

**STATEMENT OF MR. THOMAS FISH
CHIEF EXECUTIVE OFFICER,
ANVIL INTERNATIONAL**

(May 15, 2018, PANEL 2)

Thank you to the office of the United States Trade Representative and the Section 301 Committee for conducting a hearing on this important topic and for giving me the opportunity to speak with you today.

My name is Thomas Fish, and I am the Chief Executive Officer of Anvil International. Anvil manufactures steel and iron products that connect and hang pipe including: pipe fittings, couplings, nipples, and hangers. We operate eight U.S. manufacturing facilities located in Alabama, Pennsylvania, Rhode Island, Tennessee, and Texas, and we currently employ 1,500 people. Anvil has been in the business connecting and hanging pipe for over 165 years.

I've worked at Anvil or its predecessor companies for the last 35 years, serving as its President/CEO for the past 17 years. Over this time period, the footprint of U. S. manufacturing has decreased significantly. Many U. S. based companies have either moved their manufacturing operations offshore or simply found foreign companies to manufacture their product for them.

Anvil has certainly had to react to this changing environment. We have consolidated manufacturing facilities as required and now offer both domestic and

internationally sourced product. We are very proud to point out that 80% of what we sell today is still domestically manufactured product. Despite this fact, our demand for U.S. based manufactured product is down approximately 60% since calendar year 2000 and the sale of similar product from China has skyrocketed.

The recently announced tariffs of 25% on steel-based products from China presents yet another challenge to Anvil and other similar U.S. manufacturing companies. The U.S. cost to procure steel raw materials that go into making nipples, couplings, and hangers have already gone up by 25% as a result of the proposed new tariffs. These raw material costs make up 50% to 60% of the total cost of our finished product. Chinese manufacturing companies have access to lower cost steel raw materials that are being subsidized by their government. As a result, we are seeing finished Chinese nipples, couplings, and hangers being sold in the U.S. for less than Anvil's variable cost to manufacture the same product. There's just no way that any U.S. producer, no matter how efficient, can compete with that over the long run.

Anvil supports the Committee's proposed imposition of Section 301 tariffs, but we want to make sure it's done in a way that's not going to put U.S. manufacturers like us in an even worse position.

Let me take a moment to show you some product samples of the nipples, couplings, and hangers that we manufacture. As you can see, the nipples and couplings are made from steel pipe which has been cut to length and then threaded. Pipe hangers are made from steel coil. The raw materials required to manufacture these products are already covered by the section 232 tariffs, and they also appear on the list published last month for the section 301 tariffs. Ironically, our nipples and couplings would be considered “pipe,” which is subject to the 232 tariffs and other duties, if they were over 12 inches long.

To summarize, Anvil’s ability to compete with Chinese manufactured pipe nipples, couplings and hangers is facing a significant challenge. We are, in fact, going to be squeezed from both ends. The section 301 proposed tariffs will result in an increase in Anvil’s manufacturing costs. At the same time, excluding the same Chinese manufactured product from the 301 tariffs will give the Chinese a further cost advantage and it will incentivized them to shift their production downstream, from pipe subject to tariffs, to pipe nipples, couplings and hangers not subject to tariffs.

It is for these reasons that we ask you to consider including pipe nipples, pipe couplings, and pipe hangers on the list of products to which section 301 tariffs would be applied. These products are included under HTS subheadings identified

in our written submission, and they accounted for some \$542 million of imports from China during 2017. A 25% tariff on these subheadings would go a long way to leveling the playing field and allowing Anvil to maintain and potentially regain market share lost to China over the past two decades.

Anvil also believes that including those tariff subheadings on the Section 301 list would not cause disproportionate economic harm to U.S. interests. The consumers of these items are primarily commercial builders. The cost of the products that we are asking to be included represent only a tiny fraction – less than 1% – of the total cost of a commercial building. Moreover, Anvil is not operating anywhere near its manufacturing capacity and we easily could add a second shift and double our production of pipe nipples, couplings, and hangers if additional production was required. Even if the 25% tariffs were imposed on Chinese nipples, couplings, and hangers, these Chinese products still would be competitive in the U.S. market; the only difference would be that the competition would be on a more level playing field.

I thank you for your time and for your continued efforts on behalf of the interests of U.S. manufacturers and their workers.