**TESTIMONY OF PETER LABBE**
**CIVES STEEL COMPANY**

Good morning. My name is Peter Labbe. I am the President and General Manager of Cives Steel Company, New England Division in Augusta, Maine. I have worked at Cives for more than 16 years and am currently responsible for the overall operations there. Our Maine location serves all of New England's structural steel needs from high-rise and commercial structures to airports, hospitals, nuclear power plants, and more. I would like to thank the Commission for the opportunity to be here today.

As will become clear today, our industry needs relief from unfairly traded imports from Canada, China, and Mexico. While my primary responsibilities are focused on New England, Cives has seven other divisions, in New York, Virginia, Mississippi, Georgia, Indiana, Idaho, and Arizona, and we are seeing intense competition from subject FSS imports throughout the market.

Cives fabricates structural steel for buildings and other structures across the United States, including Children's Hospital in Boston, Turner Field in Atlanta, and Reagan National Airport right here in Washington, DC. We also fabricate for less glamorous structures such as schools, distribution warehouses, and light manufacturing plants. Until recently, we've been able to get a fair price to keep our employees busy and make sure they are well compensated for the great work that they do. But dumped and subsidized imports have been a game changer.

We have lost a significant number of major projects to subject imports over the investigation period, and we've had to lower prices to compete on others. As one example, our fabrication plant in Maine lost a bid to a Canadian fabricator on a 15,000-ton facility in the Northeast for a U.S. defense contractor. The new facility will house the construction of nuclear submarines for the U.S. Department of Defense. As a result of this lost project, we suffered a stoppage of new hires, reduced work weeks, and employee layoffs at our facilities.

As another example, a loyal customer of our MidSouth Division in Mississippi started developing a large new LNG facility last year using Chinese structural shapes with no intent of even soliciting bids from domestic fabricators solely due to price. Although Cives has enjoyed a long relationship with this customer, they, like others, are switching to dumped and subsidized imports.

We are losing projects like these because of price. You may hear this afternoon that purchasers are buying subject imports for other reasons, including that domestic fabricators don't have enough availability in their shops. In my experience, this is simply not true. Cives has an extensive in-house training program that allows us to hire and maintain as many workers as we need, as long as the work is there. We are also proud to employ experienced steelworkers and ironworkers who are the best and most efficient in the world. We don't lose

projects because we don't have the workforce. We lose projects when we can't meet unfairly traded prices.

In addition to significant lost sales, we have been forced to decrease our prices to the point where we have taken a loss on projects. Pricing pressure is intense in the bid process. With multiple rounds of bids for projects, contractors frequently tell us where we stand relative to our competitors. We know that by the final round in the process, all bidders are qualified. The final decision is made on price, and if we don't come down, we lose. Plain and simple. When forced to choose between taking a hit on price and losing the work entirely, we go as low as we possibly can to keep our facilities busy and our employees on the job. But since we are an employee-owned company with profit-sharing arrangements, lower prices translate directly into lower pay for our workers and their families.

This is unacceptable, particularly when we are at a high point in the business cycle. Instead of expanding our operations and hiring more workers, we have been forced to limit or forego desired investments and capital improvements. If conditions do not improve and soon, I fear that plant shutdowns and significant layoffs may be next. That is why I am here today – to do all that I can to prevent that from happening.

While foreign producers may argue that their fabricated structural steel is different from ours, this is false. These products are entirely interchangeable. The

fact that we have lost so many projects to subject imports confirms this. The domestic industry can also produce the full range of fabricated structural steel products, including for modules. In fact, Cives has a facility on the Mississippi River that allows us to ship large modules for industrial projects via barge to service the Gulf Coast and other regions throughout the United States. Typically, we produce the fabricated steel at our plant and then ship it to a modular yard close to the job site where the plumbing, electrical, and other components are incorporated. The module is then shipped a short distance to the job site where it is installed. The Canadians and Chinese use a similar method in that their fabricated steel is produced and then shipped to a modular yard. My understanding is that Chinese fabricators are often using modular yards in third countries for assembly work. While we would like to produce more FSS for modules, fierce competition from subject imports has prevented us from doing so.

In closing, on behalf of Cives, its workers, and their families, we urge you to find that the domestic industry is injured and that subject imports are responsible for that injury. Thank you.