

Current Impact of the Excess Capacity Situation:

Outlook of the U.S. Steel Pipe and Tube Industry

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*Presented on behalf of
the Committee on Pipe and Tube Imports*

CPTI

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Snapshot of the U.S. Steel Pipe and Tube Industry



- ▶ U.S. steel pipe and tube facilities making carbon and stainless welded and seamless pipe products in 32 states
- ▶ Steel pipe and tube industry employs over 35,000 workers throughout the U.S.
- ▶ Steel pipe and tube industry is key consumer of flat-rolled and long product steel used as input product to make welded and seamless products
- ▶ *Today's steel pipe and tube industry consumes one-third of steel made in the U.S. to make its products*
- ▶ Steel pipe and tube products used in construction, energy, infrastructure and petrochemical, agriculture and automotive sectors
- ▶ Steel pipe and tube industry has used the trade remedy laws to challenge unfairly traded imports and has used customs enforcement laws to challenge fraud, circumvention and evasion practices

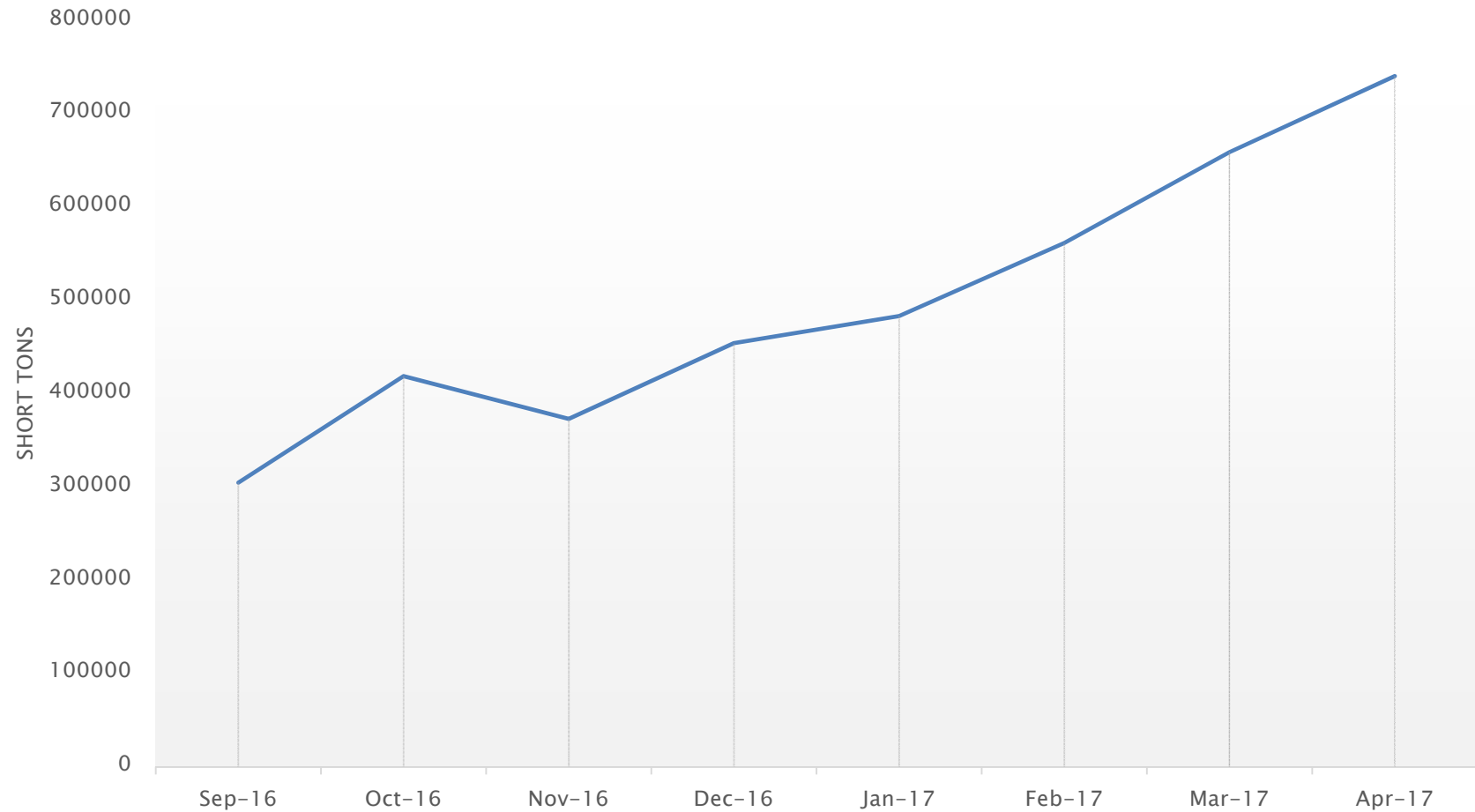
Increasing Imports and Impact of Global Steel Overcapacity

- ▶ The steel pipe and tube industry has been hard hit by unfairly traded imports in the past
- ▶ Despite having over 60 trade remedy orders in place on an array of steel pipe and tube products – imports continue to take a greater share of the U.S. market
- ▶ Recent import data for 2017 reflects that imports volumes have increased by more than 50% compared with the same period in 2016

	1Q 2016	1Q 2017
	<u>Imports</u> (ST)	<u>Imports</u> (ST)
Standard	201	262
OCTG	267	652
SD Line Pipe	119	233
LD Line Pipe	250	213
Mechanical	151	181
Pressure	12	13
Structural	132	158
Stainless	32	35
Total	1,164	1,747

Sources: AISI Imports 2 (with changes in nomenclature based on Commerce Agreements Compliance Procedure) and AISI 10P.

