

CPTI

COMMITTEE ON PIPE & TUBE IMPORTS

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Statement of Robert Mandel
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Congressional Steel Caucus
Briefing on the State of the U.S. Steel Industry
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2218 Rayburn House Office Building
Room HVC-210 of the Capitol Visitor Center – Washington, DC

Good morning Chairman Murphy, Vice Chairman Visclosky, and the distinguished members of the Congressional Steel Caucus. My name is Robert “Butch” Mandel and I am the President of Welded Tube USA of Lackawanna, New York, a subsidiary of Welded Tube of Canada. In 2013, we commissioned a state-of-the art Oil Country Tubular Goods (OCTG) casing mill on the site of the former Bethlehem Steel plant in Lackawanna, New York. Our company was pleased to make this investment and return steel pipe and tube production to this region of the nation. Today, the plant is currently dedicated to producing OCTG casing for further processing at our heat treat and threading operation just a short drive away in Ontario.

This morning, I appear before the Caucus as Vice Chairman of the Committee on Pipe and Tube Imports (CPTI) an industry association with 46 member companies located throughout the country who manufacture a variety of carbon and stainless steel pipe, tube and fittings for customers in the United States and abroad. These products include those used in agricultural, automotive, construction, energy, and transportation sectors. Our industry uses flat-rolled steel and steel billets to make welded and seamless products.

Today's Caucus hearing comes at a critical time for the industry and nation. Earlier this week the CPTI joined other associations and industry leaders and provided testimony at the Global Steel Hearings hosted by the Office of the U.S. Trade Representative and Department of Commerce on April 12-13, 2016. The CPTI's Chairman, David Seeger clearly explained that appropriate steps must be taken to end the glut in global steel overcapacity which has resulted in a steel import crisis that has crippled our sector and others. Over the past year, our members have had to lay off approximately 10 percent of the workforce – totaling over 3,000 workers nationwide. Unfortunately it is uncertain what the future holds for these employees in the communities where we are located. Late last year we also witnessed the exit from the industry by leading producers of steel pipe products and had one company seek protection through bankruptcy.

The pipe and tube industry is facing a crisis not of our making. As some speakers have mentioned earlier in today's hearing, steel overcapacity overseas is fundamentally altering the market, and not in a good way. Our industry has provided data to the government that highlights that the U.S. steel pipe and tube industry has lost significant sales volume to imports, many of which are made with heavily subsidized and dumped steel coils. South Korea, for example, imports significant volumes of flat rolled products from China, which are often then further processed into pipe and tube products for export. Due to the peculiarities of the WTO agreement, we are unable to address Chinese subsidies for flat-rolled products after they have been incorporated into other products in Korea.

Our lost sales volumes and revenue are particularly problematic because pipe and tube mills require continuous reinvestment in order to stay competitive. Our industry needs to make money in excess of our debt service requirements so that we can weather the next recession, and

maintain our competitive position. For instance, while demand for pipe and tube products in the U.S. has decreased, low-priced imports – often made from Chinese steel – have taken an increasing share of the U.S. market. While total pipe and tube imports may have decreased in 2015 from 2014 levels the result was that they captured an even greater share of the market.

We at the CPTI certainly recognize the importance of the U.S. trade laws as our industry has filed over 100 trade petitions over the past three decades. The imposition of antidumping and countervailing duties on a variety of pipe, tube and fittings products have helped the industry regain its footing. However we believe that these trade remedies are simply not adequate to stem the overwhelming tide of imports.

Over the past few months we have been asked by Members of Congress and the Administration what we believe is the best approach to remedy this serious problem. Much discussion has focused on a Section 201 safeguard – and while pipe and tube is not itself asking for a 201 investigation, we believe it is imperative that pipe and tube products be included in any potential steel 201 investigation. If a steel 201 were to only include flat-rolled products and ignore pipe and tube we would certainly see the end of the domestic steel pipe and tube industry as we know it today. If you ask why? The answer is that if flat rolled products are shut out of the U.S. they would simply go to third countries, like Korea and Turkey (both countries home to massive overcapacity) which would in turn be converted into pipe and tube and exported to the U.S. The result would be devastating to the U.S. steel pipe and tube industry resulting in the permanent loss of more than 40,000 high wage manufacturing jobs further decimating communities many who have already weathered through earlier import storms.

The CPTI applauds the Steel Caucus for their unyielding support, leadership and commitment to address issues of importance to the industry and its workers. We recognize that

through your leadership you were instrumental to ensure that Congress took steps to enact legislation to enhance the trade remedy provisions and end customs fraud, circumvention and evasion through enactment of customs enforcement legislation. This legislation will certainly ensure that the industry can continue to challenge unfair trade and most importantly that the U.S. trade agencies have the necessary tools to administer the laws. The Caucus has been steadfast in their efforts to promote the U.S. steel sector and has led the dialogue about the important role that steel plays to the nation's defense, energy and transportation sectors. Simply put the Caucus has kept these issues at the forefront of the nation's legislative agenda and has mobilized support throughout the House on matters that make a difference in each district in the nation.

We thank you for your ongoing commitment and for holding this hearing today and we know that with your continued support we will find a solution to this problem.

Thank you.