**United States Steel Corporation**

**Testimony of Todd Young**
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**before the U.S. Senate Finance Subcommittee on International Trade, Customs and Global Competitiveness hearing on**
**"Trade Enforcement and Infrastructure: Safeguarding our Industrial Base from Present and Future Challenges"**
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Thank you for conducting today's hearing in western Pennsylvania and inviting testimony from United States Steel Corporation, which is proudly headquartered in Pittsburgh, still known far and wide as The Steel City. Senator Casey's leadership in convening this forum on trade law enforcement and improving America's infrastructure is very much appreciated. Both of these topics are public policy priorities for America's steelmakers.

U. S. Steel was founded in 1901 and is the largest integrated steel producer headquartered in the United States, with domestic annual raw steelmaking capability of 17 million net tons. U. S. Steel manufactures semi-finished steel as well as a wide range of value-added flat-rolled and tubular products for the automotive, appliance, container, industrial machinery, construction, and oil and gas industries. Our major domestic steel operations are located in the Commonwealth of Pennsylvania, home to our Mon Valley Works, compromised of the Edgar Thomson, Irvin and Clairton plants east of Pittsburgh and the Fairless Plant near Philadelphia; in the State of Indiana, with our Gary Works in Gary, our Midwest Plant in Portage, and tin operations in East Chicago; in the State of Michigan, with our Great Lakes Works located in Ecorse and River Rouge near Detroit; and in the State of Illinois, at our Granite City Works east of St. Louis, Missouri. Our tubular operations are located in: Fairfield, Alabama; Lorain, Ohio; Pine Bluff, Arkansas; and multiple locations near Houston, Texas. Our two iron ore operations in Minnesota are located in Mt. Iron and Keewatin. These mines supply iron ore pellets to all our steelmaking operations, as well as to third parties. U. S. Steel is also involved in several steel finishing joint ventures in the United States.

U. S. Steel is a leader in both process and product technology and has three domestic research and development facilities dedicated to advancing the boundaries of steelmaking: the Research and Technology Center in Munhall, Pennsylvania; the Automotive Center, a research and sales facility in Troy, Michigan; and the U. S. Steel Tubular Products Innovation and Technology Center in Houston, Texas.

Trade Enforcement

Over the past several years, America's steel companies and workers have been challenged by significant, persistent unfairly traded imports flooding our markets. Steel at dumped prices and subsidized by foreign governments targets our open markets. As a result, many American steel-making facilities have been forced to shutdown temporarily or even permanently causing thousands of hard-working, highly-skilled Americans to lose their jobs. American steel companies can compete and win against any other producers around the world on a level playing field – yet that requires fair enforcement of our trade laws and strong, prompt action by the federal government.

We commend Congress on passing the 2015 Leveling the Playing Field Act, which significantly strengthened U.S. trade remedy law by clarifying the injury standard for the International Trade Commission in antidumping and countervailing duty—or AD/CVD—cases and providing the Commerce Department with additional tools to address dumped and subsidized imports. This strengthening of the trade law was the result of forceful, bipartisan leadership by steel champions in both the House and Senate.

Passed by Congress a few months later yet effectively in tandem with the Level the Playing Field Act, we applauded enactment of the 2016 Trade Facilitation and Trade Enforcement Act, especially the Enforce and Protect Act contained therein which provided U.S. Customs with new tools and directives to aggressively enforce U.S. trade remedy orders and crack down on duty evasion and customs fraud. It was critical that this second law followed as AD/CVD orders only level the playing field if they are strictly and effectively enforced.

U. S. Steel and other domestic producers moved swiftly in utilizing these new laws by filing a series of new AD/CVD petitions on a flood of unfairly traded imports of hot-rolled, cold-rolled, and corrosion-resistant steel from twelve countries in the summer of 2015. Solely through subsidies and rock-bottom prices—many times below the cost of production—these imports captured significant U.S. market share at the direct expense of American steel mills and workers. As a result of those investigations, however, and due in large part to the new laws, the domestic steel industry was able to obtain 28 new AD/CVD orders on 11 countries,[1] many with commercially meaningful duties. This provided U. S. Steel and American producers with critical relief.

Though these recent flat-rolled orders stemmed the tide of unfairly traded imports from the targeted countries, an all-too-familiar story unfolded – low-priced imports surged in from other countries not covered by U.S. AD/CVD orders.

[1] Hot rolled—Australia, Brazil, Japan, Korea, Netherlands, Turkey, and UK; Cold-rolled—Brazil, China, India, Korea, Netherlands, and UK (*negative on Russia); and Corrosion-resistant—China, India, Italy, Korea, and Taiwan.

