

**PROPOSED DETERMINATION OF ACTION PURSUANT TO
SECTION 301 OF THE TRADE ACT OF 1974 IN RESPONSE TO
CHINA'S ACTS, POLICIES, AND PRACTICES RELATED TO
TECHNOLOGY TRANSFER, INTELLECTUAL PROPERTY, AND INNOVATION**

**HEARING TESTIMONY
SUPPORTING STRONG, COMPREHENSIVE ACTION TO ADDRESS CHINA'S UNFAIR PRACTICES
FILED ON BEHALF OF UNITED STATES STEEL CORPORATION**

Good afternoon. My name is Robert Kopf, and I am the General Manager, Business Support for United States Steel Corporation ("U. S. Steel"). I appreciate the opportunity to appear today in support of strong and comprehensive action under section 301 of the Trade Act of 1974.

As a direct victim of the Chinese government's cyber attacks and other unreasonable and discriminatory acts against U.S. commercial interests and U.S. manufacturers, U. S. Steel strongly supports the Administration's proposal to take action under section 301 to address these unfair trade practices affecting numerous steel products. As someone who has been actively involved in all aspects of our tin- and chromium-plated steel sheet (or "tin mill products") business for several years, I appreciate that the Administration has included imports of certain tin mill products from China on its proposed list of products that would be subject to tariffs. U. S. Steel, however, respectfully requests that the Trade Representative update that list to include all of the harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers for tin mill products to better reflect the Administration's intended relief and avoid circumvention. The proposed list inadvertently omits two tariff subheadings that also cover

sizable imports of tin mill products from China: HTSUS 7210.12.0000 and 7210.50.0000, as illustrated in the table in our May 11, 2018 written comments

Strong Action is Needed to Address the Unfair Practices Identified in the Report, Including Practices that Injured U. S. Steel: As the Trade Representative determined at the conclusion of an investigation conducted under section 301 of the Trade Act, the government of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation are unreasonable or discriminatory and burden or restrict U.S. commerce. Among others, the Trade Representative determined that China conducts and supports unauthorized intrusions into, and theft from, U.S. companies' computer networks to access their sensitive commercial information and trade secrets.

As USTR's report recounted, U. S. Steel itself has been targeted by cyber-hacking attacks. In May 2014, the U.S. Department of Justice announced the indictment of five Chinese military officials from the intelligence component of China's People's Liberation Army for cyber intrusions and economic espionage directed against U.S. firms, including U. S. Steel. A separate incident resulted in the theft of highly sensitive commercial secrets regarding U. S. Steel's development of advanced high-strength steels.

These cyber thefts are part of a larger program by the government of China to leverage all resources to achieve technological breakthroughs in key areas, promote import substitution, rely on Chinese products to meet growing demand in China, and promote Chinese industries to dominate the home and global markets. Steel and many of the sectors it serves, such as construction, infrastructure, automotive, machinery, and transportation, are among the 11 sectors that the government of China identified as priorities for international expansion in May 2015.

State-owned enterprises – particularly state-owned mining and metal processing companies – also are responsible for many of the largest overseas transactions, as USTR’s report recognizes.

For these and other reasons, the Trade Representative proposed imposing an additional 25 percent *ad valorem* duty on products imported from China under certain 8-digit HTSUS subheadings. U. S. Steel has supported the section 301 investigation since its initiation and encourages the Administration to take strong action to remedy the government of China’s unfair practices, including the cyber intrusions into U.S. commercial networks that have directly impacted U. S. Steel. Thus, U. S. Steel greatly appreciates the Trade Representative’s decision to include various steel products, including certain tin mill products, on the list of proposed products.

As the nation’s largest producer of tin mill products, I am here to tell you that they deserve protection from Section 301 action for several reasons. The Section 301 action is intended to complement existing antidumping and countervailing duty orders, although no such orders are in place on imports of tin mill products from China. Due to surging imports of tin mill products, including from China, however, the domestic industry has massive unused capacity. This industry is near the top of the steel value chain, involving high levels of technical know-how to produce. High levels of aggressively low-priced imports and massive unused capacity complicate important efforts to further develop domestic capacity for additional advanced tin mill products.

Only Comprehensive Action Will Address the Government of China’s Unfair Practices: To provide the intended relief and avoid circumvention of the section 301 action, U. S. Steel respectfully requests that the Trade Representative update the Annex to address a gap in the tariff subheadings intended to cover tin mill products, which could allow massive

quantities of tin mill products to flow into the country under these codes, under which most of their imports of tin mill product arrive here today. Specifically, though the Administration's proposed list includes several of the tariff subheadings applicable to tin mill products, the proposed list inadvertently omits two tariff subheadings that also cover sizable imports of tin mill products from China: HTSUS 7210.12.0000 and 7210.50.0000, as illustrated in the table in our May 11, 2018 written comments. Including these additional subheadings will provide more relief to U.S. commerce as well as more leverage to address the Chinese government's unfair trade practices.

Thank you for the opportunity to testify today and for your attention to this matter. I look forward to answering your questions.