June 19, 2003

PUBLIC DOCUMENT

The Honorable Marilyn R. Abbott
Secretary
United States International Trade Commission
500 E. Street S.W.
Washington, DC 20436

RE: Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures, Investigation No. 332-452.

Dear Madam Secretary:

Thank you for allowing me the opportunity to speak today on behalf of our company and its 150 employees. My name is, Chris Dowding, and I am the President of our family owned business that my father started in 1965. We are located in Eaton Rapids, Michigan and employ approximately 150 employees in our community. Our business is the largest land owner within the city limits. During our 38 years of business, we have grown from a tool and die shop to a multifaceted manufacturing company. Annually, we purchase about 20 million pounds of steel. Producing metal stampings, fabrications, laser components, precision grinding, machining, and assembly. The primary markets we produce metal components for , include the automotive, truck, construction, power generation, agricultural and marine industries. We greatly appreciate the opportunity to share the events and ill effects on our business that have transpired since the 201 Tariff came into effect.

Impact #1: Increased Material costs of $436,268.00 or a 7.5 % increase.

Since the Tariff was imposed we have experienced a $436,268 increase in material costs as compared to the 14 month "pre-tariff material increase average". More significantly, if we consider January 2002 actual prices, we have incurred a $702,427 increase.

Exhibit 1 clearly details a $314,000 increase in material costs for our fiscal 2003. As compared to a $139,000 increase in fiscal 2002. In addition, Exhibit 1 clearly details the monthly impact we experienced and significant hits in 4th Qtr. 2002. Exhibit 2 graphs our monthly fluctuations.

Exhibit 1

Dowding Industries, Inc.
Pre to Post Tariff Comparison
May 2003

	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	2002+
lbs. Rec	1,291,270	1,278,867	1,258,960	1,688,581	2,166,716	1,444,023	1,855,712	2,196,828	1,793,613	1,528,253	1,486,340	1,559,301	1,423,746	1,694,174	2,253,288	1,622,964	1,577,078	28,119,713
Pur Cost	$ 292,608	$ 315,530	$ 287,574	$ 398,577	$ 514,882	$ 358,559	$ 447,681	$ 571,921	$ 469,244	$ 402,352	$ 428,846	$ 432,457	$ 376,494	$ 408,397	$ 554,634	$ 423,070	$ 391,663	$ 7,074,489
Cost / lbs.	0.22660	0.24673	0.22842	0.23604	0.23763	0.24831	0.24124	0.26034	0.26162	0.26328	0.28852	0.27734	0.26444	0.24106	0.24614	0.26068	0.24835	0.25158
Pre-Tariff Avg.	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607	0.23607
Post Tariff Avg.	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158	0.25158
STD Cost	$ 304,830	$ 301,902	$ 297,203	$ 398,623	$ 511,496	$ 340,891	$ 438,078	$ 518,605	$ 423,418	$ 360,775	$ 350,880	$ 368,104	$ 336,104	$ 399,944	$ 531,934	$ 383,133	$ 372,301	$ 6,638,221
ACT Cost	$ 292,608	$ 315,530	$ 287,574	$ 398,577	$ 514,882	$ 358,559	$ 447,681	$ 571,921	$ 469,244	$ 402,352	$ 428,846	$ 432,457	$ 376,494	$ 408,397	$ 554,634	$ 423,070	$ 391,663	$ 7,074,489
MPV	$ 12,222	$ (13,628)	$ 9,629	$ 46	$ (3,386)	$ (17,668)	$ (9,603)	$ (53,316)	$ (45,826)	$ (41,577)	$ (77,966)	$ (64,353)	$ (40,390)	$ (8,453)	$ (22,700)	$ (39,937)	$ (19,362)	$ (436,268)
								Fiscal '02	($129,752)								Fiscal '03	($314,739)

Exhibit 2:

