

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**

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TESTIMONY OF GORDON AUBUCHON

STEEL WAREHOUSE

Good afternoon, for the record my name is Gordon AuBuchon. I am the Executive Vice President of Steel Warehouse, a specialty, carbon steel coil and plate service center with 12 Steel Warehouse and 8 subsidiary steel processing locations situated throughout the United States, Mexico and Brazil. We handle more than 1 million tons of CTL plate a year, including both domestic and foreign product. Seventy-five percent of the material is domestic, and the remainder is primarily from Western Europe and Japan. We source offshore those products which are difficult or impossible to source within the United States. Among other sectors, we are a leading supplier to the crane industry in the United States. We also supply Caterpillar, Case-New Holland, John Deere Corp., Terex, Navistar Corp., and a list of others. Steel Warehouse was founded in 1947 and employs 2,500 people.

As part of my presentation I want to place some specifics on the testimony you just heard from Link-Belt and Manitowoc. Steel Warehouse supplies both

companies. I would agree that the U.S. industry simply does not or cannot meet current demand in the crane market. Let me discuss two specifications where U.S. mills struggle to supply globally competitive material, using Japanese product to illustrate:

I will start with JFE 780LE HITEN. This is 100,000 min yield plate product. Arguments can be made that this is just another variety of ASTM 514, because of the yield point similarity. While A514 is made within the United States, it is not produced with the significantly improved features of JFE's 780 LE. First, 780LE is produced via the HOP (Heat Treat On line Process), which integrates an electric powered induction clamshell to achieve austenizing temperature. The integration of the thermal mechanics into the plate rolling mill results in better process control, better surface and improved flatness. JFE has the only HOP line in the world. The resulting feature improvements are not simply cosmetic. They improve structural performance and facilitate the fabrication process.

Second, the HOP process allows you to start with a lower carbon equivalency, or CEQ. CEQ is the primary method for determining weldability, and therefore cost of fabrication.

Now let me talk about JFE HYD 960LE and HYD 1100LE. Respectively these products are 140,000 and 160,000 min yield plate products. They dominate

the makeup of materials consumed in the telescoping boom market. While Arcelor Mittal USA has produced some product in that range, it has been rejected by the crane producers as unsuitable for crane booms. I would point out that SSAB enjoys a significant global position within the 960 and 1100 global markets by way of their Scandinavian assets. We handle this product at Steel Warehouse. SSAB Alabama, however, has not been able to move beyond the equivalent of 130,000 KSI, and with only limited and problematic success, as reported today by the crane producers. Moreover, 130 KSI material is being made obsolete by 140 KSI material. Above 130 KSI, I am not aware of any U.S. mill actively marketing that specification or able to produce it within acceptable tolerances at their U.S. facilities. The reality is that 100% of large, telescoping crane booms worldwide are produced from non-U.S. material because of these limitations among U.S. producers.

The gap in U.S. steel making technology is even greater in these 960 and 1100 grades than in the aforementioned 780LE. The improvements available from foreign mills include improved flatness, surface, size range, CEQ and notably, a vast improvement in ELONGATION. JFE presently leads the globe in the improvement of elongation for these grades, a key element in boom design and performance. SSAB Europe used to have the best guarantee on elongation at 7

percent. JFE now guarantees 12 percent – nearly twice the SSAB Europe number. The U.S. mills are not in this game.

Crane boom designs evolve. They are driven by the latest steel improvements. To be globally competitive, crane producers need access to these leading edge products. U.S. mills are not in a position to serve that need.

To close, CTL plate tends to have more specialized, demanding applications than other carbon flat rolled products. Not all mills have the equipment or desire to fill all or even a portion of the required specifications. Some simply prefer to stick to higher volume, lower specification product. It is easier. I get that. In my experience, offshore mills in Japan and elsewhere show greater willingness and desire to meet and even promote new specifications that require more work, engineering and service to make viable. This case threatens that flow of material and the many U.S. consumers that require it but cannot obtain it from U.S. mills.

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