

**Testimony of the Honorable Rep. Tim Murphy Regarding AD/CVD Investigation
Of Imports of Circular Welded Carbon Quality Line Pipe from China
(Inv. N. 701-TA-455 and 731-TA-1149-1150)**

November 24, 2008

I appreciate the opportunity to provide my views as the Commission considers whether our domestic steel industry has been injured, and is threatened with further injury, from dumped and subsidized imports of certain circular welded carbon quality line pipe from China. In my view, the harm we are seeing due to unfair Chinese trading practices in this and other product areas is clear. I urge the Commission to reach an affirmative determination in this case and to prevent unfairly-traded products from further surging into this market.

I understand that the Department of Commerce has just recently reached its final determination as to whether the Chinese industry is benefiting from unfair subsidies. Those findings indicate that Chinese producers are being subsidized at margins ranging from 35 percent to over 40 percent. This is on top of earlier findings from the Department establishing preliminary dumping margins ranging from 67 percent to over 81 percent. These levels of unfair trade are staggering.

It would seem apparent that unfair practices of this magnitude would have a significant and highly negative effect on any domestic industry forced to compete with such behavior. And that is exactly what your record shows. Chinese imports surged from around 27,000 net tons in 2005 to almost 280,000 net tons in 2007 – and increase of 900 percent. The market share of Chinese producers increased from 3 percent to over 20 percent during this period. This was all during a time when Chinese producers were selling at prices that were hundreds of dollars below other producers.

Remarkably, our domestic industry's performance actually weakened in the period from 2005 to 2007, despite an enormous increase in demand over these years – a result that is directly attributable to the behavior of Chinese producers in this market. This is the type of impact we have seen from unfair trade time and again and exactly the kind of behavior our trade laws are designed to address.

The domestic industry's performance improved in 2008, thanks in part to the fact that Chinese imports diminished in the wake of these trade cases. Unfortunately, the bull market we have seen over the past few years is ending. Oil and gas prices have collapsed, and the demand outlook for this industry is dramatically weaker. Producers in China and elsewhere will be desperately looking for new sales at any cost. If our government allows unfair trade from China to now surge back into this market, the results could be devastating. Dumped and subsidized imports have already done enough damage during the up market. It is essential that we do not allow them to further hurt our producers during the current downturn.

This Commission's mandate is to ensure that American workers and industries are not harmed by the actions of foreign producers and governments that do not play by the rules in terms of international trade. In my view, we should never allow foreign dumping and subsidies to undermine our American enterprises and American workers. But this is all the more true in the context of the current economic downturn. As a matter of our economic and national security, we cannot afford to allow a critical sector like our line pipe industry to be crippled by unfair trade.

I would also like to briefly address one final issue. It is my understanding that Chinese producers have failed to provide to the Commission requested information that goes to the very heart of your investigation. This is unacceptable. For foreign producers that have already been *proven* to trade unfairly in this market – with subsidy rates as high as 40 percent – to refuse to even cooperate in the Commission's injury investigation is incredible. Our law gives you the authority to take this fact heavily into account, and to make inferences adverse to the interests of Chinese producers based upon their failure to provide needed information. I cannot imagine that the Commission could find the actions of Chinese producers to be non-injurious and of no threat given the overwhelming evidence on the record, and the failure of Chinese producers to even attempt to rebut that evidence.

The role of this Commission is critical to our economy and to the functioning of a fair and open trading system. That role will be of even greater significance as our country faces one of the most severe economic challenges in its history. I urge you to act expeditiously to prevent further harm to our workers and producers in this vital industrial sector.