

Testimony of

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**U.S. Department of Commerce - Bureau of Industry and Security
Notice Request for Public Comments and Public Hearing on Section 232
National Security Investigation of Imports of Steel**

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Good morning, Secretary Ross and members of the panel.

My name is Lourenco Goncalves and I serve as Chairman,
President and Chief Executive Officer of Cliffs Natural Resources.
Thank you for the opportunity to speak here today.

By way of background, Cliffs is the largest supplier of iron ore to the steel mills in the United States. We own and operate four of the seven active iron ore mines in the country, directly employing approximately 3,000 Americans. In stark contrast to the Australian iron ore miners BHP, Rio Tinto and Fortescue, which almost entirely produce and sell iron ore sinter feed fines to China and other countries, Cliffs' operations in the United States exclusively produce iron ore pellets. While iron ore fines feed sinter operations that

contribute immensely to the well-known air pollution problem in China, the pellets we sell to our domestic clients make the American steel industry one of the most – if not **the most** environmentally friendly in the entire world. Chinese non-compliance with minimal environmental standards is the most absurd, unfair and unacceptable advantage the Chinese have in exporting their excess steel.

I will speak today both in my capacity as Cliffs' Chairman and CEO and from decades of experience in the steel industry. Prior to joining Cliffs, I served as CEO of two other American companies: Metals USA Holdings, a leading national steel service center company; and California Steel Industries, the biggest steel supplier on the West Coast of the United States. In light of my ten years at Metals USA and my active role in the previous cases under Sections 201 and 232 back in 2001 when I was at California Steel, I would like to confront a very important part of the problem that has never been properly addressed. That problem is the role played by some domestic service centers and steel buyers **as enablers of the**

entire steel import crisis, by providing a home within the United States for illegal steel imports.

Dumped steel products do not find their way to this country spontaneously, nor do these imports swim to U.S. shores. Every steel product that enters this country is brought here because a steel trader, distributor, service center or end user will buy – or already bought - that steel. Some steel buyers, traders and service centers, **by design**, acquire dumped and illegally subsidized steel and, in many cases, intentionally circumvent duties and tariffs assigned to steel products.

These bad players know exactly what they are doing, but they do it anyway, because they feel they are beyond reach. As evidence, emails sent from traders to steel buyers in the U.S., offering to navigate around duties applied to steel from China and South Korea, have been submitted along with the written version of my remarks.

Let me be clear: any American company or individual who is complicit in such a scheme **must be held accountable**. These steel buyers are no different than recipients of stolen goods after a robbery. While these recipients did not directly perpetrate the initial crime, it is nonetheless an offense to, knowingly, acquire stolen goods. Their only real concern is not to be caught; they do not care that artificially cheap products negatively affect the health of the domestic iron and steel industry and, by extension, the military readiness of the United States.

While not all service centers and steel buyers act as domestic enablers of illegal trade, the ones providing dumped and circumvented steel products a destination within the United States **must be punished**. Any real solution to our imported steel problem **must include** a commitment by the federal government to directly confront the American companies and individuals that facilitate the trade of illegal steel imports by ensuring that these products find a home in the United States.

In closing, I would like to remind the panelists that the worst enemy is the one that pretends to be a friend. Some of these perpetrators use a speech very similar to ours, despite their actions. If any of these individuals do have the courage to show up today, please ask them if importing illegal steel is part of their business model and, if so, why they continue to do that. I am sure they will not accept accountability because their illegal short-term profits are more important to them than the military readiness of the United States.

Thank you once again for the opportunity to speak today. I would be happy to answer any questions you may have.