April 2017 marked the highest level of pipe and tube imports in over a decade – over 700,000 tons in April 2017



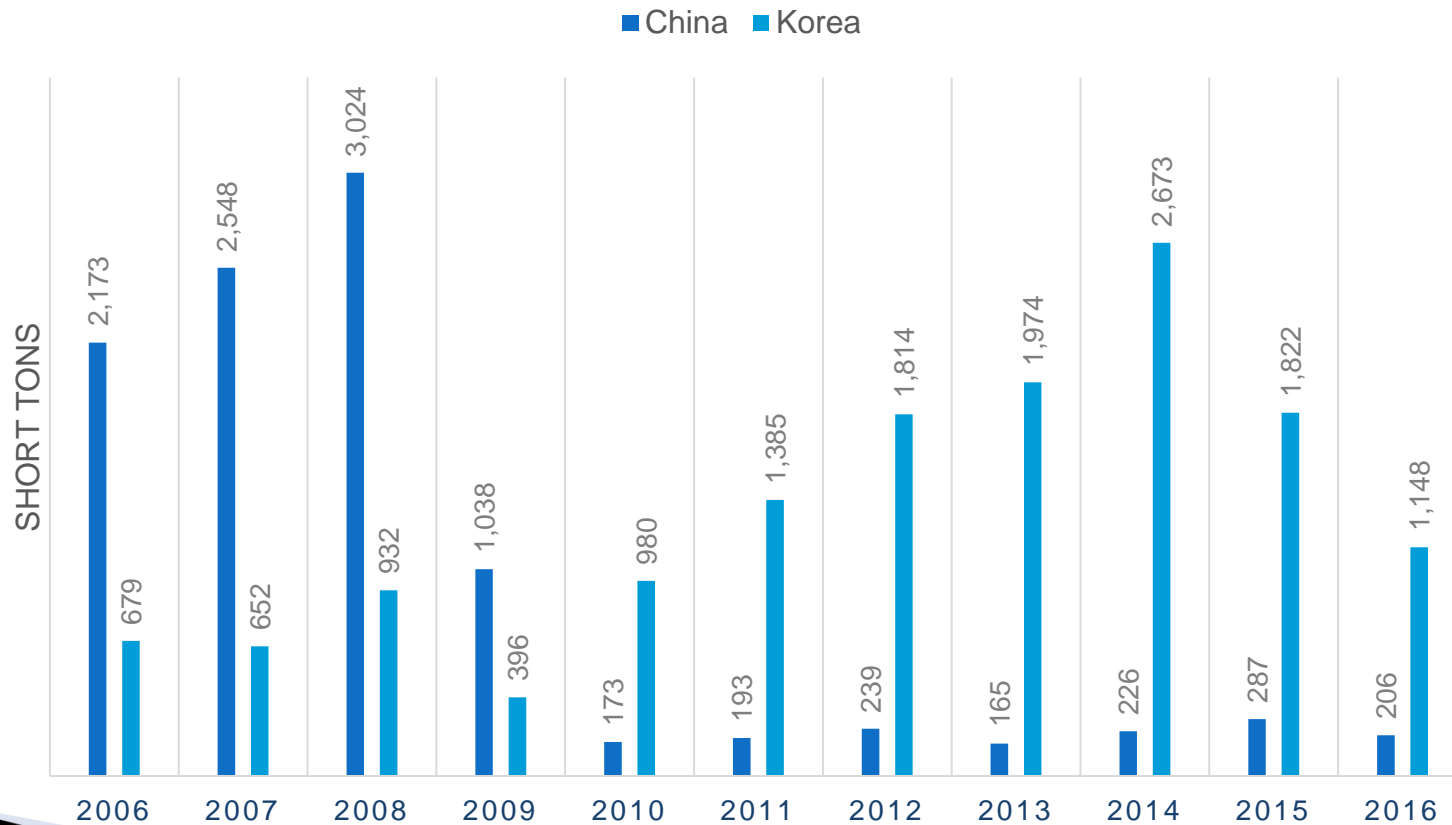
Reality of the Impact of Global Overcapacity on Pipe and Tube

- ▶ China's dominance as the world's largest steel producer has resulted in global overcapacity that has directed excess steel and steel pipe and tube products in to the U.S.
- ▶ Chinese subsidies to steel manufacturers have resulted in overcapacity reaching epic proportions
- ▶ This overcapacity channels through to other countries, who in turn convert Chinese steel into pipe and tube and export to the U.S.



Reality of the Impact of Global Overcapacity on Pipe and Tube

- ▶ While overall pipe and tube imports from China have decreased, imports of pipe and tube from nearby Korea have increased



Reality of the Impact of Global Overcapacity on Pipe and Tube

- ▶ The U.S. steel pipe and tube industry is struggling to compete against increasing levels of imports
- ▶ The U.S. steel pipe and tube industry believes that excess capacity disciplines have to be adopted in the global steel community and through the collaborative efforts of the G-20's established Global Steel Forum
- ▶ Strong and enforceable disciplines must be adopted to ensure that the domestic steel pipe and tube industry is able to compete now and into the future



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