

STATEMENT OF DAVID ZALESNE

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Good Morning Mr. Chair and Members of the Congressional Steel Caucus, and thank you for the invitation to be here. My name is David Zalesne, and I am the President of Owen Steel Company, based in Columbia, South Carolina. I am also the Immediate Past-Chair of the American Institute of Steel Construction.

As a structural steel fabricator, my perspective is one step downstream from the steel makers who are here today. However, we all share the same interest in a strong American steel industry.

Fabricators like Owen Steel - and nearly 1,000 other AISC Member fabricators located in virtually every congressional district in America -- provide a critical link in the steel construction supply chain. Between the mills that make plates and beams, and the cranes that install fabricated steel at project sites, our plants build the components for America's great steel projects. The skilled hands of our workforces cut, drill, fit, weld and paint girders for bridges, secure columns for airports, complex frames for power and industrial plants, and massive columns, trusses and floor beams for high-rises. Our engineers develop safe and efficient designs to connect them. And the end products of our work are important structures . . . our company fabricated the steel for the U.S. Capitol Visitor's Center, so I can assure you that it is well-built!

On a national scale, AISC was created 100 years ago to develop standards and specifications for the then-infant steel construction industry. Today, our manuals and technical materials are translated into dozens of languages, and our standards are

incorporated in numerous building codes. Our quality certification is recognized across the country, and is applied for by fabricators around the world to enter the U.S. market. Our annual trade show breaks attendance records every year, drawing fabricators, educators, engineers and vendors from around the world. Our industry has also been on the leading edge of construction innovation for decades, not just at the steel-making level, but also with respect to developments in design efficiency, computer-generated models, and fabrication tools.

For most of the last century, virtually all major American steel projects were fabricated in American plants. Just 15 years ago, it was a shocking national story that sections of the San Francisco-Oakland Bay Bridge replacement were being fabricated in China. But since then, offshore fabricators have increasingly seen the American market as a rich target, offering a path to sell not just excess mill steel that China Inc. produces, but also the downstream value-added labor in fabrication. Since 2015, imports of fabricated steel have increased dramatically -- far in excess of the growth of the U.S. construction market. And while the highest volume is from China, the next two leading sources are Canada and Mexico, with imports from Italy, the UK, Vietnam and even the UAE continuing to rise. As a result, foreign steel fabricators have gained far more from the American economic recovery than American steel fabricators have.

As many of you are aware, AISC filed a trade case on fabricated structural steel in February 2019. Many members of the Steel Caucus signed a letter to Secretary Ross to stress the importance of the case to the domestic industry, and Congressman Crawford spoke personally at the ITC hearing last month. Thank you all again for your

support. Unfortunately, notwithstanding a preliminary 5-0 vote from ITC to proceed with the investigation, and final determinations from the Commerce Department that imports from China, Canada and Mexico are being dumped and subsidized - with dumping margins of 61-154% on China alone -- the ITC denied relief to the domestic industry on a 3-2 vote last week.

So where does this leave our industry at the start of 2020?

First, the industry continues to be both injured and threatened by historically high volumes of dumped and subsidized imports. In the trade case, we cited numerous examples of imported structural steel displacing the domestic market, from high-rises in Manhattan to power plants in the Gulf Coast region to the roof of the new Rams stadium. Unfortunately, the 232 tariffs have not been extended to fabricated steel, and the 25% tariff on some imports from China under section 301 barely amounts to a speed bump. We need all of the tools that are available to the Department of Commerce and the office of the USTR to continue to address the issues of foreign SOE-driven overcapacity, imports, circumvention, and many other market-distorting practices, and we urge you to continue to support and fund those efforts.

Second, while we are encouraged by the potential for congressional action on infrastructure in 2020, we remain wary of efforts to water down the goals and benefits of Buy America laws. Regardless of whether infrastructure is financed through tax dollars, user fees, bonds, tax credits, or any other mechanism Wall Street dreams up, America's infrastructure is a public trust, and the steel components at the heart of our infrastructure should never be outsourced to offshore peddlers. Infrastructure legislation should incentivize the use of steel made and fabricated in

America, and eliminate and close loopholes that will otherwise be exploited.

Fortunately, the new USMCA will extend rules of origin provisions to fabricated steel, which will help close a loophole in NAFTA that was used by Mexican fabricators to bring Chinese steel into New York high-rises.

Finally, with respect to labor and employment issues, the steel industry has been proactive among construction trades with respect to in-house training. Many fabricators have developed outreach programs with local trade schools, technical colleges, high schools and even prisons to train welders and fitters for our plants. While there have been many reports of labor shortages in construction generally, strong workforces are the lifeblood of the steel industry, and we all train our employees to work with steel safely, efficiently and accurately. As the nation experiences a rebirth of interest in both construction and manufacturing, our industry - which has been at the heart of American construction and manufacturing for a century -- urges you to find bi-partisan, long-term solutions to both encourage your constituents who will otherwise be underemployed to pursue craft opportunities, and to incentivize employers like all of us here today to continue hiring, training and developing the skillsets of your constituents.

On behalf of the thousands of members, affiliates and employees of AISC companies, and the 320 employees of Owen Steel Company, I appreciate the opportunity to speak today, and look forward to working with the Members of the Steel Caucus however we can. Thank you again for your support of our industry.