

Testimony for The Honorable Jo Bonner
First District of Alabama
Speaking on behalf of SSAB, North American Division
Cut-to-Length Plate from China, Russia and the Ukraine
Sunset Hearing

September 9, 2009

Good Morning.

Chairwoman Aranoff, members of the Commission.

My name is Jo Bonner and I have the pleasure of representing the First District of Alabama in the United States Congress. Alabama's First District includes the 300-plus year-old City of Mobile, Alabama's beautiful Gulf Coast communities of Gulf Shores, Orange Beach and Dauphin Island, as well as a host of other small towns and cities made up by more than 635,000 people who live and work in the southwestern corner of my state.

Today, I am pleased to appear before the commission on behalf of the hundreds of employees and management of the SSAB cut to length plant that is located in my district.

Madam Chair, just a few days ago I had a chance to visit this plant – as I have done several times before – and talk with their employees and management and hear from them – firsthand – how they have managed to cope with the global economic meltdown that has so negatively affected their business and the American steel industry as a whole – depending on the individual product – by as much as 50 percent over the past couple of years.

Needless to say, I was extremely impressed that SSAB continues to invest and continues to improve its product line, despite these challenges. As you know, this is essential to continuing business in a global market. In fact, prior to the global recession, SSAB had planned to invest another \$400 million in a new, state-of-the-art heat treating system that would have produced stronger, lighter steel at their Mobile site, as well as increasing their employment rolls by another 200 people. Unfortunately – but understandably – this project is now on hold.

But even with SSAB's other investments in newer and better technology, we have to recognize that the economy in which they operate is still fragile, and the recent gains towards market stability can be undercut quickly, if dumping is allowed.

The propensity to dump steel in the U.S. market has to be recognized and guarded against.

As you will hear from Dave Britten, SSAB is a sophisticated steel company, which knows and understands the importance of trade. However, fair trade is best accomplished by imposing certain standards on those who don't meet them voluntarily.

Before the imposition of these orders, Russia, China and the Ukraine dumped over one million tons of plate to the United States (1996). At this point in time, a resumption of that practice would be devastating to U.S. producers and the stability of the market.

Demand for plate has fallen in Russia and the Ukraine during the global recession, leaving these countries with millions of tons of Soviet-era excess plate capacity. China, where demand has

remained stronger-but not expanded, has continued to build capacity under government directives and with government assistance. China now has over 600 million tons of capacity and an estimated excess plate capacity of 20 to 30 million tons.

Demand for plate in the U.S. market has dropped by more than half in 2009 as a result of steep reductions in non-residential construction and in expenditures for capital goods such as trucks, rail cars and barges. As a result, some mills in the United States have been idled and many others have seen operations significantly curtailed in 2009.

Russia and Ukraine are now subject to market economy suspension agreements that ensure that each ton of steel that is sold to the U.S. is sold at a price that is not dumped. Imports from China are subject to dumping duties ranging from 17% to 129%. These suspension agreements and the dumping order provide for what many in Congress would consider fair trade of steel products.

Madam Chair, I urge you to continue the dumping orders against China on cut-to-length plate and to continue the suspension agreements with Russia and the Ukraine and, once again, on behalf of the hundreds of men and women who work at SSAB North America, I appreciate the time and consideration you and the Commission will give to this very important matter.