Testimony of Bill New
President, New Industries
On behalf of the Coalition of Energy Equipment Manufactures
Before Section 301 Committee
July 24, 2018

Committee members, thank you for holding this hearing today and for allowing me to testify on behalf of the Coalition of Energy Equipment Manufacturers (CEEM). My name is Bill New and I am the President of New Industries based out of Morgan City, Louisiana. CEEM is a coalition of U.S. fabricators that manufacture highly-specialized process industry components that are necessary to produce, store, transport and refine oil and gas and related products as well as other critical applications vital to the functioning of an advanced energy industry. I am here today to ask that two products, that are both included in Annex C of the Section 301 tariff list, remain in your final determination of duties imposed on China. These are "Steel, grating for structures or parts of structures"(HTS code 7308.90.70) and "Industrial machinery, plant or equipment for the treatment of materials, by process involving a change in temperature" (HTS code 8419.89.95).

U.S. fabricators that manufacture these critical components for the energy-related and refining industries have been hit especially hard in the last few years by unfair competition from foreign competitors, especially China. Heavily subsidized Chinese corporations have begun "dumping" fabricated energy equipment at prices that are sometimes below the cost of materials for the same equipment manufactured in the United States. This is an intentional effort on the part of Chinese corporations, sponsored by their government, to avoid the duties that are already in place by importing a finished product that is not subjected to duties. This has made it nearly impossible for U.S. companies to compete in the open market for fabrication jobs, many that are being utilized within a few miles of U.S. manufacturing facilities. This has also resulted in a substantial loss of high-paying jobs in the manufacturing sector, especially in the areas offshore oil and gas production and in refining operations. This will only continue to happen, and get far worse, unless the federal government intervenes in a meaningful way.

To that end, it is critical that the specific issues of energy equipment fabricators be addressed in the overall plan, including the Section 301 action, to combat discriminatory practices of many of our foreign trade competitors. We feel that it is appropriate to include the two Process Industry Components critical to our national security and energy independence within the scope of the expanded Section 301 petition that is under consideration. Failure to do so could literally wipe out all of the U. S. fabricators that manufacture this equipment, thereby eliminating the ability to domestically produce these highly specialized components. It is also important to note, that many of the technologies emanate from US-based companies that inadvertently export these

designs and other intellectual property in the procurement process to the detriment of our own manufacturing infrastructure.

The ability to design, engineer and fabricate components critical to our national security and energy independence is of paramount importance in relation to U.S. innovation. China's discriminatory practices have decimated our ASME qualified companies with dumped, subsidized and predatory pricing practices. There remain roughly 6,000 companies operating within this space that produce these components that are critical to U. S. energy independence and to our economy. While this is half of the companies that existed only a few years ago, we still have the capability to meet most, if not all, current us demand. However, if we allow the predatory trade practices of China and other foreign countries to continue, this will not be the case and we will lose the ability to manufacture these critical components. We simply cannot let our U.S. manufacturers to be further harmed by the mercantilist practices of a command economy and potential military rival. Having to rely on foreign governments to supply the U.S. energy and refining sector with components that are vital to their operations is not in the best interest of the United States and removing China as a threat to our manufacturing capability should be an imperative priority.

Again, thank you for allowing me to appear before you today to provide my remarks regarding the proposed Section 301 determination and the need to have Process Industry Components for the energy-related and refining industries included in the final list of products. I will be happy to answer any questions that you may have.