Written Testimony of Roger E. Lindgren
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Before the Congressional Steel Caucus Hearing on Stabilizing Steel
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2362 Rayburn House Office Building
Good morning Congressman Visclosky, Congressman Murphy and the distinguished members of the Congressional Steel Caucus. My name is Roger Lindgren and I am President of V&M Star LP located in Youngstown, Ohio and Houston, Texas. It is with great pleasure that I appear here today as Chairman of the Committee on Pipe and Tube Imports (CPTI). The CPTI represents the majority of the country’s steel pipe, tube and fittings producers which employ over 25,000 workers nationwide. There are 42 CPTI member companies located in 28 states. These companies make an array of products used in automotive applications, residential and commercial construction, energy, infrastructure and fire protection. We are an important component of the domestic steel sector and today represent one-third of the sales for domestic flat-rolled products. Most of the industry uses flat-rolled steel as its input while some use billets as input in seamless applications.

The CPTI serves as the voice for the industry in Washington, DC on matters related to trade and our association recently met in Washington for our 26th Annual Meeting. During this meeting we held our annual Lobby Day and met with over 60 Congressional offices to discuss issues of importance to our industry.

This morning I am pleased to participate on this multi-industry association panel to discuss some of the key issues of importance to the industry. I also know that Caucus members and others in Congress are anxious to identify ways to address our country’s economic challenges and ongoing issues faced by the manufacturing community and specifically the steel sector.

I have witnessed many cyclical changes in this industry over the years and I can say without hesitation that these “current times” are some of the most challenging we have faced as producers. Overall the industry is operating at very low capacity which in turn has required many companies to place employees on reduced shifts and even layoffs of a large part of our workforce. Many of the producers are operating at one shift at reduced days per week in order to maintain operations and meet current orders. For example, the decline in automotive demand has impacted many in the mechanical tubing sector since
they make products used in auto production, while the collapse of the construction market has greatly reduced demand for standard and structural pipe and tube. The energy sector has seen a significant reduction in drilling resulting in lower demand for OCTG and line pipe. Unfortunately, even though demand has declined and the industry is operating at low capacity utilization, imports continue to take a large share of the market.

The CPTI is specifically concerned about the volume of imports from China that continue to flood the U.S. market. Over the past 5 years the pipe and tube industry has had to take actions through the use of our unfair trade laws to challenge these practices. Imports from China in 2008 reached nearly 3 million tons compared to 2.5 million tons in 2007, representing more than a 20 fold increase from 2002. Since 2007, we have obtained relief from unfairly traded imports of Chinese welded circular pipe (standard), light walled rectangular, stainless pipe and welded small diameter line pipe. We have just begun the process of obtaining trade relief against unfairly traded imports of OCTG from China. The cases were filed on April 8, 2009 and we received our preliminary affirmative ITC decision at the end of May. There were 2.2 million tons of imports from China of OCTG in 2008. While we agree that manufacturers must compete in the global trade arena we also believe that this trade must be conducted fairly and consistent with U.S. and WTO rules.

The Congress and the country must embark on a new path. We must rebuild our infrastructure including roads and bridges, improve our school system, invest in a new energy grid, gain energy independence and reform the health care system. We cannot meet these demands if we do not have a strong domestic steel pipe and tube sector that supports a strong manufacturing sector. You can either make the right choices or see U.S. manufacturing move to China.

As you prepare to consider issues in the 111th Congress the CPTI would request that the Caucus take a serious role in the development of trade legislation that will ensure a level playing field for the industry, its workers, and communities across the country. Over the past three Congresses we have worked on a variety of proposals, but unfortunately
neither body advanced legislation. The CPTI believes that this is the appropriate time to work on legislation which would address the following issues:

- **Develop** legislation that would strengthen U.S. unfair trade laws by closing loopholes, bringing our laws to comply with WTO codes by adding “duty as a cost” provisions, clarifying the injury standards;

- **Ensure** that new trade legislation include a provision which would apply the countervailing duty (anti-subsidy) laws to imports from non-market economies (i.e. China) for the same 15 year period it is applied to for market economies;

- **Adopt** legislation which would provide sufficient resources to the U.S. Customs and Border Protection Service (CBP) to enforce the trade laws and ensure that imported steel products meet industry standards;

- **Support** future funding for transportation and infrastructure legislation to provide for increased demand for steel products and insure competitive freight costs for U.S. industry.

In addition, we would encourage the Caucus to become engaged in the ongoing efforts of the U.S. Strategic Economic Dialogue (SED) and the U.S. Joint Commission on Commerce and Trade (JCCT) as these Cabinet leaders prepare to engage in bilateral trade discussions with China. Recently, Ambassador Kirk stated that the Administration will leverage the SED and JCCT as “tools” in which to address ways to “craft a trade policy that is not only more responsive but more responsible to the American people’s concerns.” These are welcome suggestions, but we believe it is important for this Caucus and others in the Congress to communicate with these trade advisors to ensure that the appropriate message is promoted. The SED is scheduled to convene their first meeting in late July and the JCCT is expected to hold their inaugural meeting in the fall.
The Caucus has been a pivotal force for over three decades in the development of legislation and policies that have assisted the steel industry and its workers. Your support of the industry over the years and your continued leadership is greatly appreciated by the CPTI. I believe we have many opportunities to work together to make a positive difference as we reshape our nation’s economy and retool our manufacturing sector. The CPTI would like to be a partner in that effort and we look forward to working with each of you as these issues are considered in Congress. Our industry is prepared to compete and we believe that through the steel industry’s collaborative efforts we can all make contributions which will lead to a sustained recovery.

In closing, I would like to thank the Caucus for convening today’s hearing and on behalf of everyone in the CPTI thank you for your continued leadership on behalf of our companies, our workers and our communities. Thank you.
Roger Lindgren is President of V&M Star, a steel tubular producer which manufactures seamless steel pipe in Youngstown, Ohio with finishing plants in Houston, Texas and Muskogee, Oklahoma. Mr. Lindgren currently serves as the industry Co-Chair of the Ohio Steel Council and as Chairman of the Committee on Pipe and Tube Imports (CPTI). Mr. Lindgren has over four decades of experience in the steel industry and obtained his B.S. in mechanical engineering and his MBA from the University of Minnesota.