

**Testimony of Mr. Keith E. Busse
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*Before the U.S. Senate Committee on Appropriations – Washington, D.C.
Subcommittee on Homeland Security*

***“Protecting American Jobs: Strengthening Trade Enforcement Including
Antidumping and Maritime Laws”***

Wednesday, May 25, 2011 – 10:00 a.m. – 124 Senate Dirksen Building

Good Morning Chairman Landrieu, Senator Coats, and Members of the Subcommittee. I am Keith Busse, co-founder, Chairman, and CEO of Steel Dynamics. We began operations in Butler, Indiana with one greenfield mini mill in 1996. We now have five mills in three states with over 6,000 employees in steel and re-cycling. We produce flat rolled steel, SBQ bars, rebar, rail, structurals, and we gather, process, and distribute scrap. We recently began producing pig iron from iron ore at our Mesabi Nugget plant in Hoyt Lakes, Minnesota and we will soon begin a joint venture with a Spanish entity to produce copper rod.

Thank you for inviting me to discuss a paramount issue for U.S. manufacturers– our trade laws and the proper enforcement of existing dumping orders. Testimony this morning from Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), Commerce (DOC) and the General Accountability Office (GAO) showed that much work remains to ensure that customs fraud ends.

Our expansion and continued investment in new technologies, products, and employment in the United States faces one major headwind: China. The Chinese government has subsidized a steel industry with 800 million tons of capacity and only 675 million tons of domestic demand. That 125 million tons of excess capacity is pouring on to world markets and China is the world's largest steel exporter. This exists because the Chinese government manipulates the value of its currency to provide export subsidies. The United States should address this issue immediately because it is stealing millions of jobs from us. However, I know that is not the subject of today's hearing.

In 2000, SDI and others obtained antidumping duties (AD) on imports of hot-rolled sheet from China. In the past few years, many of our most important customer groups including the pipe and tube industry, wire products producers, and steel wheels producers have won AD and countervailing duty (CVD) orders against China, or are now seeking them. But, a new industry has sprung up in China to evade trade relief by creating false country of origin documents and the transshipping of Chinese products through third countries. Customs' present inability to stop this massive evasion is harming us and our workers.

I would like to offer three recommendations to you. First, Congress has to ensure that the Department of Homeland Security is accountable for investigating and determining whether AD and CVD duties are being evaded. Both the

Commerce Department and the U.S. International Trade Commission have statutory timelines in place that require them to publish results. I understand that no similar rules apply to Customs investigations of allegations of duty evasion. Therefore, I urge you to support the bipartisan efforts of Senators Wyden and Snowe and their colleagues to establish a new statutory system to initiate, investigate, and reach conclusions about duty evasion within a defined timeframe.

Second, and this is where this Subcommittee has a direct impact. Clearly, Homeland Security will need separate funding through appropriations for establishing an office to process administrative protective orders (APOs), and additional personnel to investigate duty evasion and collect AD and CVD duties. These expenditures will pay for themselves as millions in dollars of duties are recouped through collections by CBP. If these duties are collected, then U.S. producers will finally receive the relief intended from the imposition of duties under U.S. law. This will improve conditions for manufacturers who will re-enlist workers and contribute to economic recovery in communities throughout the country. Third, I understand that when textile quotas were put into effect, Customs had production verification teams that would go to foreign countries to investigate whether clothing was made in the factories that they were alleged to be made in, or they were in fact Chinese. The same thing should now be done with AD and CVD orders since importers claim the imports are from Malaysia,

Vietnam, Taiwan, Hong Kong, Turkey—you name it—even though these products are made in China. Evidently, the State Department would have to work out memorandums of understanding (MOUs) with countries to allow these production verification teams to do their work, but I would emphasize that this would be an important step in intervention.

Let me conclude by telling you that our Board has preliminarily allotted \$1.5 billion dollars for a new greenfield mini mill to make flat rolled steel primarily for tube and line pipe mainly used to drill and transport oil and gas from new shale drilling sites around the country. This could create thousands of new U.S. jobs, but we need your help to stop Chinese evasion of AD and CVD orders on these products. America must be prepared to secure the integrity of our ports. Thank you.