

**Testimony of Senator Mark Pryor before the  
U.S. International Trade Commission  
Sunset Review On  
Hot-Rolled Steel from Brazil, Japan and Russia  
April 6, 2011**

Chairman Okun and members of the Commission, thank you for the opportunity to speak before you today about the importance of maintaining the trade remedy on hot-rolled steel imports from Brazil, Japan and Russia. This trade remedy has played a critical role in ensuring a fair, competitive market for U.S. producers of hot-rolled steel, and a proud livelihood for the industry's workers.

Manufacturing is central to the Arkansas economy. The steel industry plays a significant role in Arkansas's manufacturing sector, employing thousands in our state. Mississippi County is home to Nucor Steel Arkansas, one of the most productive hot-rolled steel mills in the world. The hundreds of Arkansans who work there produce high-quality steel for customers in the automotive, energy and construction industries.

The recent economic crisis was a particularly brutal ending to a difficult decade for our state's manufacturers. Over the past decade, many of the 76,000 Arkansans who were employed in the manufacturing sector have seen their jobs disappear. Many of these jobs were lost to countries that illegally subsidize the production of goods or sell them at dumped prices in the United States. These trade practices have resulted in manufacturers shutting down in the United States

because they are unable to compete against foreign governments that violate international rules and provide significant support to their industries.

This was the situation in the late 1990s when the trade remedy on imports from Russia, Brazil and Japan was first imposed. The U.S. economy was strong, and housing and other areas of the construction market were booming. As a result, demand for steel was strong too. In this environment, U.S. steel companies should have had solid financial performance. But that was not the case. Unfairly traded imports of hot-rolled steel far outpaced demand, resulting in a severe drop in prices. Instead of thriving, steel companies struggled to survive, with several companies being forced into bankruptcy. The trade orders against these three countries put a stop to their unfair trade practices. With the playing field leveled, the financial health of our domestic steel industry improved.

That is why it is so important to leave this remedy in place. The Department of Commerce has already determined that if this remedy is revoked, hot-rolled steel imports from these countries would return to the U.S. market at dumped and subsidized price levels. It is clear that these foreign producers remain export-oriented. As the Commission's staff report shows, Russian producers exported approximately 30 percent of 2010 production. Moreover, all three countries have excess capacity, and Brazil and Russia have more new capacity coming online, which will only further fuel their need to export. In fact, I understand that total

excess hot-rolled steel capacity in Brazil, Japan and Russia is several million tons higher today than it was during the Commission's previous sunset review.

I am very concerned about the impact that these dumped and subsidized imports could have on a domestic industry that is struggling to recover from the worst economic crisis since the Great Depression. The U.S. industry had operating losses of \$2.3 billion in 2009, and barely broke even in 2010 with operating income of \$635 million. This compares to operating income of \$7.5 billion in 2004 during the Commission's last review. Given the weaker economic environment we find ourselves in today, an influx of unfairly traded imports would be devastating.

This trade remedy has been instrumental in creating a fair, competitive environment for the hot-rolled sector of the U.S. steel market. Therefore, I ask the Commission to keep the remedy in place for the good of our steel industry and its workers.

Thank you.