Good morning, and thank you for the opportunity to elaborate on the national security consequences that significantly exacerbate the harm we suffer when the U.S. fails to act against steel products imported in violation of U.S. law.

My name is David Rintoul. I am a proud 10-year veteran of U. S. Steel and a nearly 40-year veteran of the steel industry. It is no small matter that I speak about today – I hope you will agree that, in fact, it’s quite a big deal, not only for one of the nation’s foundational companies, but also for the United States as a whole.

For more than a century, the iconic United States Steel Corporation, born during America’s industrial ascendancy, represented the unique ingenuity, competitiveness, and boundless aspirations of our country. As one of the leading pioneers of the American Century, U. S. Steel literally helped to lay the foundation of our great cities, build the tools and transportation
infrastructure that unified the continent, and heeded the call to arms when, as a nation at war, we stood against the forces of those who would forever change our way of life.

Through it all, we helped to lead the defense of America – at home and abroad. We understood our company and industry to be more than just businesses – we treasured our role as Americans.

For most of this time, the threats to our security were readily identifiable and the requirements of our response were equally clear. Not so today. In 2017, the threats to America’s national defense have multiplied and now present themselves in fundamentally different forms. We still need tanks on the battlefield and airpower to control the skies, but now we also need to guard against asymmetrical risks such as those we see, for example, in cyberspace.

And, make no mistake, we – U. S. Steel and other U.S. corporations – see these threats ourselves: we have been the direct victim of trade secret thefts accomplished through sophisticated hacking into our internal computer systems. The indirect victims, of course, are the American people and the military that protects them and counts on us to provide better, stronger, more effective steel products than those possessed by others.

Just as the global supply chain has created an infrastructure that is regularly beneficial for consumer products from cars to smart phones to t-shirts, it is at the same time pernicious when it prevents us as a nation from being able to domestically source and produce the materials needed to ensure our energy independence and defense – whether on the battlefield, or in the superiority of our energy supply, or the safeguarding of our vital corporate and government secrets.
One aspect of our defense infrastructure that is dangerously threadbare involves our country’s reliance on imported steel products known as oil country tubular goods (OCTG). A family of products that makes it possible for energy companies to explore for, retrieve, and bring to market the oil and gas America needs to guard its security through a reliable and dependable supply of domestically-produced energy.

Today, imports make-up approximately 50 percent of the OCTG market. Driven by Chinese manufacturers over the last several years and now overtaken by state of the art plants in South Korea, foreign suppliers have made it their mission to steal this market from U.S. companies, well aware of the danger such a loss of domestic capacity would pose to America’s national security.

So, you might ask, how did we get here and how bad is it? Sadly, the answer is three-fold.

First, the governments in South Korea, China, and elsewhere have deemed dominance in this market a matter of their national security. To accomplish this goal, they’ve plainly subsidized their domestic industries, provided as much regulatory and other support as needed, and worked steadily to undermine U.S. efforts.

And, for the record, the domestic market for OCTG goods in South Korea is non-existent and in China is minimal, at best.
Second, the result of this behavior by these countries in large swaths across America has been
predicable and painful in human terms and has left us with a long-term deficit when it comes to
this key manufacturing capability. In the tubular business at U. S. Steel alone, this unfair
competition has resulted in the closure of 50 percent of our mills since 2014 – and forced us to
lay off far too many of our friends and colleagues as a result.

In just the last few years, we have been forced to abandon more than 40 percent of the OCTG
products we previously made, as the tsunami of imports have driven down prices to levels where
it is impossible for us, and others who operate within the traditional rules and boundaries, to
successfully maintain our market presence.

And the harm is agonizingly real. In 2014, we had more than 3,000 people working as part of our
team focused on tubular products and production. At its low point six months ago, that number
had shrunk to 950 – a cut of more than two thirds. Even today as the energy market has begun a
modest turnaround, we’ve only been able to engage a total of 1,300 people on this business.

In the last two years alone, U. S. Steel’s tubular business has suffered severe financial losses.
Adding to this pain is the fact that these losses occurred while imports from South Korea,
Mexico, and Russia continued to cross our borders – including those from some competitors who
claim to be American but closed their American plants to bring pipe in from their foreign
operations.
Moreover, the unfair trade attacks from government-subsidized foreign competitors undermines our ability to have the resources necessary to sufficiently invest in the research and development that is the life’s blood of a business that relies on continual innovation. We need our government to stand by us and the rule of law – if it will not, we will all face the prospect of surrender in a fight that was anything but fair.

Which brings me to point three. As a nation, we need to understand that the traditional remedies used in trade-related matters, from increased import duties to more rigorous enforcement, simply wither in the face of the audacity of these foreign companies and their government sponsors.

While these foreign companies and governments operate under the guise of competition and fairness, their actions are driven by a no-holds barred, ruthless focus on winning control over the markets that Americans need to defend the nation against near- and long-term threats.

And, to be candid, our traditional remedies are no longer the deterrent – much less the punishment – that they once were. Despite the implementation of trade margins on certain OCTG products, certain countries simply thumb their nose at these remedies, and see our country as the answer to ensure their stability by continuing to export their unemployment to this country. As a consequence, we need new, more effective tools to level the playing field, especially when it comes to such direct threats to American national security.

Putting a stop to this foreign government-enabled encroachment into America’s critical energy independence infrastructure is no less a matter of the nation’s security than is building new generations of ships and aircraft and strengthening our cyber defenses. They are all crucial.
Simply put, if we as a nation are hostage to other parts of the world for the development of key pieces of our energy sector, then we can never lay claim to true energy independence – which puts us at a tremendous, macro-level risk.

As 21st century security threats have multiplied, changed their shape, and their attack vectors – so too must our vision of the most effective response. Today, protecting our homeland’s borders is just as important as ensuring that we have the materials, tools, and political will to match these expanded challenges with an equally broad definition of a threat to our collective national security. At U. S. Steel, the only large, integrated American company that manufactures OCTG goods, we proudly embrace our role as one of the nation’s core industries while at the same time bringing a clear-eyed view of the market in the U.S. and globally as fundamentally distorted as the result of large volumes of competing products driven by foreign government subsidies and other unfair practices.

In conclusion, let me add that the challenges we face extend far beyond a single industry or issue. As I mentioned earlier, the tubular products we produce are but a small subset of all that U. S. Steel does. The trends that I have outlined with respect to OCTG have been replicated many times over across all of our businesses. From the automotive sector to a broad range of industrial production to the mining and consumer products arenas to tin products, the global assault on U.S. steelmakers has been acute and left our entire industry wounded.

The plants we build and the blast furnaces that operate across the country don’t work like a light switch. You can’t turn them off one day and then simply hit “on” and they are back in business.
American companies have always thrived when the playing field is level and the rules are clear. Honest competition is at the heart of our democracy and we look forward to a time in the near future when that norm, once again, governs the marketplace.

Thank you again for the opportunity to share our views on the need to clarify what we on the front lines of manufacturing know is the most effective approach to protecting America’s national security.