

Testimony of Laurent De Mey, Skyline Steel

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. My name is Laurent De Mey, President of Skyline Steel, a wholly owned subsidiary of Nucor Corporation. Thank you for the opportunity to appear before you today to express our support for the President's strong action against China's trade violations, and to request that you add steel sheet piling and additional large diameter pipe products to the tariff list. The relevant HTS numbers are in my written statement.

Skyline Steel has facilities in Arkansas, Illinois, Mississippi, New Jersey, Ohio, Pennsylvania, and Washington. We produce sheet piling and welded structural pipe in diameters ranging from ten inches to fifteen feet, in addition to other steel products.

Unfairly traded Chinese imports have had significant harmful effects on Skyline's profitability, employment, and ability to innovate and invest. As one example, we permanently shut down one of three pipe production lines at our Longview, Washington facility. This came after losing multiple bids to unfairly traded imports, right in our backyard, on the Columbia River. Despite being literally next door, these projects were awarded to Chinese mills offering pipe at much lower

prices than any company playing by the rules could provide. The loss of a production line means the loss of jobs.

Skyline's sheet piling business has also been negatively impacted. Whether it is for contamination remediation sites in Detroit, underground parking garages in Seattle, port projects in Louisiana, or general contracting in New York City, Chinese sheet piles have been sold below cost into the U.S. market. Even with the Section 232 tariff, Chinese material has continued to undercut U.S. producers, leading to fewer projects for Skyline and the rest of the U.S. steel industry.

As USTR found in its Section 301 report, imports from China have been fueled by Chinese government policies and unfair trade practices. Skyline is pleased that the U.S. government will impose an additional duty of 25 percent on certain Chinese-origin products to help address these unfair and illegal practices. We urge USTR to also include sheet piling and other large diameter pipe products on the list of Chinese products subject to the duty.

These products fall squarely within USTR's criteria. First, as the U.S. government is well aware, these imports benefit from the Chinese government's distortive industrial policies, including steel industry-specific five-year plans and Made in China 2025. In addition, tariffs on these products are not likely to disrupt the U.S. economy because there are multiple U.S. producers and alternative, non-Chinese import sources for these products.

These imports total approximately 37 million dollars. While this is may be a small portion of our total trade with China, the impact on U.S. manufacturers and workers is huge. American workers cannot continue to lose high-paying jobs because of China's industrial plans, technology transfer policies, cyber theft and illegal government subsidies. Thank you for taking steps to address China's unfair practices.