

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

**CERTAIN CARBON AND ALLOY STEEL CUT-TO-LENGTH PLATE FROM
AUSTRIA, BELGIUM, BRAZIL, CHINA, FRANCE, GERMANY, ITALY, JAPAN,
KOREA, SOUTH AFRICA, TAIWAN, AND TURKEY**

APRIL 29, 2016

TESTIMONY OF DAVID NECESSARY

LINK-BELT CRANES

Good afternoon, for the record my name is David Necessary. I am the Material Sourcing Manager at Link-Belt Cranes, located in Lexington, Kentucky. Like Manitowoc, Link-Belt Cranes is also in the business of producing and marketing cranes worldwide. We employ around 700 people. We focus on producing the most critical component of the Link-Belt crane – the large steel boom that is responsible for lifting. The boom is what makes the crane a crane. Our operations consume over 3,000 tons of cut-to-length plate a year.

If you are in the crane business, you are in a constant quest for improving the performance characteristics of the boom. The capacity to lift heavier objects than your competitors is a key marketing tool. What we have found over a number of years of sourcing material is that U.S. mills find it difficult to compete with offshore mills in terms of specifications, quality and consistency across the range of products we require.

I must say I am a bit frustrated by this whole process. Let me illustrate the frustration. Around August 2009 Arcelor Mittal approached us with a proposal to sell us material. We had meetings in Lexington where they toured the facilities and reviewed our quality specifications on surface and flatness. They left with a promise to get back to us with quotes on our specifications and requirements. The next time we heard from them was in November 2015 with new offers to quote us on material. Setting aside the reality that it would take six months to a year to even qualify that material, we wonder why Arcelor Mittal never approached us before this time. They still have not provided us any follow up on quotes – not just a price, but whether they can make the product we need.

And then there is SSAB's mill in Alabama. Link-Belt has been purchasing cut-to-length plate from that mill since April 2012. We have a history of high rejection rates and rework costs out of that facility based on shape and surface quality problems. Between April 2012 and the end of 2014, we were essentially on a permanent program with SSAB where they had to reimburse us for each ton of steel they shipped to cover costs associated with remedying surface defects.

In 2015 SSAB informed us that it believed its surface quality meets specifications and it would no longer reimburse us to fix surface problems. The surface quality, although improved, still does not meet specifications. We continue

to incur costs associated with fixing those defects. We also continue to reject SSAB product from their Alabama location.

What we know is that not all SSAB product is equal. SSAB CTL plate comes from three mills: USA (Alabama), Finland, and Sweden. They market that material under the same name – STRENX. But the SSAB mills are fundamentally different and in my opinion do not produce identical product. The foreign material is superior. Our personnel can distinguish between the Alabama and foreign material on the floor of our warehouse simply by visual inspection of the surface.

Given continuing quality problems, we have had to look for other options, including offshore from suppliers in Japan and other countries. We would prefer to source locally. That is why we have stuck with SSAB as long as we have, despite the problems. But why should we have to incur costs based on our vendor's inability to meet our specifications?

We require high tensile strength steels with superior flatness, surface, formability and welding qualities. This is what our global competitors use and this is what we must use to be competitive. If we cannot get this material, we lose. Every boom in the global crane market – the big mobile cranes – is made from foreign material. The only exception is the booms we have fabricated from the SSAB Alabama material, with the problems I have just discussed. The bottom line

is that some U.S. mills can meet our tensile strength specifications, but none can provide the total package.

Finally, let me reiterate that we buy steel from the U.S. industry. But if the U.S. industry threatens our supply channels for steel they cannot supply, they are only harming themselves. We have to be competitive on a global basis, and if it makes more sense to build booms in a different country, including back in Japan where other major components of our cranes are built, it will happen.

Thank you for your time and I welcome any questions you may have.