

**Section 232 National Security Investigation of Steel Imports  
Testimony of John Ferriola  
Chairman, CEO & President of Nucor Corporation  
May 24, 2017**

Good morning. I am John Ferriola, Chairman, CEO, and President of Nucor Corporation. On behalf of Nucor and our nearly 24,000 teammates, I would like to thank you for the opportunity to appear before you today. We welcome this investigation as a means of addressing the unprecedented crisis facing the U.S. steel industry, caused primarily by massive global overcapacity and historic import levels. This crisis must be resolved if we are to continue supplying steel for U.S. national defense and critical infrastructure applications.

As the largest steel producer and recycler in the United States, Nucor is proud to supply our armed forces with a wide variety of mission-critical steel products to keep our soldiers and our nation safe. For example, Nucor bar products are used in Humvee suspensions and track forgings for the Abrams tank and Bradley Fighting Vehicle. Our structural steel goes into the Patriot missile system, and our armor plate protects soldiers and sailors in armored vehicles, aircraft carriers, and destroyers. In addition, Nucor steel supports critical transportation and energy infrastructure that is vital to our entire economy.

We agree with President Trump that “core industries such as steel . . . are critical elements of our manufacturing and defense industrial bases.” That is why Nucor has invested significantly to become a reliable supplier of these products.

Playing a role in our nation's defense requires a long-term financial commitment. For example, Nucor is one of only two steel companies in the U.S. certified to produce Navy-grade armor plate for aircraft carriers, destroyers, and submarines. Entering this market required purchasing specialized equipment, hiring knowledgeable personnel, developing advanced chemistries and processes, and undertaking rigorous testing and certification procedures to meet Navy requirements. This is the type of continual investment that is needed to satisfy the rapidly evolving needs of our armed forces.

Unfortunately, global overcapacity and unfairly traded imports threaten our ability to invest. Production overcapacity in the steel industry has reached crisis levels. There is more than 700 million metric tons of global steel overcapacity, more than half of which is located in China. In fact, China's state-supported steel industry now exports more steel than is produced by all three NAFTA countries combined. China is at the heart of the crisis, but governments in countries like Korea, Brazil, Russia and Turkey also do their part to drive excess steel capacity. These governments continue to flood the world with artificially cheap steel, and much of it finds its way to the United States, where markets are open and the government doesn't keep mills in business for political reasons.

A sustained surge of low-priced imports has eroded the U.S. steel industry. Over the last decade, shipments have fallen by approximately 20%, and nearly 20,000 workers have lost their jobs. In 2015, the industry operated at a \$1.7 billion net loss, and despite improving demand in 2016, American mills only operated around 70% of their total capacity. U.S. steelmakers can barely maintain what they have, let alone continue to invest in developing new products. This threatens the industry's ability to supply the advanced steel products that our military relies on.

Steel used in national defense applications may be a relatively small share of our overall sales, but those products are made at the same facilities and by the same workers who make other products. A commercially healthy industry is vital to ensure a stable supply of products for national security and critical infrastructure applications. This includes the entire production chain beginning at the melting stage and continuing through finishing and fabrication. In a time of national crisis, the U.S. cannot afford to rely on imported steel slabs from foreign suppliers like China or Russia. National security begins with primary steelmaking.

Broad-based action is the only way to target all imports and also address the root cause of the current crisis – chronic overcapacity in countries that do not operate on a market basis.

In closing, we urge you to find that steel imports threaten our national security, and to take broad action that will ensure the long-term viability of our nation's steel industry.

Thank you.