

Testimony of Robert Griggs, Trinity Products LLC

Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Section 301 Committee Hearing May 15, 2018

Good afternoon. I am Robert Griggs, the President and founder of Trinity Products. I appreciate the opportunity to be here, and I thank USTR and all those involved in the Section 301 investigation for taking critical steps to address China's unfair practices. Trinity fully supports the duties on Chinese products being imposed under Section 301. We also ask that USTR cover steel sheet piling and additional large diameter pipe products – classified in HTS numbers 7301.10.00, 7305.31.40 and 7305.39.10 – under the Section 301 duty.

First, some background on our company: In 1979, my business partner and I founded Trinity in St. Charles, Missouri. We began as a steel pipe broker, but soon added fabrication facilities. In 2000, we adopted an open book management philosophy of running our business, sharing up to 20 percent of profits with every employee. In 2006, we started construction of a new state-of-the-art spiral-welded pipe mill and one year later, we produced our first piece of pipe. I have invested everything that I have into Trinity, and not just financially. Trinity is a family operation, and I work closely with both of my sons. I owe it to myself, my family, and our roughly 160 employees to do everything in my power to make sure that we

succeed. That's why I am here today. We've always played by the rules, but, unfortunately, others do not. Chinese imports in particular are injuring our industry.

As explained in USTR's detailed report, these imports from China are encouraged by Chinese government policies and unfair practices with respect to technology, intellectual property, and innovation. Trinity supports the U.S. Government addressing these harmful practices by imposing an additional duty of 25 percent on many Chinese products, including steel products. It is very important to Trinity and our industry that USTR also include sheet piling and additional pipe products on the Section 301 list.

U.S. imports from China under the three relevant HTS numbers accounted for about \$37 million in 2017. This is an increase of 320 percent from just one year prior, in 2016. And Chinese imports of sheet piling and these pipe products increased even more in the first quarter of 2018, compared to the same period last year. This is undoubtedly the result of the Chinese government's illegal support of Chinese producers of steel products like sheet piling and pipe.

Adding sheet piling and pipe to the Section 301 list would directly address China's unfair trade practices and their adverse impacts on the U.S. economy. USTR has noted that Section 301 duties will be imposed on products that benefit from Chinese industrial policies, including Made in China 2025. For decades, the Chinese steel industry has benefited from policies of the Chinese government,

including five-year plans specific to steel. The Made in China 2025 policy also specifically addresses the steel sector in the *Technological Roadmap for Made in China 2025 Priority Sectors*. At the same time, these tariffs are not likely to disrupt the U.S. economy, as there are U.S. and alternative import sources for sheet piling and pipe.

Unfair imports of these products from China have seriously harmed Trinity's operations. For example, in January 2017, we lost a large dredging job in New Orleans to China. This was a \$3.5 million project that Chinese producers won by selling their pipe for roughly the cost of our raw material input, hot-rolled coils. These kinds of losses have left us with no choice but to cut our production, and let go a large percentage of our workforce. We have also been forced to cancel planned modernization and expansions, which would have allowed us to hire more workers.

With all these issues, I have come to a crossroads. Do I want my family to stay in the Steel Pipe Industry? With the Chinese Government subsidizing their steel industry and without a level the playing field for U.S. industry – first, why would I invest any more capital in the industry, and second, how can I allow my family to continue work in an industry where we are cheated each and every day?? It is unacceptable to be losing work in our backyard to China because it doesn't play by the rules.

I implore you to do the right thing and to help fix this wrong now. Trinity thanks USTR and the other government agencies involved in this investigation for taking steps to address China's unfair trade and related practices. We request that USTR also add sheet piling and additional pipe products to the Section 301 list.