

United States Senate

WASHINGTON, DC 20510-2309

Testimony of Sen. Al Franken to the U.S. International Trade Commission

September 15, 2014

Madam Chair Broadbent and members of the Commission, thank you for the opportunity to offer testimony on the injury to the U.S. steel industry from dumped and subsidized imports of steel concrete reinforcing bar, commonly known as rebar. The Commerce Department has determined that imported rebar from Mexico has been dumped in the United States, and that Turkish rebar being imported into the U.S. has been unfairly subsidized. I urge the U.S. International Trade Commission to recognize the harm that those imports have done to our domestic industry.

Rebar plays an important role in our nation's infrastructure and the rebar industry is a key part of our construction industry in the United States. There are over 100 rebar mill and fabrication facilities across the country, including in my state of Minnesota, that directly employ over 10,000 Americans in producing more than 7 million tons every year. Those facilities and workers are at risk as a direct result of dumped and subsidized imports of rebar.

Demand for rebar has increased modestly in the U.S as the economy has recovered, but the domestic industry has not benefited. That is not because the domestic industry lacks the ability to meet the increased demand – the domestic industry is operating well below capacity. Instead, what has happened is that imports have increased significantly at the expense of American steel producers. Rebar imports from Turkey and Mexico have flooded into the market in the last several years, and now account for almost 20 percent of the U.S. market. The Department of Commerce has now recognized the dumping of Mexican rebar and recommended substantial antidumping duties, while finding Turkish imports are being unfairly subsidized, albeit at lower levels, and not recognizing dumping of rebar by Turkey. These imports are sold for less than domestically produced rebar almost all of the time, and that has an effect on sales and prices for the domestic industry. When imports are dumped and subsidized, they unfairly undercut and damage the domestic industry.

And the damage has been real. Operating at lower capacity than necessary, with profits and returns on investment artificially diminished, the industry and its workers have suffered. Workers are getting paid less, some mills have closed, and workers at others have been subject to layoffs.

It is crucially important that our trade laws be strictly enforced. I am very confident that our domestic producers of rebar can compete with anyone in the world. But the playing field

must be level. It is up to the USITC, in conjunction with the Department of Commerce, to make sure that the playing field is level. The Department of Commerce has recommended substantial antidumping duties for Mexican imports. In this case, that means the Commission must recognize the harm done to the domestic industry from dumped and subsidized imports of rebar.

Thank you.