

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

**CERTAIN CARBON AND ALLOY STEEL CUT-TO-LENGTH PLATE FROM
AUSTRIA, BELGIUM, BRAZIL, CHINA, FRANCE, GERMANY, ITALY, JAPAN,
KOREA, SOUTH AFRICA, TAIWAN, AND TURKEY**

APRIL 29, 2016

TESTIMONY OF WALTER EMSLANDER

THE MANITOWOC COMPANY, INC.

Good afternoon, for the record my name is Walter Emslander. I am the Lead Commodity Manager for steel at the Manitowoc Company, Inc., with manufacturing facilities in Manitowoc, Wisconsin and Shady Grove, Pennsylvania. Manitowoc designs, builds and markets crawler and mobile cranes worldwide under the Manitowoc, Grove, and National brands. We consume around 20,000 tons of cut-to-length plate a year. Where we can, we source from U.S. producers and suppliers of the product. Where we must, we secure offshore supply to ensure the quality, specifications, and performance attributes we need to remain competitive in the global market place. I am here today to tell you about general material needs and our experience as far as sourcing material in the U.S. market.

The global crane business is very competitive, so we need to continually differentiate ourselves from the competition by designing high performance, reliable cranes. To do so we design for higher weight loads with minimal

footprints. To be competitive domestically and globally, we need to take advantage of what the marketplace has to offer to accomplish these requirements. For us, the equation is not controlled by price, it is controlled by ensuring specifications, quality and consistent supply necessary to produce a superior product used in highly critical situations.

Simply put, Manitowoc has had to go overseas for the quality and performance characteristics of the higher strength materials we need to build our cranes. We require a competitive metallurgical morphology that achieves high yield strength, with good elongation, as well as low Charpy notch impact strength for cold weather environments, with low carbon equivalent for weldability. We must ensure specific quality and processing attributes of the material we source in order to minimize internal rework costs of inconsistent product.

As it stands, there are only a few U.S. mills that are capable of meeting some, but not all of our needs. Even so, they do not have a broad enough product offering (grades, sizes) which we need to produce our cranes. These U.S. mills include Nucor's Hertford County mill, and Arcelor Mittal's Burns Harbor and Coatesville facilities. However, each has their limitations. With respect to Nucor, they can produce up to 120-130 KSI yield strength steel plate with the quality and

processing attributes we need, but not in the full size range we need, particularly on the thinner and thicker sizes.

With respect to Arcelor Mittal, we have not been able to obtain a consistent product in terms of specification, quality and processing attributes we need to build our cranes. As a result, we only purchase Arcelor Mittal material where it is subject to limited additional processing.

I would also note that while we place orders with SSAB, those specifications are not produced by SSAB in the United States as they have not yet qualified that mill for our product needs. Hence, orders are forwarded to SSAB's facilities in Europe.

What this all means is that even after sourcing what we can from U.S. mills, we still must purchase a substantial number of tons of cut-to-length plate from offshore, including in Japan. The offshore product provides the largest coverage that meets our needs with consistent quality and performance characteristics, and hence receives the largest share of our business of all mills we utilize. So again, our experience in the market is that material sourcing is about availability and total cost of ownership, which ranges well beyond price and factors in things like end-product performance requirements, how material quality and consistency affects our production operations, and the extent to which a mill can meet all of our needs.

If our production is slowed in order to accommodate less desirable characteristics, or if we have to outright reject product, we are losing our competitiveness. Those are common sense business facts that illustrate, from Manitowoc's perspective, how a globally competitive company must operate and why we need access to material beyond what the U.S. industry can supply, but that it now seeks to restrain.

That concludes my remarks. I welcome any questions you may have.