

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

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Non-Oriented Electrical Steel from China)	Inv. Nos. 701-TA-506-508 and
Germany, Japan, Korea, Sweden and Taiwan)	731-TA-1238-1243 (Final)
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Testimony of Bill Estes

Appleton Group Electrical Steel Potential Impact

Madam Chairman and Members of the Commission:

1. My name is Bill Estes and I am the VP of Supply Chain and Logistics for Emerson's Appleton Group.
2. Our Rainsville Alabama plant has \$30 million in sales and 63 employees. Appleton purchases laminations from U.S. companies who in turn purchase NOES and GOES steel from both AK Steel and overseas producers.
3. Many of Appleton's competitors manufacture in Mexico and Canada and would not be impacted by these proposed tariffs. These products are very competitive and are competitively bid on non-residential construction projects. The increasing tendency to move production out of the US to Mexico and Canada has reduced total demand for NOES in the US. AK Steel is the sole domestic producer not only for the United States market but for Canada and Mexico as well. So AK should have an

unassailable position in the market. But they don't because of their own performance. AK Steel has proven to be an unreliable supplier over the years. Appleton sources AK material through fabrication suppliers, but Appleton cannot put itself in a position to be dependent exclusively on AK for its NOES. AK often performs poorly with respect to on-time delivery and reliability, and AK can and does have unanticipated outages. We need steel when we need it, not when it is convenient for the supplier. If the steel supply logistics break down, then we lose customers.

4. Appleton does not rely on AK Steel for higher grades and designs of NOES. AK does not produce all of the higher grade NOES that we need. And when they do produce many of the higher grades, our experience has been that their performance and reliability adds risk to the supply chain.

5. Thank you again for the opportunity to speak with your committee.