

June 19, 2012

Testimony of Representative Bob Gibbs

U.S. International Trade Commission

**In The Matter Of: Tapered Roller Bearings from China
Investigation No. 731-TA- 344 (“Sunset”) (Third Review)**

Good morning Commissioners and thank you for the opportunity to testify before you today. I am here on behalf of the skilled workers producing tapered roller bearings (TRBs) in the 18th district of Ohio to urge your consideration in continuing the antidumping duty order on TRBs from China. This order has been integral to the continued existence of the domestic bearings industry and the jobs of more than 2,500 workers across Ohio who are directly impacted by the continuation of this order. That includes not only the workers who produce the TRBs, but also those who produce the bearing quality steel used to make those bearings.

Much of Ohio’s economy relies on the strength of its manufacturing industries. The Timken Company, the original petitioner in this investigation and a leading global manufacturer of highly engineered bearings, alloy steels, and related components, has played a very important role in bolstering Ohio’s economy with the operations they maintain in our state. In my district alone, the Timken New Philadelphia bearings plant employs hundreds of workers producing numerous varieties of tapered roller bearings. These men and women take pride in their work and I hope that they have the opportunity to remain at their jobs as long as they wish. Unfortunately, these manufacturing jobs are unlikely to survive if the antidumping order on TRBs does not remain in effect.

China’s trading practices continue to directly threaten the domestic tapered roller bearing industry. In fact, dumping of TRBs by Chinese producers has continued even with the order in

place. Chinese producers cannot compete successfully in our market unless they resort to dumping. In a state capitalist economy such as China's, profit is not the primary incentive; it is to maintain employment and generate revenues from exports, irrespective of international trade rules and obligations. As tapered roller bearings from China are sold in the U.S. at artificially low prices, U.S. producers are struggling to compete with these unsustainable prices in order to stay in business. Although companies like Timken have worked hard to be innovative and improve their production processes while reducing costs, their ability to remain viable players in the market is dependent on fair trade conditions being maintained. Removal of this order would lead to a large increase of imports from China at very depressed prices which, would result in lost volume for domestic producers. This would result in the closure of plants and the loss of jobs for working men and women in Ohio and across America. With the recession of 2008-2009 and slow rate of recovery, the domestic industry is already seeing plants close even with the order in place. For example, in 2010 alone, Ohio saw the closing of two Timken tapered roller bearing plants. The revocation of this order will further hurt market conditions for domestic producers and their workers.

Data from China's 12th Five-Year Development Plan show that Chinese production of all types of bearings has increased by a staggering 150 percent between 2005 and 2010. Considering that TRBs had been singled out as one of the "key products targeted for development," in China's 11th Five-Year Plan for 2005 - 2010, it is likely that China's TRB industry has grown much more. Furthermore, the 12th Five-Year Development Plan projects that Chinese production of bearings will increase an additional 87 percent from 2011 to 2015. The International Monetary Fund has predicted that in 2012 China's GDP will fall to 8.23 percent, China's lowest growth rate since 1999. Chinese producers will undoubtedly be more dependent

on the U.S. export market to offload their low-priced bearings. I am told that first quarter export data of TRBs from China confirm that this is the direction even with the order remaining in place. Thus, it is a certainty that if the order is revoked, there will be a large surge of imports into the United States of tapered roller bearings from China. This will devastate our domestic industry.

In conclusion, revocation of the antidumping duty order will expose the domestic bearings industry to large volumes of unfairly-priced imports. I respectfully request that the Commission vote to maintain a level playing field for the domestic bearings industry by maintaining the antidumping order on tapered roller bearings from China.