**TESTIMONY OF HOLLIE NOVELETSKY**
**NOVEL IRON WORKS**

Good morning. My name is Hollie Noveletsky. I am the CEO and owner of Novel Iron in Greenland, NH. Thank you for this opportunity to testify. I will focus my comments on how Novel and its employees are being injured by unfairly traded fabricated structural steel from Canada, China, and Mexico.

Novel is a third-generation, family-owned steel fabricator that has been producing structural steel for more than 60 years. Founded by my father in 1956, my son Josh Noveletsky is now President. I have a 2-year old grandson and my hope is that one day Novel will become a fourth-generation company with him at the helm. However, if dumped and subsidized Canadian, Chinese, and Mexican fabricated structural steel are permitted to continue entering our market, I have real concerns whether Novel can survive that long.

In the current market, no matter what we offer, if we can't meet or beat the import price, we almost always lose the sale, and this is unfortunately happening with greater frequency. Subject producers like the Canadians are selling fabricated structural steel in the U.S. market for roughly 10 to 15 percent below our bid, which is already at or below our cost. In some cases, they are coming in at 30 percent below our price. As a result, we are now completely shut out of certain markets. This includes public school projects in Massachusetts. The public funds to build these schools are all going over the border, making it pointless to even bid.

We are fully capable of fabricating and erecting these publicly funded schools. We lose these projects solely based on price.

Some will argue that US capacity is maxed out and that we need foreign fabricated structural steel. I know that in New England we have ample capacity to meet the needs of the construction industry. Novel is producing significantly below capacity. There are times in construction, as we all know, that projects schedules change and push into other scheduled projects. During those times, our domestic competitors work together to subcontract work. And yes, I am aware that, in rare cases, certain domestic producers subcontract work to foreign fabricators. But I can guarantee you that they do so purely for the low price, not because of quality, capacity, or capability. We are ready, willing and capable to supply all types of projects and would be able to do so in a fairly traded market.

But now we are being forced out of many of the bigger projects– we know that we can't compete against the dumped and subsidized import prices, making it futile to bid. Because subject imports have pushed us out of larger markets, where we typically saw 4 or 5 bidders, we have had to pursue smaller projects in smaller markets with lower margins. These projects generally have 10 or more fabricators bidding, and, although they are less profitable than the larger projects, the import competition remains just as fierce.

When we are not losing sales to subject imports, we are losing substantial revenue. The use of multiple bidding rounds facilitates this intense price competition, as general contractors use the subject import price to drive down our bid, round after round. It is not unusual for us to lower our bid to below raw material costs and labor simply to win the sale and keep our facility running. However, even then, we sometimes simply can't go low enough.

These losses shouldn't be happening, and especially not in a period of healthy demand, as we have seen since 2016. Although U.S. construction spending has been strong since the start of the investigation period, Novel has been unable to benefit. Instead, we are losing project after project to subject imports and have seen our production, profits, and employment numbers drop.

When I testified at the Staff Conference, I noted that in 2018, our profits plummeted to a before tax profit of $300,000 on gross sales of $32 million. As an update, in 2019, we lost $100,000 on total gross sales of $41 million. This is due to subject imports. As a result of their distortion of the U.S. market, we have had to postpone much needed equipment updates, and our capital investments over the past few years have been scaled back to a fraction of what they were before the investigation.

These negative impacts are not what keep me up at night. What has been particularly difficult is the injurious impact of unfairly traded Canadian fabricated

structural steel on our workers and their families. Our employee headcount is down. These lost positions represent solid middle-class manufacturing jobs. Wage increases, health care insurance contributions, and profit sharing have all been negatively impacted. We have been put in the painful position of having to choose between investing in much needed equipment or investing in our employees. We loose either way.

Without trade orders in place, conditions for the domestic industry will inevitably go from bad to worse. Canadian fabricators became even more aggressive after Commerce's negative preliminary determinations. Canadian fabricators that we've never heard of or seen before are coming out of the woodwork and under bidding us on projects. If orders are not imposed, Novel may not last much longer. Our survival is at risk.

On behalf of Novel, its employees, and their families, we urge you to find that unfairly traded imports of fabricated structural steel from Canada, China, and Mexico are injuring the domestic industry and give us a fighting chance. Thank you. (5.20)