

BEFORE
THE OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
AND
THE UNITED STATES DEPARTMENT OF COMMERCE
WASHINGTON, D.C.

RE:

**POLICY RECOMMENDATIONS ON THE GLOBAL STEEL INDUSTRY
SITUATION AND IMPACT ON U.S. STEEL INDUSTRY AND MARKET**

USTR-2016-0001

TESTIMONY OF KIMBERLY KORBEL
EXECUTIVE DIRECTOR
AMERICAN WIRE PRODUCERS ASSOCIATION

APRIL 13, 2016

Good afternoon.

I am Kimberly Korbel, Executive Director of the American Wire Producers Association or AWPA.

Our member companies produce the vast majority of carbon, alloy, and stainless steel wire and wire products that are manufactured in the United States. These products are used in tens of thousands of applications throughout the American economy.

Our member companies employ more than 22,000 American workers and contribute in excess of \$11 billion annually to the U.S. economy. We operate 215 plants in 35 states.

The U.S. wire industry is often overlooked when policymakers, commentators, and the press address the fundamental issues in today's global steel market. Our member companies face the same problems caused by overcapacity, subsidy programs, and other unfair trade practices—particularly by China—that affect the basic steel industry.

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Imports of steel wire and wire products from China have surged since 2001 and by 2015, imports from China have flooded the US market.

- Steel wire imports increased by 370 percent;
- wire rope by almost 300 percent;
- wire strand by 2,200 percent; and
- woven wire fabric by 5,000 percent.

Some AWPA members have responded by exercising their rights under the antidumping and countervailing duty laws. Since 2007, AD and CVD orders have been placed on eight kinds of wire products:

- nails,
- prestressed wire strand,
- threaded rod,
- wire grating and shelving,
- innerspring units,
- rail tie wire, and
- wire garment hangers.

Triple-digit dumping margins are common. Importantly, Commerce found that Chinese companies benefit from a wide range of subsidies.

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With literally hundreds and even thousands of different wire products subject to intense pressure from imports, the traditional trade remedies—while important—can provide only limited relief. I say this because wire companies cannot file ONE petition to address unfair imports. They cannot afford to file individual petitions on each and every product. Most wire and wire products are incorporated into finished goods. Imports of finished goods further diminishes US production of both wire and wire products and of domestic wire rod. This is a direct result of global steel overcapacity.

Even with existing duty orders, our industry is often denied effective relief. Foreign suppliers employ many schemes to evade the duties. They include:

- (1) Transshipment of goods through third countries;
- (2) Falsification of the country of origin;
- (3) Misclassification of goods;

It is really disturbing that other countries seem to be following the Chinese export model. In some cases, they may be pressured by Chinese shipments into their markets, to export their own wire and wire products to the US. These third countries and Chinese manufacturers have access to low-cost Chinese wire rod—which is subject to high dumping and countervailing duties in the United States—so they enjoy a distinct competitive advantage in producing and exporting wire and wire products. Given the prevalence of unfairly-traded imports from China and other countries, and given the nature of the wire and wire products industry, we submit that one of the few comprehensive means of dealing with the problem is to address the structural

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imbalances and distortions in the global steel market. The AWWPA respectfully recommends the U.S. Government take the following actions:

- (1) Negotiate meaningful and enforceable reductions of excess capacity in the steel industries of China and other countries, INCLUDING wire and wire products capacity.
- (2) Negotiate to eliminate the pervasive subsidy programs in China and other countries.
- (3) Ensure that any remedy undertaken by the U.S. Government takes into consideration the effect of that remedy on the downstream sectors of the steel manufacturing supply chain.
- (4) Insist on the elimination of Chinese border tax schemes that promote exports of finished downstream products while discouraging exports of raw materials and other inputs.
- (5) Ensure that U.S. Customs, has the resources to investigate and take enforcement action
- (6) Take remedial action to ensure that China and other trading partners cease to manipulate their currencies.

The AWWPA appreciates this opportunity to share the views and concerns of its member companies, and I look forward to responding to any questions that you may have.

Thank you.

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