

**Statement of Congressman Bob Ney
U.S.-China Economic and Security Review Commission**

“China and the WTO: Assessing and Enforcing Compliance”

February 3, 2005

Mr. Chairman, Members of the Commission, thank you for allowing me to join you today to discuss this very important issue.

Over the past decade, America’s manufacturing base has been severely harmed and countless high-paying jobs have been lost as the result of foreign governments who have chosen to engage in unfair trade practices. Of these foreign nations – China has been one of the most egregious offenders. Year after year, China has consistently refused to follow the rules of international fair trade, and I for one do not believe we can have free trade, without fair trade.

My home state of Ohio has experienced the loss of 170,000 manufacturing jobs since 2001. In the steel industry, more than three dozen U.S. steelmakers, including the former Weirton Steel Corporation (now International Steel Group – Weirton) and Wheeling Pittsburgh Steel Corporation, were forced into bankruptcy after unfair steel imports, many of which came from China, flooded the market in the late 1990s. In recent years, America’s domestic steel producers have reduced production capacity, closed numerous inefficient mills, and significantly cut jobs.

As a result of these and other unfair trade practices, in October 2000, Congress enacted the Continued Dumping and Subsidy Offset Act (CDSOA), also known as the Byrd Amendment. The Byrd Amendment appeals to foreign governments by encouraging them to abide by the very trade rules that they negotiated with the United States in the first place; it lets the U.S. government fine foreign companies that it judges to be selling goods in America at below-market prices as the result of unfair trade practices such as illegal dumping and foreign subsidization. The revenue of these fines is then paid to U.S. companies affected by unfair trade practices.

The World Trade Organization, however, disagreed with measures of the Byrd Amendment, and in August 2004 a WTO Arbitrator determined that members of the Organization could impose retaliatory countermeasures. The arbitrator’s findings are

problematic, however, because neither the WTO nor our trading partners have been able to demonstrate that they have suffered any adverse trade effects caused by the implementation of the Amendment. Thus, the United States is not required either by U.S. law or WTO jurisprudence to repeal the law, or to pay compensation to any of its trading partners.

The Byrd Amendment has impacted the U.S. economy favorably. It has allowed American steel producers to compete against unfair trade practices. For instance, the Congressional Budget Office estimates that there are currently over 130 antidumping orders relating to iron and steel mill products, 30 relating to iron and steel pipe products, and 30 relating to other iron and steel products. In the past, there have been three disbursements of CDSOA monies, distributing over \$231 million for FY2001, nearly \$330 million for FY2002, \$190 million for FY2003, and approximately \$234 million for FY 2004. These figures, combined with the fact that the United States faces a trade deficit of over \$500 billion with China, clearly suggest that something must be done to ensure the viability of our American steel industry.

The Byrd Amendment assists many steel producers by enabling them to pay down accumulated debt, to obtain working capital and remain viable. This includes providing affected steel companies with the means to invest in new manufacturing facilities, equipment, technology, and worker retraining to ensure that they may continue to compete, despite facing the continued unfair and illegal trade practices of foreign producers. By doing so, the Byrd Amendment ensures that American steel workers do not have to jeopardize their livelihood, and that they do not have to lower their standard of living or quality of life. The Byrd Amendment puts America first.

I would like to mention that members of the domestic steel pipe, tube and fittings industry strongly support the Byrd Amendment. One of the industry's largest producers is Wheatland Tube Company, which operates Seminole Tubular Products Company in Cambridge, Ohio which is in my Congressional District.

It was established in 1986 as an expansion from their Houston, Texas operations and today employs 120 workers who are provided with good paying jobs that benefit the local economy. For a 128 year period involving four generations, this company has held its place as one of the last U.S. manufacturers that is family owned and operated. This company has received offset distributions over the past few years under the CDSOA which have helped them direct resources to their manufacturing operations. While these financial benefits have been helpful, the company today is also struggling with the competition of a surge in imports from China which is contributing to grave economic conditions. In fact, these imports have directly been attributed to recent layoffs of approximately 200 workers at Wheatland's Sharon, Pennsylvania facility.

While these U.S. companies are prepared to compete head-on with foreign competitors, they must also be able to compete fairly. As has been noted by others today, imports of a variety of products from China have been taking even greater percentages of market share for numerous producers and growers. In the standard pipe industry alone, imports

skyrocketed from 9,849 tons in 2002, to 92,043 tons in 2003 and 266,661 tons in 2004. The industry fears that these numbers will only grow in 2005 and therefore it will be important that companies like Wheatland and others are able to use the trade laws to remedy these unfair trade practices which threaten the future of the industries.

The Continued Dumping and Subsidy Offset Act enjoys a massive amount of support from a diverse group of U.S. businesses as well as a large majority of the United States Congress. And in order to ensure that American steel can compete and survive these illegal and unfair practices of other countries, Congress should continue...it must continue...to be involved in reaching a favorably negotiated solution at the WTO.