

CPTI

COMMITTEE ON PIPE & TUBE IMPORTS

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August 28, 2017

The Honorable Donald J. Trump
The President of the United States of America
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

As members of the Committee on Pipe and Tube Imports (CPTI), we urge you to move forward quickly with effective relief under the Section 232 investigation on steel imports in order to ensure the safety of domestic supply of pipe and tube to the national defense and critical infrastructure of the United States.

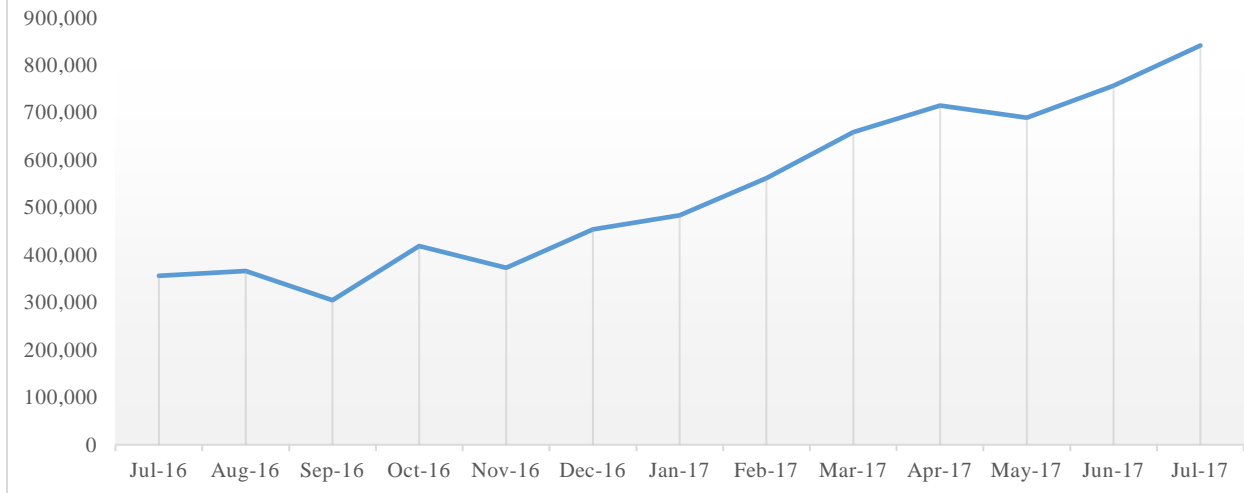
Pipe and tube products are essential to the national security and critical infrastructure of the United States. Pipe and tube products are used in an array of applications, without which the U.S. economy and military would be unable to function. Currently, over 60 percent of the U.S. market demand for pipe and tube is being supplied by foreign producers. The high and growing level of import penetration has come at the expense of U.S. producers who have seen their sales plummet and their profitability decimated, forcing them to idle capacity and reduce their workforce. If the U.S. industry producing pipe and tube shrinks further, it will put the U.S. economy and national defense at a strategic disadvantage due to an unhealthy, and perhaps unsustainable, dependence on foreign products.

Excess capacity in countries like China, Korea, Taiwan, Turkey, and Vietnam is the major cause of the current surge of imports into the United States. Attempts to address overcapacity through discussions at the G-20 and the OECD have failed to produce results. Time is running out for the industry and its workers, and we urge you take immediate action under the provisions of U.S. law that allow you to intervene to ensure that domestic producers can meet the national security needs of our great country by imposing a combination of quotas and tariffs.

It is critical that you act expeditiously. Since you announced the initiation of the Steel Section 232 investigation in April, foreign producers have flooded the market with pipe and tube in anticipation of action on your part to address the national defense concern. In July, monthly import licenses for standard pipe hit nearly 130,000 tons – the highest monthly level ever. For oil country tubular goods used in the energy sector, import licenses in July totaled 355,000 tons – four times the level of imports in July last year. Overall pipe and tube imports in July, in excess of 800,000 tons, represents an incredible historically high level as illustrated in the chart below.

AN ASSOCIATION OF UNITED STATES PIPE, TUBE, AND FITTINGS PRODUCERS

IMPORTS OF CARBON & ALLOY STEEL PIPE AND TUBE JULY 2016 THROUGH JULY 2017



Source: U.S. Department of Commerce Steel Import Monitoring & Analysis (SIMA) using U.S. Census import data for July 2016-June 2017, preliminary Census data for July 2017 (Aug. 25, 2017)

This situation is not sustainable. Foreign producers are taking advantage of us, and unless you act, our industry will only deteriorate further. Because the U.S. pipe and tube industry is the third largest purchaser of flat-rolled steel after automotive and steel service centers, reduced pipe and tube production will also greatly harm the U.S. flat-rolled industry.

On behalf of the U.S. companies that produce pipe and tube and the nearly 40,000 hard-working Americans employed in our industry, we urge you to act swiftly and decisively to support American steel.


Sincerely,

Barry Zekelman
Exec. Chairman and CEO
Zekelman Industries

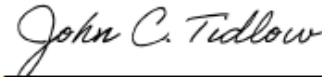
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Bull Moose Industries



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Executive Vice President
Bristol Metals



Rick Hirsch
President
California Steel & Tube



Marcelo Botelho Rodrigues
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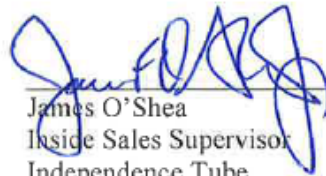
Conrad Winkler
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David Hendrickson
President and COO
Felker Brothers Corporation



Blanton Bartlett
President
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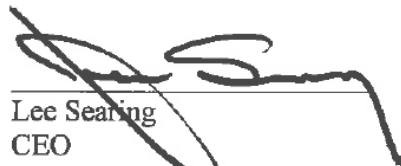
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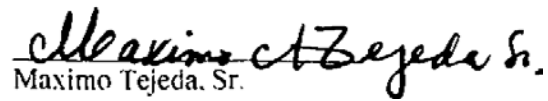
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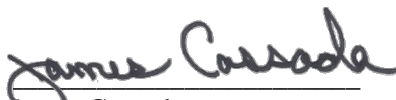
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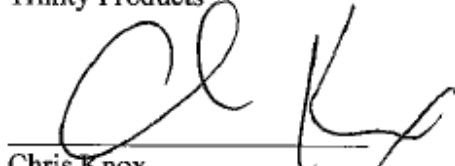
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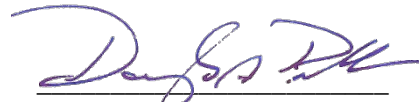
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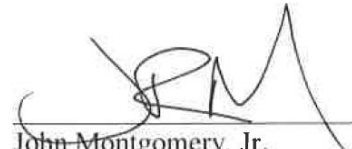
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