



Statement of Barbara R. Smith

Chairman of the Board, President, and Chief Executive Officer,

Commercial Metals Company

Congressional Steel Caucus Hearing

March 05, 2020

Introduction

Chairman Lamb, Vice Chairman Crawford, Vice Chairman Bost and distinguished Members of Congress, thank you for the opportunity to address the Congressional Steel Caucus this morning. I appreciate your support of the U.S. steel industry and the U.S. industrial manufacturing base. I am honored to appear before the Congressional Steel Caucus to share ideas and provide our perspectives on the American steel industry and our policy priorities.

About Commercial Metals Company

I am Barbara Smith, Chairman, President and Chief Executive Officer of Commercial Metals Company, a Fortune 1000 company with over 9,000 employees in 29 states. CMC is an industry leader in sustainable and innovative steel production, fabrication and recycling.

We are a founding member of the Steel Manufacturers Association (SMA). SMA serves as the voice for the nation's electric arc furnace steel producers. The EAF sector accounts for almost 70 percent of U.S. steel production.

CMC's state-of-the-art mills make high-quality steel products using 95 percent or more recycled content. In 2019, we continued our commitment to innovation and new technology with the construction and commissioning of a 63,000 square foot expansion and manufacturing line producing spooled rebar at CMC's Mesa Arizona mill. In 2018 we completed the \$600 million acquisition of four U.S. steel mills and 33 rebar fabrication facilities from a Brazilian-owned company, preserving over 3,000 good paying American steelmaking jobs.

I would like to discuss three important topics during my time with you today. Sustainable Steelmaking, Infrastructure and Economic and Trade Policy.

Sustainable Steelmaking

Sustainable steelmaking comes naturally to CMC. We have been in the metals recycling business for over 100 years. We recycle steel scrap to produce new steel products. Through the efforts of domestic steel producers, 60.4 million tons of steel scrap was recycled in 2018.

Through the combined efforts of domestic steelmakers at this table and around the country, the United States represents the safest, most sustainable and most efficient steel industry in the world, with lower CO₂ emissions than other countries.

American steel producers have raised the bar for steel producers around the world through wide scale recycling, investments in technologies that reduce air and solid waste emissions, and promoting efficient energy use. In the U.S., CO₂ emissions intensity is down by 37 percent per ton since 1990.

One ton of steel produced in the U.S. generates the least amount of CO₂ among major global steel producers. It should also be noted that additional carbon dioxide emissions are added to a ton of steel when it's shipped for long distances from countries like China, Vietnam, and Turkey.

If all the world would be as advanced as the U.S. when it comes to sustainable steelmaking, the result would be fairer trade and a better environment.

Infrastructure

Our country depends on a vast network of critical infrastructure - airports, roads, bridges, freight rail, ports, and electric grids - to keep its economy humming. Noting the age of many infrastructure systems, experts say delays, as well as rising maintenance and safety costs, are now inhibiting our nation's economic performance.

A strong federal role in any infrastructure package will not only serve all Americans who will use our infrastructure in the 21st Century, but it will also increase steel demand, supporting the domestic steel industry and our workers.

In order to get our infrastructure to a level that will help ensure our national security and improve our economic competitiveness, we ask the Federal Government to focus on these three priorities:

First, create an adequate level of long-term funding for surface transportation infrastructure needs that prioritizes highways and bridges. In States across the country such as Alabama, Arkansas, Illinois, Indiana, Ohio and Texas lawmakers have found ways to generate revenue to deal with much needed infrastructure upgrades and repairs. It is time for the Federal Government to consider similar approaches.

Second, support investment in water infrastructure through adequate, long-term funding of the Water Resource Development Act (WRDA).

Finally, adopt a *job-centric approach* to infrastructure investment. An additional \$1 trillion investment in infrastructure has the potential to create 3 million jobs over the next five years if planners and appropriators prioritize projects on the basis of their job creation potential and project criticality. Maximizing job creation, with a heavy emphasis on long-term jobs that generate tax revenues that help offset the up-front costs to taxpayers, should be a key objective of any infrastructure investment plan.

Economic & Trade Policy

CMC and the SMA support the President's steel trade and economic policies. The 232 tariffs, passage of the USMCA, and pro-business policies involving tax reform, regulatory certainty and workforce development have created a positive economic environment for 21st Century Steelmakers.

The 232 tariffs in particular have resulted in a decrease of unfairly traded steel imports, increased capacity utilization and spurred over \$12 billion dollars in investment announcements with minimal disruption to the domestic steel industry supply chain.

These state-of-the-art investments represent a modernization of the domestic steel industry that will increase our global competitiveness. Many of these investments include advances in robotics, automation, the use of artificial intelligence, and environmental controls with process optimizations that reduce emissions.

USMCA passage is good for domestic steelmakers. It improves enforcement, rules of origin content requirements and strengthens the melted and poured standard which defines what constitutes North American Steel.

Enforcement of existing trade laws is vital too. This is why I was pleased that the SMA lent its support to the Congressional Steel Caucus letter to the House Appropriations Committee calling for adequate funding levels for agencies responsible for trade law enforcement and compliance.

Conclusion

Domestic steelmakers can compete with anyone in the world on a level playing field. Commercial Metals Company looks forward to working with you. Thank you for your attention and for your bipartisan leadership to support American steelmakers.