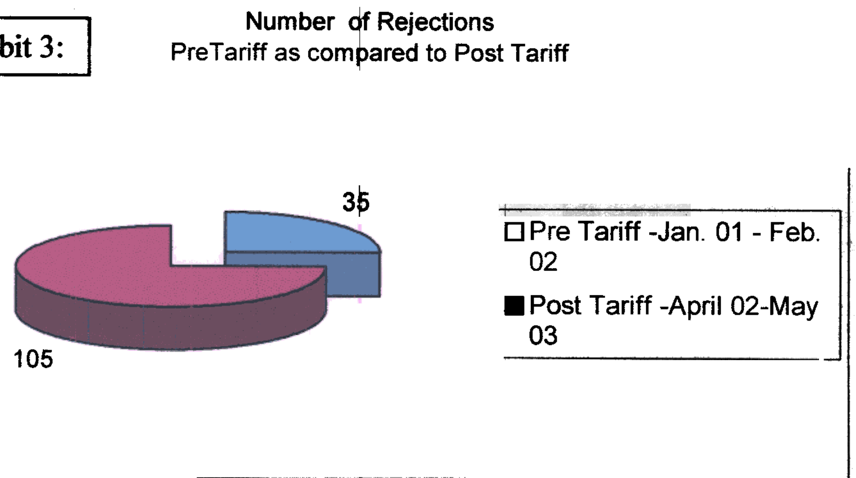
Post Tariff - Monthly Material Price Averages
As compared to Pre-Tariff Average Price
0.290
0.285
0.280
0.275
0.270
0.265
0.260
0.255
0.250
0.245
0.240
0.235
0.230
0.225
Jan-02
Feb-02
Mar-02
Apr-02
May-02
Jun-02
Jul-02
Aug-02
Sep-02
Oct-02
Nov-02
Dec-02
Jan-03
Feb-03
Mar-03
Apr-03
May-03
cost per lbs.
Pre-Tariff Avg.
Post Tariff Avg.
Linear (cost per lbs.)

Impact #2: Increased Quality Rejections compound financial losses and reduce Customer Satisfaction.

Not only have we incurred an economic loss of $437, 268, we have experienced significant quality issues. Pre-Tariff material Quality rejections totaled 35 reportable incidents (for the 14 months pre-tariff), as compared to post tariff reportable incidents increased to 105, Exhibit 3. This is more than 3 times more incidents. Although, our material usage increased by 5.5 Million pounds, all things being equal, the post tariff rejection should have only increased by 28% or by 10, to total 45 reportable. However, even compensating of increase usage, 105 reportable would still be 2.3 times higher than the prior year. This level of poor quality performance is crippling to our business. Charge more and get less, is not the philosophy, we Americans have grown to expect.

Many times the material rejections are imperfection in material surface that are located on the "inside" of the coil. These defects are not detectable until the product is ran through the dies and both sides of the product can been seen. Many times these rejections go unnoticed off the die and are caught at our customers production line. No matter where these rejections are caught, it requires 100% sort, or rework, premium delivery and expediting charges, topped with an elevated PPM report with our customer.

Exhibit 3:



Impact #3: Loss of Economy of Scale for Increased Demand.

Typically increased demand, nets reductions in material prices. At least our customers expect that result. However, even though our demand increased by 5.5 million pounds, our material prices increased. We experienced material price averages as high as .28852, compared to pre-tariff average material prices of .2266 in January 2002, noted in Exhibit 2.

Impact #4: Not able to Pass on Increased Material costs, while being squeezed for Cost Reductions by our customers

Our Customer demand, cost reductions or face resourcing our products off-shore. In prior years to 2002, we have been able to pass on process improvement that netted cost reductions. However since the Tariff, we have not been able to pass these reduced operating costs, due to the extensive reduction in cash flow and profitability from the Tariff. Our customers are threatening to cough up the Cost Reductions or prepare for resourcing. In all but one of the 1500 different parts we manufacture, we have "not been" able to pass on any of the material increase. In many cases, our customers have blinders on regarding the tariff. It is a NON-ISSUE to them. Therefore, it becomes totally the manufacturing community's shoulder to burden.

Impact #5: In-process of Shutting Down our Tool Room.

