International Trade Commission Hearing on
Five-Year Reviews of Antidumping Duty and Countervailing Duty Orders on Hot-Rolled Carbon-Quality Steel Products
April 6, 2011

Statement of Hon. Mo Brooks

Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-808

Chairman Okun and Members of the Commission, thank you for the opportunity to share my views on whether this Commission should maintain the unfair trade practices remedy on hot-rolled steel from Brazil, Japan and Russia.

North Alabama Steel Jobs

The steel industry employs nearly 1,000 people in my Northern Alabama district, providing good wages and steady jobs to the communities they call home. Nucor alone employs more than 700 people at its sheet mill in Decatur, with an annual payroll of 54 million dollars. The positive impact of this kind of investment is felt all throughout the local economy, through increased spending, a more stable tax base and the influx of supporting industries.

The hard-working people back home in Alabama have proven that when given a fair opportunity and a level playing field, they can out-compete, out-produce and out-invent all steel producers across the globe. For example, during our recent recession, Nucor's Decatur mill workers displayed their true spirit of innovation. While order books were very thin, they collaborated with a customer to develop a new product – armor steel plate. Nucor's Decatur team now produces the thinnest gauge armor steel plate available, and it is used in applications to protect the American war fighter.

American Steel Industry Under Economic Stress

I urge the Commission to take note that the operating performance of the U.S. steel industry remains extremely weak. Like many other businesses, the hot-rolled steel industry in our country is just beginning to recover from the recent recession, finally breaking even after posting operating losses of more than two billion dollars in 2009.[1] In the last five years, the domestic industry suffered staggering losses in hours, wages and jobs. Three hot-rolled steel mills were forced to shut down.[2] Thousands of production related jobs were lost. Those workers who remained lost millions of hours and saw their wages drop significantly. [3]

The industry is at greater risk today than it was five or ten years ago. As reflected in the Commission's staff report for this proceeding, demand for hot-rolled steel today remains well below pre-recession levels, with about 20 percent less product produced and shipped in 2010 than at the time of the last review.[4] The domestic industry has been running at less than 70 percent of capacity, down from 80 to 90 percent in 2004.[5] In addition, new capacity is coming online domestically, which will further increase the risks of oversupply.[6] All these factors indicate a U.S. industry that is vulnerable to injury from imports.

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1 Pre-Hearing Report at I-11(Table I-1) (Public Version).

2 Pre-Hearing Report at III-2 (Table III-1) (Public Version)

3 Pre-Hearing Report at I-11(Table I-1) (Public Version).

4 Pre-Hearing Report at I-11(Table I-1) (Public Version).

5 Pre-Hearing Report at I-11(Table I-1) (Public Version).

6 See *Alabama Live*, Next challenge for ThyssenKrupp's Calvert mill: Sell the steel (Dec. 9, 2010).

Foreign Competition

Meanwhile, Brazil, Russia and Japan have remained focused on driving exports.[7] They increased their hot-rolled steel exports, even during the recession, and each of these countries continue to bring new capacity online as well.[8] As a result, these countries have much more excess capacity than they had five years ago. If the remedy is removed, this excess steel could quickly land on our shores, at dumped and subsidized prices, and further injure our domestic industry and workers that are just beginning to recover from the recession.

Impact on America

Please bear with me as I emphasize the gravity of your decision. During the first six years of the last decade, America's federal government suffered budget deficits averaging roughly $300 billion per year. During Fiscal Years 2008 through 2010, the federal budget deficit averaged almost $1.1 trillion per year. America's budget deficit for this fiscal year is projected at roughly $1.5 trillion.

Admiral Mullen, Chairman of the Joint Chiefs of Staff, testified last month before the House Armed Services Committee that America's greatest national security threat is not Al-Qaeda, the Taliban, North Korea, China, or Iran. Rather, Admiral Mullen testified that

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[7] *See Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil, Japan, and Russia*, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Pub. No. 3767 (April 2005) at 15.

[8] *See* USIMINAS' 2010 Annual Report; *Steel Business Briefing,* Longs maker Gerdau announces $1.35bn flats investment (July 8, 2010); *Steel Business Briefing,* Tubarao hot strip mill to reach full capacity in 2011/12 (Feb. 14, 2011); MetalBulletin, *MMK replaces open-hearth furnaces with EAFs* (Jan. 20, 2011); *SteelGuru,* Danieli and Tenova commission new EAF at Ashinsky Steel (Feb. 1, 2011); *See Steel Business Briefing, Scrap, start-up force Tokyo Steel to cut profit forecast* (Jan. 21, 2011).

America's greatest national security threat is our unsustainable budget deficits and resulting national debt.

America's deficits are a function of two things: spending and revenues. A major deficit driver is lost jobs in manufacturing and heavy industry. If Brazil, Russia and Japan are permitted to dump steel and put American steel makers out of business, then the depressing effect on America's economy and tax revenues mean America is one step closer to a federal government insolvency and bankruptcy.

As this Commission conducts its investigation, I ask that it be mindful of the impact its decision will have on both our steel industry and on America's economy and solvency.

Trade Remedy Use

All too often foreign competitors try to ensure that their industries have an unfair competitive advantage. In such cases, it is appropriate – and necessary – for the United States to step in to enforce our trade laws. Appropriate use of trade remedies strengthens not only the American economy, but the world marketplace. As President Ronald Reagan said 25 years ago, "when a trading system follows the rules of free trade, when there is equal opportunity to compete, American business is as innovative, efficient, and competitive as any in the world." I also know that the American worker is as good and productive as any in the world. And that's why to make the international trading system work, all must abide by the rules.

Quite frankly, I am gravely concerned that removing the current trade remedy will likely usher in a new arrival of unfairly traded product from these nations, destabilize our domestic producers and the local economies of communities across Alabama and the United States, further

deepen our national deficit crises, and increase America's risk of a federal government bankruptcy.

On behalf of the citizens I represent, and as a Member of Congress who is very concerned about America's future, I urge the Commission to maintain this remedy so that the American steel industry and the families who depend on it may continue to recover. By enforcing the rules of free trade, we can continue to make the global economy a stronger and healthier marketplace.

Thank you for your time today and for your hard work for America.