Testimony of Jed Downs, Qualico Steel
ITC Hearing on Fabricated Structural Steel from Canada, China, and Mexico
January 28, 2020

Good morning. My name is Jed Downs. I am the President of Qualico Steel, a structural steel fabricator based in Webb, Alabama. I appreciate the opportunity to be here this morning to tell you how my company is being injured by unfairly traded imports from the countries under investigation.

Qualico is a family-owned company, started by my father in 1976. It began on a dirt road in south Alabama with the simple goal of providing great service and a quality product. With just enough money to buy a welding machine, a grinder, and a torch, my father was able win his first project. With hard-work and persistence, he soon purchased a dilapidated cotton gin, as he was proud and grateful to have a roof over his head. I was fortunate enough at 12 years old to be available to help him during my time off from school on weekends and holidays. Since then, the company has grown into a major structural steel fabricator of medium to large sized industrial projects. We have two facilities in Alabama, totaling 550,000 square feet in fabrication space. In 1995, we opened a third facility in Midlothian, Texas to better service our projects in the central and western half of the country. I was honored to host Commission Staff at our Texas facility last November.

Our primary focus is the industrial market and selected commercial projects across the South Eastern U.S. Up until a few years ago, my primary competitors for

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Our primary focus is the industrial market and selected commercial projects across the South Eastern U.S. Up until a few years ago, my primary competitors for

projects in the industrial market were other domestic fabricators. But, then, starting in 2016, we began to see increasing volumes of Chinese imports. These imports have pummeled Qualico and other fabricators in the region, entering the market at prices as much as 35 to 40 percent below our prices. We simply can't compete at those pricing levels, which are well below our cost.

Chinese imports are taking the large volume projects and leaving us with the scraps. Often what will happen on a large industrial project is that we will get some portion of the first phase of the project, because the purchaser needs this portion quickly. We will produce the fabricated steel and then ship it to a modular yard for modularization. But then, the subsequent phases will be comprised of Chinese product because of the low price. In the end, both our product in modular form and Chinese product in modular form are being used on the same project, but the Chinese are getting upwards of 75-80% of the total volume of the project because we can't beat their price.

Unfortunately, the Chinese are also bidding on the smaller jobs as well. We are currently bidding an 800 ton project where we are competing against a Chinese fabricator. I'm also seeing Mexican fabricators bid on projects in this market as well.

If I know that a fabricator from either China or Mexico is bidding a project, I will either not bid the project, or if we need work for our people, I will make sure

that my prices are at rock bottom – even priced below my cost thus being willing to take a loss on the project. It's the only way I have a shot at winning the job and ensuring that I can keep my shop running and my workers employed.

As a result of these unfairly traded imports, we have not been able to sell enough work to operate at full capacity. The work we have been able to sell has been at significantly reduced prices. This has negatively impacted our profits, which have steadily declined since 2016. This obviously results in lower take home pay for our workers, who work less hours, and get less bonuses and receive less year-end sharing.

This is no way to run a thriving business. In fact, many of my domestic competitors have left the industrial market because of unfairly traded imports. I will say that things improved somewhat after the trade cases were filed early last year. I started getting second looks from customers who weren't previously giving me a chance. But if trade orders are not imposed, any recent improvement because of these cases will quickly evaporate.

Without trade relief, my expectation is that imports from all three countries will continue to accelerate. More and more domestic fabricators who are currently servicing the industrial sector will be forced out of this market, and potentially out of business. As I noted at the outset, Qualico is a family owned company, now in

its third generation, as both my son and son-in-law have joined the company. Without trade relief, I fear we will not make it to the fourth generation.

On behalf of my company, its 300 workers, and their families, I urge you to make an affirmative determination in this case.

Thank you.