Our tooling department has not been a profitable division, and was accepted as a center . We justified its existance as a sales tool to our customers. However, due to the losses imposed by the tariff and the hits to the Tooling Industry this last year, we are in the process of closing down this plant that employs 10.

Impact #6: Loss of new business

The only significant job we have been awarded since the tariff, is a job taken at cost, to help off-set fixed operational costs. Higher material costs are inhibiting competitive quoting against foreign competition.

Impact #7: Increased Premium and Delivery Costs

The steel tariff has netted significant premium operational and delivery costs. Our best example is a pending legal battle with one steel vendor that we have with held payment of nearly $30,000 due to incurred delivery and quality costs, shortly after the Tariff was began. Legal costs are not yet available.

Impact #8: Forced to go off shore for Tools/Die and Stamping Production

We have recently began conversations with a Koren manufacturing plant for tooling and some stamping production. In addition, have spoken with a facility in Mexico for stamping. Neither of these supply alternatives were in our 5 year plan that was developed in 2000! However, our customers are advising us, " either you go – or we will!"

Impact #9: Additional Management and Staff Layoffs

In second quarter 2003, we began another round of lay-offs of indirect labor that totaled 8-10 people. For 2003, we are anticipating a total of 15-20 more layoffs, over 2002, due to the reduction in profits from the Tariff. Or about a 10-15% reduction in our work force. Unless we are forced to the next level as noted below.

Impact #10: Possible Stamping Plant closure that employs 75 people.

Currently we are in a last ditch effort to pull our stamping plant that employs 75-80 out of record losses. We are hoping we can pull this off with a reduction in indirect staff, process improvements and a recent computer upgrade – improving efficiency in administration. If we can not over turn the past trends of significant losses, we will have no alternative, but to look at down sizing this division.

Impact #11: Increase Inventory Costs due to higher material prices, nets increased property taxes.

With nearly $500,000 in increased material elevates our companies personal property taxes. Yet another increased cost, that reduces cash flow and inhibits investment in process improvements to help us remain globally competitive.

Impact #12: Increased layoff net increased unemployment taxes.

Typically unemployment tax and payroll tax run about one third, to one half our the cost of health care. In 1st Qtr 2003, our unemployment and payroll tax "EXCEEDED" our health care costs. Between Health care and taxes (state, federal, and city) we paid over $1,579,438 in 2002. For the last three years combined our business paid over $4.7 Million in health care and taxes to our community, state and federal. While $4.7 million may be a small number to the US Government, $4.7 Million is a pretty big contribution for a company employing only 150 employees in our community. I would venture to gamble, neither, the local, state or federal governments would like to balance their budgets eliminating 4.7 million for a three year period.

Impact #13: Seminar Presentations

In February 2002, I attended a steel processing seminar and listened to a VIP from a steel producer present their mills current economic position. He was adamant that American Mills can be competitive with global competition through streamlining their operations and reducing legacy costs. He repeatedly noted, the Tariff was not necessary for mills that streamlined management and in-powered their staff. He noted that their Mill did not need the tariff… it was nice, and thanks to it, their capital investment would be repaid much quicker than forecasted. As a steel user, it was incredibly hard to balance this presentation with a presentation from a consulting group IRN, that reported that the stamping business is in a profit zone. It will be unfortunate, if the steel Mills finally figure out the combination to success, however, in the wake of the awareness, are left with NO customers since most of their customers have gone off-shore!

In summary, Thank you again for this opportunity the ill effects of the steel Tariff. We continue to thank God for this blessed country we live in; for blessing our company and our country. We are proud to be Americans, that can contribute to this great country. We believe in unity, yet understand that only in diversity do we stretch our capabilities and become all that we can be. There is a reason why America generates more patents than any other country in the world. We challenge ourselves and one another. I believe that we can find a common ground that allows for strength in diversity, yet provides the force of unity.

God Bless America, Protect our Troops and provide President Bush with the wisdom to make the best decisions for our country.

Thank you. Chris Dowding President, Dowding Industries.