



**Statement of Tony Frabotta
Immediate Past Chairman
Committee on Pipe and Tube Imports (CPTI)
Vice President of Finance and Government Relations
Zekelman Industries**

**Congressional Steel Caucus Hearing
On
“The State of the Steel Industry”**

**Wednesday, July 20, 2022
8:00 to 10:00 AM
House Visitor Center Room 210 – U.S. Capitol
Washington, D.C.**

**Committee on Pipe & Tube Imports (CPTI)
900 Seventh Street, N.W. - Suite 500
Washington, D.C. 20001 – 202-223-1700**

Good morning, Co-Chairmen Lamb and Mrvan, Co-Vice Chairmen Bost and Crawford, and the distinguished members of the Congressional Steel Caucus.

My name is Tony Frabotta, and I am Vice President of Finance and Government Relations at Zekelman Industries. I have served in this role for over three decades. Zekelman is the nation's largest producer of steel pipe and tube products. Headquartered in Chicago, Illinois, we employ over 1,000 workers at our facilities in Alabama, Arizona, Arkansas, Illinois, Indiana, Michigan, Ohio and Pennsylvania. Our company has been in business for over four decades and we have continued to expand our footprint by adding new product lines, investing in new facilities and expanding opportunities for our employees. Just a few months ago we opened our newest facility, a Jumbo Hollow Structural Sections (HSS) mill - the largest in the world in Blytheville, Arkansas – in fact in Rep. Crawford's district. This \$200 million project is one of the largest private investments made by the pipe and tube industry in the last decade.

There have also been other new investments announced over the past year. In February 2022, Borusan Mannesmann Pipe U.S. announced a \$192 million expansion of their facility in the Houston, TX area that will include the addition of two new mills capable of making standard pipe for mechanical and industrial uses and large diameter pipe for pipelines for the energy sector. In June 2021, Bull Moose Tube announced plans to build a 350,000 ton per year HSS and sprinkler pipe mill. This mill is currently under construction and will be located on the campus of Steel Dynamic's new Sinton, TX flat rolled campus. In March 2021, Nucor Tube announced they would build a new \$164 million tube mill on the site of its Nucor Steel Gallatin, KY sheet mill. The new mill will have an approximate capacity to make 250,000 tons of HSS steel tubing, mechanical steel tubing and galvanized solar torque tube.

This morning I am pleased to appear on behalf of the Committee on Pipe and Tube Imports (CPTI), the nation's leading trade association for the U.S. pipe and tube industry. CPTI members make an array of carbon and stainless-steel pipe and tube and fittings products. CPTI member companies span the country. We are in 32 states and in 99 Congressional districts and today employ over 32,000 employees. These companies manufacture a variety of carbon and stainless-steel pipe and tube products used in our agricultural, automotive, construction, defense, energy, fire protection, and transportation sectors. The industry is an essential customer of the nation's steel industry - in fact, many of the companies who are on this panel today are suppliers of flat-rolled and long products to the industry.

Despite the challenges of a lingering pandemic, I am here today to say that our industry is better positioned to serve our customers across the country. We can attribute this to having strong trade laws that have resulted in antidumping (AD) and countervailing duty (CVD) orders on a variety of steel pipe and tube products and the Steel Sec. 232 program – both which have worked to reduce the number of unfairly traded imports into the United States. The industry has been a supporter of the trade laws and continues to support policies that will strengthen these tools. In addition, the industry firmly supports the continuation of the Sec. 232 program.

The industry and its employees have remained committed to serving our customers and companies are making the necessary investments to ensure we can continue to contribute to the nation's economic recovery. Companies have taken the necessary steps to reinvest and retool to serve new and existing markets – including construction, energy and infrastructure.

As we move forward, we need to ensure that we are able to compete on a level playing field with our global competitors. In steel pipe and tube, we know firsthand the injurious effect of unfairly traded imports. Just five years ago imports of pipe and tube were at a record high and as a result of existing AD/CVD duties and Sec. 232 tariffs and quotas we saw a drop in imports. This was welcome news; however, we knew it was only a matter of time before we saw imports increase. In 2020 there were 3.4 million tons of pipe and tube imports compared to 4.4 million tons in 2021. This reflected a 29% increase from the previous year and import penetration rose from 27.2% in 2020 to 33.9% in 2021. We have data for 1Q 2022 that reports import penetration at 40.3%.

