

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

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Certain Corrosion-Resistant Steel Products)	Inv. Nos. 701-TA-534-538 and
from China, India, Italy, Korea, and)	731-TA-1274-1278
Taiwan)	(Preliminary)
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**Testimony of Donald Brunswick
Vice President/Director of Sales
Marcegaglia-USA**

Members of the Staff:

1. Good afternoon. My name is Donald Brunswick. I am Vice President and Director of Sales of Marcegaglia-USA. I have been in my current position for three years. Prior to that I was a production supervisor for Marcegaglia for 5 years.

2. Marcegaglia-USA is a U.S. fabricator of specialty galvanized carbon steel and structural tubing, but primarily stainless steel pipe and tubes. Our galvanized tubing produced in the U.S. is used for manufacturing outdoor furniture, in playground equipment, animal confinement, turnstiles, scaffolding, greenhouses, frames for intermediate bulk containers, and other specialty applications.

3. We manufacture our galvanized tubing by forming galvanized steel strip on a continuous production mill. Although we also sourced domestically produced galvanized steel in the past, Marcegaglia-USA presently imports from

Italy some of our galvanized steel from our parent company, Marcegaglia, in Italy. We also import very small quantities of galvanized steel to a single customer that we understand supplies automotive stamping products.

4. Unlike the other countries under investigation, Italy is a very limited supplier of CORE to the U.S. market. Italy's volume of exports during the POI has been small, both absolutely and in relation to the overall U.S. domestic market. The vast majority of Italian steel that is exported has always gone to other European countries.

5. Italy has been a marginal supplier to the U.S. market and remains on the cusp of negligibility. No one in the market that I have talked to understands why Italy was included in this case. Certainly imports from Italy are insignificant in comparison to the entire U.S. market. To put in perspective, Italy imported 45,000 tons in the first quarter of 2015 in a market of over 20 million tons. How could such a small supplier have any impact on U.S. producers. Canada, Mexico, and recently Brazil are larger and have not been included in this investigation by the Petitioners.

6. Italy historically and today is a negligible participant in the U.S. CORE market. Marcegaglia and the other Italian suppliers have always focused on their domestic market and on exports to the EU and other export markets in Europe. Of course, they have continued to do so even during the last year and in

the first quarter of 2015. However, given that steel production and steel producers are part of an increasingly international market, shifts in export and import patterns on a small scale are inevitable. The European economy had a sluggish economic recovery and the U.S. dollar appreciated sharply against the Euro, over a very compressed time period which meant that Italian producers could sell at higher prices in the U.S. market than in Europe—in other words, the opposite of dumping.

7. This phenomenon was not limited to Italy, as imports from other European suppliers also increased. France and Luxembourg, both tripled their exports between 2013 and 2014, and the Netherlands, Spain and the UK all had large percentage increases in their exports to the United States as well. However, none of them including Italy had or have had any meaningful presence in the U.S. market.

8. These unusual circumstances that account for the growth in exports from Italy are not sustainable. Already, there are clear indications that steel demand in Europe, particularly in Germany, Spain and the UK is finally recovering. By its nature, the current strength of the dollar against the Euro is a temporary phenomenon. For these reasons, I do not expect imports from Italy to continue to increase.

9. As the Commission considers the role and impact of imports from Italy, it is also important to understand that there is a very large spectrum of

products within the broad category of corrosion-resistant sheet, and not all CORE is the same. Domestic producers prefer to focus on wide band coils (48-inches or more) and on thicker gauges. Because steel output is constrained by line speed, if you are running wider, thicker sheet, your output tonnage is higher and your production efficiency increases. Domestic steel makers can produce narrower and thinner gauge steel, but they prefer not to, and often include significant up-charges for doing so. For these reasons, many customers who require narrower and thin-gauge steel prefer to purchase imports.

10. In the case of Marcegaglia USA, the galvanized steel we use for our specialty galvanized pipe is typically 2.5 to 3 inch strip. When we purchase this steel domestically, we have to pay an outside processor to re-slit the material, but when we import from Italy, we are able to import pre-slit to the width we require. In addition, European standards provide a product in which chemical/mechanical properties are superior to current products available in the U.S. by claim of our tube customer, and not available by any domestic supplier of which I am aware.

11. Thank you.