OLSON
INTERNATIONAL
LTD.
QS-9000/ISO 9002 REGISTERED

Honorable Marilyn Abbott
Secretary
U.S. International Trade Commission
500 E. Street, S.W.
Washington, D. C. 20436

June 13, 2003

Re: Steel-Consuming Industries: Competitive Conditions with Respect To Steel Safeguard Measures, Investigation No. 332-452; Witness Statement for Olson International LTD, Lombard, IL. Presented By Edward C. Farrer C.P.M., Purchasing Manager

Dear Madam Secretary,

Olson International Ltd. Is a privately held precision metal stamping company that has been in business since 1937. We currently employ 160 people in our Lombard, IL. Facility and 280 people in our Matamoros, Mexico facility. We manufacture precision metal stampings and assemblies for the automotive, electronic and appliance industry. Our market focus has been on engineered components for automotive air bags, vehicle safety restraints and electronic applications.

Our customer base consists of international fortune 500 companies with multi-plant locations that are Tier II suppliers to automotive OEM's.

My career background is as a purchasing professional. The Institute of Supply Management has recognized my experience as a life time Certified Purchasing Manager (C.P.M.). I also have been a past chairman of the Steel Buyer Committee of the Purchasing Management Association of Chicago for three years.

After the safeguard remedy was implemented in 2002, the steel market changed dramatically.
The mere threat of trade action against foreign steel producers, slowed imports of finished steel products in March 2002. By April, we were unable to obtain offers on imported steel for the third and forth quarter. This in turn caused consumers to place additional tonnage with domestic mills. Almost overnight domestic producers lead-time doubled, shooting out to 12 weeks. Our distributors had limited supply options as no imports were available and most mills lead times were on manageable overnight or "were on controlled order entry".

Olson International Ltd., purchases flat roll steel coils thru distributors.

Distributor mill deliveries were delayed, which resulted in their selling more steel than they could replenish.

As supplier inventories tightened and production lead-times were extended pricing on non-contract items was driven by availability.

During the summer of 2002, we were receiving steel quotations that were in excess of 30%/40% more than we were paying in January based on spot buys.

As deliveries extended, shortages on contract items surfaced, forcing many buyers to pay a substantial increase on the spot market. We had instances of common items of steel suddenly becoming unavailable.

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On one occasion, we needed 20,000 lbs of 16 gauge cold roll A.K.D.Q. and were forced to contact over twenty suppliers before we found one that could fill our needs. We paid 40% more for this material, had to pay for premium freight to deliver it and needed to work our plant overtime so we could deliver on time to our customer. This scenario is akin to twenty super markets being out of whole milk by the gallon.

By July of 2002, we could not obtain firm price quotations for the 4th quarter even though lead-time dictated that we place orders. Our efforts to pass on these higher costs to our customer were unsuccessful and we were threatened with the loss of existing and future business if we pursued the matter.

Our company also experienced increased costs due to a slip in quality of some items, short shipments that caused more set-ups, plant overtime and an increase in premium freight.
Our customers pointed out that our steel costs were not competitive with their existing sources of stampings in Europe and Asia. Perhaps this can be viewed as a "buyers tactic" but we know that components previously just quoted in the USA, were now being shopped globally. It is impossible to tell how many opportunities were lost.

Fortunately for Olson, we were able to grow our business in Mexico. Our Mexican facility allowed us to offer our customers an option where we could obtain certain types of imported steel that had become unavailable in the USA.

The safeguard remedy has accomplished what was intended. The viable process has consolidated into stronger companies. The industry has had time to "breathe".

The most frustrating thing about Section 201 is that the steel producers had their customers foot the bill to allow them to regroup. At the same time the manufacturing base in the USA continues to struggle with foreign competition that has fewer regulations, favorable labor rates and now a material cost advantage.

Our country's economy needs a strong manufacturing base. The manufacturing sector needs access to would class competitive, high quality material. How does closing our market accomplish this? Or since our company is union (Teamsters 743) shouldn't we receive the benefit of our own version of Section 201?

We urge you to consider the fact that the Section 201 safeguard has done more harm than good and it is now time to eliminate it.

Sincerely,

Edward C. Farrer

Edward C. Farrer C.P.M.
Manager of Purchases