

**Testimony of U.S. Representative Tim Ryan (D-OH-17)
Drill Pipe from China Final Injury Hearing
U.S. International Trade Commission – 500 E Street, SW
Washington, DC
Wednesday, January 5, 2011 – 9:30AM**

Good Morning, Chairman Okun and Members of the Commission. I would like to convey in written form my sentiments regarding a case that is so vital to the rejuvenation of the economy in the state of Ohio and the creation of jobs in my Congressional district. First, please accept my sincere appreciation for the work you have done thus far, particularly in both the OCTG and Seamless Pipe from China cases.

As you recall, executives from V&M Star have stated before the Commission that their decision to invest in a new pipe mill in Ohio would be dependent upon their assessment of market conditions, their ability to make a return on their investment, and enforcement of our trade laws. After your affirmative vote in the OCTG case, V&M Star announced a \$650 million investment on a new Greenfield seamless pipe mill in Youngstown, Ohio. This investment was the single largest venture in Youngstown in over a century.

A recent article in *The New York Times* noted that Youngstown had lost 60% of its population in the last 50 years and that 40% of all homes in the city were vacant. These troubling figures serve to underscore the importance of job creation and retention in Ohio generally and my district in particular. Mayor Jay Williams has done a tremendous job in leveraging the city's limited resources to revitalize downtown Youngstown. Notwithstanding the above, there is still much work to be done, and this is why we are encouraged by the new V&M Star seamless pipe plant in Youngstown. The workforce is readily available to meet V&M Star's demands and to enable the company to meet its goal—fully expanded operation—for the fourth quarter of 2011.

In September 2010, Skip Herald, Managing Director of V&M Americas, stated before this Commission that the planned output for the new plant is 75% OCTG, 15% seamless pipe and 10% unfinished drill pipe. V&M Star has further informed me that smaller diameter tubing will be produced at both the current Youngstown large diameter plant (oil country casing) *and* the new plant. This smaller diameter tubing has the very thick walls that are used to produce unfinished drill pipe, which will undergo its final production step at V&M Star's Houston, Texas plant. Of particular note is the fact that the new plant is expected to directly employ 350 new workers, some of whom will be from my district. This is an exciting development, as every new job in Ohio contributes to the well-being and advancement of our families, communities and businesses.

In addition, V&M Star has pledged to consider expanding its melt shop, an investment of several hundred million dollars. Clearly, unfair trade practices may cause a shortfall in the company's ability to fully utilize the capacity of the new pipe mill; such a reality may make the investment in expanding the melt shop less likely, a detrimental effect.

I deeply respect the Commission's work. You have found in the past that the Chinese seamless pipe industry, including producers of OCTG and seamless pipe, are part of a massive, overbuilt Chinese industry supported by subsidies from the Chinese government. You have found in two previous cases that massive Chinese overcapacity poses a considerable threat to U.S. producers. I understand from industry members that the amount of overcapacity of the Chinese seamless pipe industry to produce drill pipe is even greater than that of OCTG and seamless pipe.

For the sake of a level playing field conducive to growth, I ask that you again find that imports from China injure or threaten to injure the U.S. drill pipe industry. Such a finding will

attract investment and revive domestic manufacturing in my Congressional district and beyond.

Thank you very much.

s/ Tim Ryan

Member of Congress