



**fisher
barton inc.**

201 Frederick Street
Watertown, Wisconsin 53094
Phone: (920) 261-0131
Fax: (920) 261-4549

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The Honorable Marilyn R. Abbott
Secretary
Unites States International Trade Commission
500 E St., SW
Washington, D.C. 20436

Thank you for giving me this opportunity to speak to you on an issue that I am very passionate about.

My name is Richard Wilkey. I am the President and the founder of Fisher-Barton Inc in Watertown, Wisconsin. My company began with a hope, a prayer, a little money and a vision that we could make a difference in manufacturing. I am proud of my company's accomplishments over the past 30 years. We make parts for many very well known OEM's, with John Deere, Case New Holland, and Caterpillar being among them.

Year after year we have made a modest profit from which we have financed our growth. We have managed to add job onto job until today we have 550 employees and five manufacturing facilities.

We are, today, the world's largest manufacturer of lawn mower blades (we make over 1500 different rotary mower blades.) We also produce blades and knives for the agriculture industry. Almost every combine used carries some of our parts.

Our margins are small. We have never made more than a 5.5% profit before taxes. Last year we made less than 1% on more than \$50,000,000 of sales! This is not enough to keep up with new costs. We live in a very competitive society. Good companies, such as those we do business with, are careful when awarding business and will not pay for non-value added operations.

In manufacturing today, if you bid a job and get it, you are expected to produce the product and find innovative ways to reduce your costs and lower your price each and every year. It is tough to do this year after year, but with good people and investment in new technology we have been able to do it and maintain our business relationships. Price increases are not a part of the equation, only price decreases are. Today one can buy lawn mowers that are bigger, better and less expensive than they were 10 years ago. Further, we must make them available almost instantly. If you buy a lawn and garden product from Sears, Home Depot etc., the manufacturer of that item knows about that purchase instantly and is required to replace that inventory in days so it is there for the next customer.

While we have been finding new ways to reduce costs for our customers, and ourselves "big steel" has not invested in its old mills, meanwhile it has promised retirement packages to its diminishing numbers of employees. Today there are far fewer workers than retirees. Are these workers producing enough steel in these outdated mills to cover the costs of the retirees' pensions & benefits? Of course not. But should we (their customers) be required to clean up their mistakes? That, in a nutshell, exacerbated by the value of the dollar, is what this steel tariff is all about.

These tariffs have been devastating to our company. Steel is the largest component of our costs. In March of 2002, the price of steel suddenly increased 33% or from \$0.21 to \$0.28 per pound (\$420 to \$560/ton). We immediately went from being profitable to a loss position. Today we have managed to negotiate prices of \$0.24/pound (\$480/ton), still 14% up from 2002.

Many companies in our metalworking business have been forced to close. We have hung on by our fingernails.

Because I have to pay more for steel, some of my customers are sourcing parts offshore in order to hold their costs down. Our customers are in world market and have to compete to stay in business just as I do. This reduces the demand for steel in the U.S., and moves more jobs off shore.

Not since the price freeze of the Nixon era has a government policy had such a devastating impact on companies. My memory is a little sketchy on the exact timing, but what I will never forget is the impact that had on my company. The freeze made everything scarce. Because of the freeze, manufacturers had no reason to produce because they could not get a profitable price for their products. Once the freeze was lifted, steel prices rose some 65% over night. Customers of mine would not allow us to mark up our steel inventory. It had not occurred to me that once that low priced inventory was gone, I would have to replace it with new steel at a much higher cost. When it came time to replace my inventory, I had to go to the bank and plead for credit to the tune of \$250,000, which was a fortune for a new company starting out. Today's steel problems make this situation look minor.

Another consideration is the value of the dollar. Today the dollar is about 25% lower in value as related to the Euro since the tariffs were put into place. For this reason alone, the tariffs should be eliminated.

This country's economy was built on a manufacturing base. We need to decide whether or not manufacturing is still an important part of the U.S. economy. Some feel we are a service economy. Whatever we are, it is clear to me, based on our current policies, we are moving down a one-way road to that service economy with all the consequences that go with it.

In the past week it was reported that US Steel is looking to produce steel in China because that is where the market is going. What's wrong with that picture? Increase the costs here in the U.S. so production moves off shore, and then produce the raw material at those off shore competitive prices that they couldn't compete with here?

The bottom line is that the tariffs are wrong for many reasons. These tariffs are an effort to control prices. Just as in the Nixon era, tampering with the free market always has consequences, which are seldom predictable. Think of it, did anyone predict that a year into these tariffs the dollar would lose 25% of its value? Most often the cure is worse than the problem. Certainly in the case of steel, far more are harmed than helped. Jobs are lost and worse yet are the markets that also disappear with little likely hood of coming back. The legacy costs and the inefficiencies of antiquated steel facilities are the prime reasons that U.S. steel producers were not able to be competitive. Their long time customers and their thousands of employees should not be forced to pay for their mistakes.

It is my hope that you will support the growth of our economy and the elimination of these onerous tariffs.

Thank you,
Fisher-Barton Inc

Richard Wilkey
President