

Our Nation of Builders: The Strength of Steel
Statement by Representative Tim Murphy
Chairman, Congressional Steel Caucus
As Prepared for Delivery
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Mister Chairman –

Thank you for the opportunity to testify here today before your subcommittee. I also want to thank my good friend Pete Visclosky of Indiana for his hard work and dedication. Together, we lead the Congressional Steel Caucus, a group of over 100 lawmakers from more than 30 states who work to keep steel strong by developing solutions to ensure the American steel industry can grow and compete on a level global playing field.

American steel supports 1.2 million jobs, adds \$350 billion to our national economy, and serves as the backbone — both literally and figuratively — of America’s built environment, our national defense, and our economic strength.

American steelmaking stands ready for a resurgence. Powered by plentiful fossil fuel resources, new technologies, and the most efficient plants in the world, American steelmakers have tremendous advantages over their foreign competitors.

But they need clarity and certainty here at home.

New restrictions on the mining of coal and iron ore will make it costlier for integrated steelmakers to operate the blast furnaces that produce coke and iron.

New greenhouse gas regulations will shut down coal plants across the U.S., leading to higher electric bills for mini-mills and electric arc furnace operators.

Meanwhile, our nation’s crumbling infrastructure makes it increasingly difficult for steelmakers to transport goods across the United States.

There is, however, a solution to this problem.

I’ve introduced the Infrastructure Jobs and Energy Independence Act (HR 787) to put us on the path to energy independence while creating jobs and fixing our aging roads, bridges, locks, and dams. And, this bill accomplishes our shared goals without raising taxes, importing OPEC oil, or borrowing from China.

The legislation expedites development of our offshore resources, bringing in an estimated \$2.2 trillion to \$3.7 trillion in new federal revenue and dedicating some of those new funds to slashing our deficit and rebuilding America’s aging transportation infrastructure.

The bill will launch a massive building boom that will mean big things for the steel industry. In its 2013 Report Card for America’s Infrastructure, the American Society of Civil Engineers

estimated that 25 percent of the nation's bridges are deficient. That's more than 151,000 structures in need of new steel.

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Steelmakers also face challenges beyond our shores from nations that consistently violate their obligations under international trade agreements. Our steelmakers can win this fight, but only if there are clear standards in place giving them — and the working men and women of this country — a fair shot at competing and succeeding.

On March 12th, the *Wall Street Journal*¹ reported that Chinese officials are increasingly worried that state-owned steelmakers are expanding capacity while losing money. Faced with these contradictory conditions and a sluggish economy, Chinese steelmakers are dumping their excess product into our markets in clear violation of our international trade agreements.

In the last year, imports from China have grown 34%. Across the industry, imports now account for a quarter of steel consumption. And in the brightest segment of the steel market — oil-country tubular goods — we're finding significant quantities of Chinese-made steel that's been mislabeled in order to avoid duties and detection by customs officials.

American manufacturers like US Steel's National Tube plant in McKeesport had been expanding to provide drill and transmission pipe for gas and oil deposits found in places like the Marcellus Shale in my congressional district. But now, these facilities are scaling back because of the massive influx of cheap, government-subsidized foreign steel.

Furthermore, steel from China, Japan, Korea, and several other countries is coming in at a significant price discount because their governments are engaged in illegal currency manipulation.

Yesterday, I introduced the Currency Reform for Fair Trade Act, HR 1276, along with a group of bipartisan lawmakers to stop this practice. Foreign governments are illegally controlling currency markets in order to prop up their steel exporters while our manufacturers suffer slowly and painfully. And now that China knows they can get away with manipulating currency markets, other nations like Japan are doing the same.

America is a welcoming nation but we're not a welcome mat.

This legislation will give the Department of Commerce the necessary tools to build honest and fair trade relations that will spur an economic revival.

America wouldn't tolerate this kind of behavior by domestic companies, so why do we allow it from foreign powers? Free trade doesn't have to be a free-for-all where only the naïve abide by the rules.

¹ "China's Steel Production Climbs 9.8%," *Wall Street Journal*. 12 March 2013.
<http://online.wsj.com/article/SB10001424127887323826704578355364211327562.html#printMode>

We want China and other countries to be honest trading partners and good global citizens. But a partnership must be based on trust rather than exploitation. Where talks and contracts have failed — firm trade enforcement must prevail.

Moving forward, our Caucus will continue to pursue these issues to ensure American steel remains strong and vibrant for decades to come. I thank you for the opportunity to appear before you today and welcome any questions.

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