

My name is John Stropki. I am the Executive Vice President and Chief Operating Officer for Lincoln Electric Holdings, Inc., which is the publicly-held parent of The Lincoln Electric Company. The Lincoln Electric Company, which began operations in 1895, is the world's largest manufacturer, based on sales volume, of arc welding machinery and welding wire products. The world headquarters for Lincoln Electric is in Cleveland, Ohio. Lincoln Electric employs over 2750 workers in the U.S. and has been the subject of two Harvard Business School case studies due to its innovative incentive management system and longstanding policy against layoffs. In fact, we have not experienced a layoff at our Cleveland facilities in over 60 years. We have accomplished this remarkable record competing against global competitors who enjoy free and unabated access to our U.S. markets and customers. In addition to the United States, Lincoln Electric has manufacturing operations, manufacturing alliances and joint ventures in 19 foreign countries, and a sales and distribution network which serves more than 160 countries.

Lincoln Electric's welding products business involves the design, manufacture and distribution of arc welding equipment and consumable welding products. The company's welding products are used in a wide range of industrial applications, including the manufacturing of automobiles, trucks, heavy machinery, railcars, ships and tanks for the military, buildings, bridges, oil platforms and pipelines. Welding expenditures represent a substantial contribution to the U.S. economy. A recent study prepared by U.S. Department of Commerce indicated that the industries involved in welding provided the backbone for our nation's defense, infrastructure, and economic well-being, and represent one-third of the total U.S. Gross Domestic Product. Welding-related expenditures by these industries were no less than \$34.1 billion in the year 2000 alone. These expenditures totaled an amount equivalent to more than \$325 for every household in the U.S.

Hot rolled and cold rolled sheets are one of the primary materials used in the production of our welders. Since the imposition of the safeguard import relief, Lincoln Electric, which purchases only U.S. produced steel for our welder production, has experienced longer lead times, contract terminations, and higher prices for both hot rolled and cold rolled sheets. We have been forced to make significant product design changes to our welders which limit the number of grades of hot rolled sheets Lincoln Electric purchases to mitigate some of these price increases.

In addition to the adverse impact on Lincoln Electric caused by the steel import safeguard relief, we have noted a more severe impact on many of our long-standing U.S. customers. While sales of our small welders sold into the D.I.Y. retail market remain strong, there has been a significant reduction in sales of our large welders sold to industrial customers in the construction, shipbuilding, transportation, automotive, pipeline construction and off-road vehicle industrial sectors. While the depressed U.S. manufacturing economy has surely contributed to the reduction in demand for large welders, I strongly believe that the steel safeguard import relief program has also significantly contributed to the decline in our customers business and our customer base. As a result of increasing prices for steel and in an effort to reduce production costs, many customers have shifted some or all of their operations to foreign locations. Other customers are now sourcing parts and components, made of foreign steel, offshore in an effort to lower costs. Lincoln Electric purchases hot rolled and cold rolled sheets for our welder manufacturing operations in 8 different countries and I can attest to the fact that the prices we paid for hot rolled and cold rolled sheets in the United States are the highest prices the company pays for these products. This is despite the fact that we purchase more of these products here than in all other locations combined.

Due to the adverse impact of the steel import relief program on the U.S. economy, the business of Lincoln Electric and its industrial customers, I strongly recommend that the program be terminated since the costs resulting from the steel import relief program far outweigh the economic benefits to the U.S. steel industry