On an equally important note, the industry remains committed to ensure we can respond to any global trade irregularities. As we know the recent events in the Ukraine conflict have decimated the country and their citizens. We are all aware of Russia's steelmaking capacity and their ability to make downstream products including pipe and tube. Our industry has learned that some Russian steel has been used to make pipe and tube which has entered into the U.S. from Oman – a way for Russia to potentially evade existing AD/CVD duties on hot-rolled steel and possibly evade sanctions that are in place. We suspect UAE producers are also using Russian steel. We shared this information and conveyed our concerns to the Commerce Department and U.S. Customs and Border Protection Service that false “melted and poured” source information was listed for nearly 50,000 tons of pipe in 2022 even though there is no hot-rolled steel production in the UAE. The Steel Caucus should look into the lax enforcement of these existing licensing provisions and blatant violations by providing false information on entry documents. We hope that the Caucus will inquire with Commerce and Customs to inquire why this is occurring and what actions they plan to

take to remedy the problem. It is disturbing to see that Russia may be economically benefitting by shipping steel products to third countries – evading all of the steps taken by the United States. We would ask that the Caucus engage with the Administration to discuss what appropriate actions can be taken in this matter.

As Congress and the Steel Caucus continues its work in the second session of the 117th Congress we would like to highlight a few of our priorities:

The industry is continuing to carefully monitor the USMCA to ensure full implementation and that intended benefits are received by U.S. manufacturers.

The industry continues to work with USTR to identify a solution through the Sec. 232 provisions to remedy the growing levels of misclassified steel conduit products from Mexico.

The industry remains committed to ending global steel overcapacity, particularly in China and will continue to engage with the OECD Steel Committee and global steel partners on solutions.

The CPTI is a strong supporter of the trade laws and we remain committed to work with Congress and the Administration to develop and advance legislation that will provide tools to challenge unfair trade practices and customs fraud.

As Congress moves forward on its legislative agenda, the CPTI asks that the Caucus support these measures that we believe will reinforce the foundation of the domestic steel sector:

1. Support pending trade legislation, Leveling the Playing Field Act 2.0 H.R. 6121/S.1187 which is currently being discussed in the U.S. Innovation and Competition Act (USICA). We ask the Caucus to convey to conferees that it is important to include the

trade remedy provisions in the final agreement. Having these in place will enhance U.S. trade laws to ensure import sensitive sectors – including the steel sector and their workers can obtain relief through enforceable remedies.

2. Support legislation that would create opportunities for the domestic steel sector to serve the growing renewable energy sector – through the use of tax credits in the budget reconciliation bill
3. Support enforcement of the Buy America program for national infrastructure projects.
4. Support full funding in Fiscal Year 2023 for the U.S. trade agencies charged with administering the U.S. unfair trade laws (Commerce) and customs enforcement (DHS and CBP)

The Caucus has always been in the forefront of the development of legislation that addresses issues of importance to the industry, its workers, and the communities we serve. I know that our industry and association thank each of you in the Caucus for your commitment and leadership on these issues. The industry has a great partnership with the Caucus and we applaud you for the work you do. We need to keep the momentum behind these collective efforts that result in economic growth and security for the domestic pipe, tube and fittings industry, steel sector and our nation's manufacturing sector. Thank you.



Executive Bio Profile

Anthony Frabotta, Zekelman Industries

Anthony Frabotta is currently the Vice President of Finance for Zekelman Industries and has served in various roles during his 31-year tenure with the company, including Finance, Operations, M&A and Government Relations. A native of the Chicago area and has been in the steel industry for most of his career. He received his bachelor's degree in Accounting from the University of Illinois Chicago. Mr. Frabotta is on the Board of Directors of the Committee on Pipe and Tube Imports (CPTI) and is the Immediate Past Chairman.