For example, even before the orders were in place, imports of cold-rolled and corrosion-resistant steel from Vietnam replaced imports from China nearly ton-for-ton. As a result, U. S. Steel and other domestic producers filed circumvention petitions with the Commerce Department in September 2016, arguing that U.S. imports of Chinese steel finished in Vietnam should be covered by the AD/CVD orders on imports from China. The Commerce Department's December 2017 preliminary affirmative circumvention finding represents a critical step toward shutting down one of the many paths used to flood the U.S. with dumped and subsidized steel. This decision is an encouraging sign for the steel industry and should put other countries and foreign producers on notice that circumvention will no longer be tolerated.

The job is far from done, however. Our trade laws simply take too long to provide relief from unfairly traded imports, and by the time relief often comes, foreign steel companies have moved locations and/or devised sophisticated plans to evade or circumvent any relief.

For example, in 2014 we obtained AD/CVD orders on oil country tubular goods—or OCTG—from Korea and have obtained higher and higher AD duty rates in each administrative review. Dumped OCTG imports from Korea, however, have continued to surge into our market due to, among other things, subsidized steel and electricity and Korean government-directed reimbursement of AD duties. These practices not only thwart the remedial purpose of U.S. antidumping law, but they also threaten the U.S. OCTG industry, which is integral for the development of U.S. energy resources and infrastructure (including petroleum refineries, oil and gas pipelines, off-short rigs, and storage tanks). America cannot achieve national energy security and independence if our ability to harness our own abundant resources becomes reliant on foreign steel from unstable regions of the world.

In addition to the reliance on American steel of critical infrastructure and energy independence, the U.S. military relies on steel to protect our troops in conventional and unconventional wars, from armor for tanks, ships, and submarines to engines, gears, bearings, and bodies of the F-35 Joint Strike Fighter and other aircraft. When called upon during World War II, U. S. Steel produced, among other things, 90% of the steel used to make over 21 million helmets. And we invented the landing mat, to project our airpower wherever and whenever required. Today, U. S. Steel produces the hot-rolled steel that Stupp Corporation uses to produce Mk82, Mk83, and Mk84 bomb bodies for the Department of Defense.

Our national security is only as strong as our country's ability to produce steel from beginning to end within our Nation. That is why we urge President Trump to complete the Section 232 national security investigation of steel imports initiated last April. The unrelenting and growing barrage of unfairly traded steel entering our market leaves no doubt that imports are threatening our national security. The law provides the President with broad power to implement remedies under Section 232, and we believe the threat posed to America's steelmaking capacity merits aggressive action by President Trump. The needed remedy must be comprehensive and broad-based, covering the full range of steel products—including semi-finished products such as slab—and all producing countries, with only limited exceptions for products not currently available in the United States. Comprehensive Section 232 remedies would allow American steel producers to restart idled capacity, rehire thousands of steelworkers, and significantly strengthen our economy, steel industrial base, and national security.

Significant progress has been made on strengthening trade enforcement and utilizing new and little-used enforcement tools. We look forward to continuing to work with Congress and the Administration to further strengthen U.S. trade law enforcement so that no more American steel mills are shuttered, no more American steelworkers are laid off, and the American steel industrial base and national security are no longer threatened by unfairly traded imports or foreign governments.

Infrastructure

For a steel maker, investment in infrastructure is both a necessity and an opportunity. Efficient, reliable transportation directly impacts both our ability to move millions of tons of raw materials and finished product, and our overall competitiveness as a company and industry. Long-term investment to improve our transportation, water, energy and other critical infrastructure also creates direct demand for steel and enables broad economic growth and job creation that further drives steel demand in more consumer-oriented markets like appliances, cars and trucks, and more.

As the national discussion on how best to invest in infrastructure advances, we encourage a focus on three priorities: increased, long-term investment; project streamlining; and maintaining the commitment to Buy America. Long-term funding is essential to undertaking the large-scale projects needed to modernize and expand our transportation infrastructure. In addition, responsible regulatory reform that significantly shortens the permitting and approval process for project delivery will lower costs and deliver results sooner to system users. As we invest in America, there must also be an expanded commitment to the long-standing principle that the iron and steel used to rebuild our Nation's infrastructure should be produced – melted and poured – in the United States.

We sincerely appreciate the opportunity to join today's hearing and to provide perspective to the Subcommittee on two priorities of fundamental importance to U. S. Steel and our country. We stand ready to support and assist your important work.