Congress of the United States
Washington, DC 20515

December 1, 2009

Chairman Shara L. Aranoff
U.S. International Trade Commission
500 E Street, S.W.
Washington, DC 20436

Re: Oil Country Tubular Goods from China, Inv. Nos. 701-TA-463 and 731-TA-1159 (Final)

Dear Chairman Aranoff:

On December 1, 2009, the Commission will hold the final injury hearing on oil country tubular goods (OCTG) from China. This issue is of great interest to our constituents who are employed by or who supply this important sector of the steel industry.

We urge the Commission to stop the material injury – and threat of additional injury – that the domestic industry and its workers have suffered due to unfairly-traded imports from China.

The U.S. OCTG industry is in a severe crisis. Due to a staggering import surge from China (the effects of which were exacerbated by the recent economic downturn), OCTG inventories rose to unprecedented levels. As a result, demand for domestic OCTG has largely disappeared. The resulting lack of sales, in turn, forced domestic mills to curtail production and lay off workers. The effect of these developments on American communities that depend on OCTG production has been calamitous.

In response to these developments, U.S. producers filed antidumping and countervailing duty cases on OCTG imports from China on April 8, 2009. We understand that the Commission has already made a preliminary finding that Chinese imports threaten material injury to the U.S. industry and its workers. As the Commission's countervailing duty (CVD) investigation enters its final phase, we understand that the Department of Commerce has already made a preliminary finding that OCTG from China has been unfairly subsidized at rates ranging from 11 to 31 percent.

The evidence of injury from Chinese imports, as reflected in the Commission's own data, appears overwhelming. Imports from China tripled over the last three years, rising from 725,000 net tons in 2006 to 2.2 *million* net tons in 2008. By the fourth quarter of 2008, imports from China were coming in at a level that exceeded 70 percent of the consumption of *all* OCTG in this market. Even in the context of exploding inventories, weakening demand, and the shut down of a large portion of our domestic industry, Chinese producers shipped an additional 700,000 tons of OCTG into this market during the first three quarters of 2009. The effect of these imports on our producers – as reflected not just in financial results but in employment, production, utilization, and other key indicators – has been devastating.

If this situation is not addressed, the industry could witness significant additional injury. As discussed in the Commission's preliminary findings, China's pipe industry is massive, and Chinese mills (which already have a large volume of unused capacity) are adding significant amounts of new capacity. Furthermore, Chinese mills are highly export-oriented, face trade relief in other key markets, and rely heavily on the U.S. market – with 62 percent of China's OCTG exports in 2008 going to the United States. In light of these facts, it is clear that Chinese producers have an enormous incentive to continue shipping large volumes into this market.

American workers and producers need and deserve a fair chance to compete in their own market. Now more than ever, it is crucial that this Commission fully and effectively enforce our fair trade laws, and ensure that foreign producers refusing to follow global trading rules are not permitted to further injure American workers, companies and communities.

We urge you to prevent further unfair trade from entering this market and thank you for allowing us to express these concerns to you and your colleagues at the Commission.

Sincerely,

Betty Sutton — Tim Murphy

Peter J. Visclosky — Bart Stupak

Mark Souder — John Dingell

Jim Oberstar — Gene Green

Marion Berry — [illegible]

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