has increased capital expenditures by many multiples since 2010, and we anticipate continuing to make these investments if the orders remain in effect. But we need a level playing field to ensure that we can get a fair return on these investments.

Thank you for your attention. I would be pleased to answer any questions you may have at the conclusion of our presentation.