

Lourenco Goncalves
Chairman, President & CEO, Cleveland-Cliffs Inc.
Congressional Steel Caucus Hearing Testimony
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Chairman Lamb, Vice-Chairman Crawford, Vice-Chairman Bost and members of the Caucus - my name is Lourenco Goncalves, and I serve as Chairman, President and CEO of Cleveland-Cliffs.

The Iron and Steel Industry in the United States **must continue to exist**. We are the basis for manufacturing, and we are needed for National Security. Times like the one we are living in right now should help us understand the risks of relying on foreign countries to supply us with essential items. Too many multi-national companies have built supply chains dependent on China, refusing to acknowledge that Chinese industrial and economic practices are **environmentally irresponsible** and **socially unsustainable**.

The American steel industry, on the other hand, is a model of how to reduce the environmental impact of manufacturing. We rely more heavily than any other country on environmentally friendly Electric Arc Furnaces, which use steel scrap as a main feedstock. We also operate blast furnaces 24/7, 365 days per year, in densely populated metropolitan areas, such as Cincinnati, Cleveland and Detroit, with virtually no pollution. American blast furnaces use iron ore pellets as feedstock, and not dirty and polluting sinter like the Chinese. Cleveland-Cliffs is the largest merchant supplier of these pellets in the United States.

Cleveland-Cliffs believes in environmental compliance and continues to invest for the future. We are completing construction of a state-of-the-art Hot Briquetted Iron plant in Toledo, OH, Congresswoman Marcy Kaptur's district. The HBI plant will start operations in June of this year. Construction of the plant employed 1,200 workers at its peak, and we have generated 160 full-time, good paying jobs. The investment in this HBI plant, in conjunction with a sister project at Northshore Mining -- in Silver Bay, MN, Congressman Pete Stauber's district -- represents **over \$1 billion dollars** invested in the future of steel in our country. Our 3% Carbon-content HBI produced in Toledo will contribute to an **even more environmentally-friendly steel industry**.

Additionally, two months ago, we announced the acquisition of AK Steel by Cleveland-Cliffs, for approximately \$3 billion dollars, paid for with Cliffs stock and the assumption of AK Steel's debt. We have already obtained all regulatory approvals, and fully expect the shareholders of both companies **to vote for** the transaction, which will close at the end of next week, on March 13. Cleveland-Cliffs is optimistic about the future of steel in the United States, and we see our soon-to-be subsidiary company AK Steel as the supplier of choice of the advanced steels and steel parts used to manufacture the cars and trucks of the future, particularly Electric Vehicles.

The United States steel industry is efficient, and we do not need subsidies or protection. But we do need **enforcement of our trade laws against bad players**. When China and others export their dirty and subsidized steel to us, **we export our middle class to them**. We must stop that.

Decent paying jobs are at the core of Peace and Social Justice. It is our responsibility to defend **steelmaking, manufacturing, good paying jobs**, the **middle class** and **democracy**.

Thank you for allowing me to speak here today.