TESTIMONY OF DAVID ZALESNE
OWEN STEEL COMPANY

Good Morning. I am David Zalesne, President of Owen Steel Company, based in Columbia, South Carolina. I am also the Chair of Government Relations of the Board of Directors of the American Institute of Steel Construction, and served as Chair of the AISC Board from 2017 to 2019, during the period of the current investigation. Thank you for this opportunity to testify on the significant injury caused by unfairly traded fabricated structural steel imports from Canada, China, and Mexico.

I want to start by providing some background on our product and industry. As the name of the product suggests, fabricated structural steel is the result of a manufacturing process that turns steel mill material into components for the structures of commercial buildings, industrial facilities, and institutional and public infrastructure projects like hospitals, research labs, airports and courthouses. Structural steel fabricators like Owen Steel provide the critical intermediary role in the structural steel supply chain, between the steel mills and the general contractors and project developers and owners. The fabrication process takes place in plants that are uniquely designed for steel fabrication, with equipment, tools and – most important – trained workforces who cut, drill, fit, form, and weld components together to meet the plans and technical specifications for each project. Fabricators range in size from very large companies with national footprints to many small and

medium sized family-owned businesses serving local and regional construction markets.

Owen Steel – and our domestic competitors who are here today – compete directly with subject imports for projects throughout the United States. Competition with dumped and subsidized imports is intensifying throughout the country, along the East Coast, the Gulf Coast, the Pacific Coast and the northern border. Most domestic and imported fabricated structural steel products are entirely interchangeable, and projects are awarded almost solely on price. So when domestic fabricators are forced to bid work against fabricators whose products are dumped or subsidized, we either lose the work, or get it at reduced – and often unprofitable – prices.

In my position on AISC's board, I've heard from fabricators of all sizes and from all parts of the country about subject imports, whether they are competing for a 50,000-ton high-rise in New York, a 500-ton public school in Kansas, or a petrochemical plant in Texas. Jobs they would have been awarded to domestic fabricators five years ago are now being bid aggressively by fabricators from Canada, China, and Mexico. Domestic fabricators also see the impacts of market displacement, as fabricators are forced to go hundreds of miles away from their traditional markets to bid on projects, because import competition has driven them

out of their traditional markets. The industry feels the harmful effects of the subject imports everywhere.

For a century, domestic steel fabricators built America's great critical infrastructure projects. There was plenty of domestic capacity, and plenty of skilled, well-trained and well-paid American labor. Notwithstanding the damaging impacts of the subject imports, that remains the case today – although it is at risk. The data you have in your report on the industry's capacity utilization levels are a realistic depiction of availability to satisfy domestic demand and any claim that an industry at 60% utilization is capacity-constrained is absurd. As you will hear from others on the panel, it is also unsustainable in the long run.

Owen Steel and other domestic fabricators saw a strong market emerging several years ago and invested in capacity, equipment, and workforce training to take advantage of it. Instead, we have been forced to lower prices to unprofitable levels, take smaller projects from other domestic fabricators, or leave spare capacity unused entirely. In 2014, Owen acquired a plant in Wilmington, to support expansion opportunities in the growing market. We thought this investment was well positioned to take advantage of future demand from right in the backyard of a key construction market. Instead, we've seen major jobs getting shipped in from the subject countries right past us as we chase after smaller jobs to keep this new facility busy.

Fabricators across the United States have been subjected to illegally dumped and subsidized imports for years, losing project after project to imports from China, Canada and Mexico. The returns on the investments that companies like Owen Steel have been able to make in recent years are simply not commensurate with the strength of the economy around us. The last few years should have been our opportunity to grow, improve, hire, and train new workers. Instead, fabricators throughout the country have struggled under the pressure of subject imports to get smaller jobs, for lower prices, often just to cover their costs and keep their existing facilities running. Left unchecked, dumped and subsidized imports from Canada, China, and Mexico will continue to gut the domestic FSS industry, leaving the domestic industry with no ability to build America's biggest and most critical infrastructure and private-sector steel construction projects.

On behalf of Owen Steel and our employees, as well as all the other domestic steel fabricators and their employees, we urge you to find that imports from the subject countries have injured our industry and continue to threaten further material injury. Thank you.