



Statement of

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HOUSE STEEL CAUCUS HEARING State of the Steel Industry

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Chairman Murphy and Vice-Chair Visclosky: I want to thank you for the invitation to testify. Like my fellow panelists, we are united in the view that the steel industry and its workers are facing pressures that threaten their future. And if we don't act, we could repeat past mistakes.

Fifteen years ago on March 17, 1999, the U.S. House of Representatives passed H.R. 975 to "provide for a reduction in the volume of steel imports, and to establish a steel import notification and monitoring program". In response to the loss of over 10,000 Steelworker jobs, Vice-Chair Pete Visclosky and the Steelworkers were the driving force behind the "Quota Bill" which passed the House by a strong bipartisan margin of 289 to 141. But it was just one victory in a battle that would last for more than five years. Like today, we were fighting a flood of unfairly traded imports.

Over those five years Steelworkers rose up and said "enough is enough." Steelworkers, with the help of our Congressional and industry allies, relentlessly lobbied Congress and the Administration, demanding our government to act. Our call for action achieved results. I am sorry to say that our pleas for help were basically ignored by the Clinton Administration, but hard fought relief was granted by the Bush Administration through a Section 201 Safeguard Action.

After too much pain, suffering, downsizing and what Wall Street called “rationalizations,” the industry began to recover. By 2005 investments were increased in plants and equipment, technology and people.

But before the battle was over, 45 steel companies entered into bankruptcy, affecting the jobs of some 85,000 steelworkers and their families. Countless other workers whose jobs depended on and supported the industry were also hurt. Hundreds of thousands of Steelworker retirees saw their hard won retirement security and health care benefits disappear. The economic effects of that crisis continue today in hollowed out communities across the industrial heartland.

The remains of the U.S. industry and its workers had a few years to get back on their feet prior to the 2008 Asian financial crisis hitting the steel and other manufacturing sectors hard again. President Obama then took office and began making the right steps to stop the hemorrhaging.

During all of this, however, our foreign competitors continued to target our jobs. China and other nations continue to build up capacity with the goal of dominating the steel sector.

Once again, it appears as if no one is paying attention to the warning signs. The filing of trade cases has recently accelerated with active cases in Oil Country Tubular Goods, Rebar and Grain Oriented Electrical steel in the steel industry alone. Import penetration, lack of enforcement, poorly negotiated trade deals with trading partners that flaunt the rules and a myopic refusal to initiate a comprehensive industrial policy are once again threatening not only steel jobs, but industrial jobs all across America.

Think about it: When Congress voted in 2000 to allow China in the World Trade Organization (WTO), its annual steelmaking capacity was about 100 million tons, the same as in the United States. Today, it is one billion tons, a capacity that dramatically exceeds its domestic needs.

Where do you think it's going?

Korea is exporting Oil Country Tubular Goods to the United States, a key product area for our own industry and one that held promise for future growth, at what we believe are unfairly traded prices. Korea has no home market for this pipe. It is a product that is only produced for export.

Every month economic statistics are released about jobs and manufacturing. Those in manufacturing, however, don't need to wait for the monthly data. They know that we are still facing a deficit of five million manufacturing jobs and more than 63,000 shuttered facilities.

In the absence of an all-of-government manufacturing policy, our only weapon has been trade laws built on an injury test that requires massive bloodletting before any relief is available. And too often lately, our own government appears to be looking at

lost American jobs and lost U.S. capacity as the price of maintaining strategic foreign relations.

Even worse, injury is measured against production and profits at the most recent low-point in our economy, a built-in mentality of “downsizing to succeed.” Americans don’t see downsizing to succeed as the kind of economics that puts America first.

Other nations ask the question: “What does it take to have a strong economy?” The answer is always having strong steel and manufacturing sectors. Why do our own leaders not ask the same question?

Does a strong economy come from allowing China to manipulate its currency? Does it come from trade agreements that increase our trade deficit?

Does it come from building major infrastructure projects like the San Francisco Bay Bridge and the Verrazano Narrows Bridge with dumped steel from China while there is open capacity here at home?

Our national and economic security depends on having a strong steel and manufacturing sector. It’s time that we had a long-term, not piecemeal approach.

We need an action plan for success. It requires:

- Confronting China on its predatory practices, like currency manipulation, overcapacity, subsidies and other policies. We also need to confront other countries on such practices as well.
- Expanding and funding infrastructure programs to rebuild America with American-made products.
- Eliminating tax benefits for companies that outsource and offshore, and reward companies that produce here.
- Strengthening our trade laws and getting our government to lead on enforcing the rules and creating a new model for trade agreements that work for working Americans.
- Finally, we need energy policies that promote stable and cheap prices for our own manufacturing sector and individual consumers or we jeopardize the benefits of a domestic energy boom.

These are just some of the steps. There is no one silver bullet. But, right now, we are unilaterally disarming our nation’s steel and manufacturing sectors and undermining our national and economic security. Bold and decisive action is needed. The Steelworkers, along with our industry partners, will continue to use all the means we have at our disposal, but it is time for our nation’s leaders to take action and let America know how vital the steel industry is to our future.