

TESTIMONY OF RICK COOPER
W&W/AFCO Steel

Good morning. I am Rick Cooper, Chairman and CEO of W&W/AFCO Steel. Thank you for this opportunity to discuss how unfairly traded Canadian, Chinese, and Mexican imports of fabricated structural steel are severely harming my company and its 2,600 employees.

W&W/AFCO Steel is a domestic fabricator of steel structures and components. We currently have 17 fabrication facilities across Alabama, Arkansas, Colorado, North Carolina, Oklahoma, Texas, and Virginia. W&W and AFCO have been in business for a combined 178 years – W&W Steel was founded in 1945, and AFCO Steel dates back to 1909.

I want to start off by explaining how the bid process in our industry works and how it leads to fierce price competition. Fabricated structural steel is sold on a project-specific basis and through a highly competitive bid process in which price is the determinative factor among technically compliant bids. The preparation of an initial bid is a complex undertaking requiring extensive engineering knowledge and exacting attention to detail. It can take hundreds of hours to prepare just one bid.

After an initial bid is submitted, multiple rounds can follow to winnow down the competition and drive down prices. Contractors will frequently ask bidders to meet or beat the subject import price during this process. A contractor's plans may

get refined and bids will be modified accordingly during this process. From start to finish, the bidding process can take anywhere from 3 to 4 months to more than 6 months depending on project size. If we win a bid, we typically lock in our steel prices at that time. However, winning a bid is happening with increasingly less frequency and, even when we do win, it is often at a loss. Dumped and subsidized fabricated structural steel imports are to blame.

W&W/AFCO competes head-to-head with fabricated structural steel from Canada, China, and Mexico, on projects big and small, throughout the United States. I'd like to focus first on China given what I understand you'll hear from respondents today. Although the import data may be showing declines in Chinese volumes, we certainly aren't seeing it. There could be several reasons why. One of these is that significant volumes of Chinese fabricated structural steel is modularized in third-countries, which I am not sure is reflected in the import data.

What is absolutely clear is that we are losing countless jobs to the Chinese. One of these jobs is L.A. Ram's Stadium. In 2016, we lost a 20,000-ton project for the roof of the stadium to the Chinese. I understand that in their prehearing brief, Chinese fabricators argue that the domestic fabricator who won the bid selected Chinese product to meet sizing and scheduling requirements. They claim that no domestic fabricator was capable of meeting these requirement. These claims are wrong.

First, W&W/AFCO absolutely had the capability of performing this project. We have crane lifting capacity of 180 tons, even though the project had no pieces approaching this weight. Our facility in Oklahoma City has 700,000 square feet under roof and a 26 acre handling yard, so no issues with plant layout. The schedule for this project was so far out, that this wasn't an issue either. The project was specified to AISC guidelines – even the compression ring components. Any supposed limitation on our ability to complete this project is nonsense. We've done far more complex and technically demanding stadium projects, including the Dallas Cowboys Stadium and the new Texas Rangers Stadium.

W&W/AFCO bid on the Rams project along with other domestic fabricators. We were initially informed that we were awarded the project based on qualification. However, after significant budget overruns to the stadium unrelated to the roofing phase of the project, I was informed that the owner wanted us to guarantee our price. Because the design was far from finalized, I would not guarantee our pricing. As a result, the project was awarded to Schuff Steel, another domestic fabricator. However, Schuff served only as the erector, as the project's owner-representative solicited Chinese pricing for the fabrication portion in order to save money. The owner-rep assigned the Chinese pricing to Schuff and included it in Schuff's contract.

The fabrication portion was awarded to Chinese fabricators because we could not meet their price. To be clear, if we had been able to match the Chinese pricing, we would have been awarded the job. But we were unable to come close. We simply couldn't compete based on price, and the Owner's rep knew it.

We didn't lose L.A. Ram's Stadium to the Chinese because of scheduling constraints, availability, or capability. We bid this project at a competitive price and have all of the cost data to compare with the Chinese pricing. As I testified back in February, and I stand firmly behind my words, it was the cheapest pricing that I have ever seen from any country. We could have donated 100 percent of our labor to fabricate this job, and 100% of our production detailing, just to get close to the Chinese pricing. We lost this job because of price.

You will hear this afternoon that price isn't nearly as important as other factors such as quality, timely delivery, etc. This argument is not credible and is not consistent with how the industry works. Preparing a bid is timely and costly, so if you're not qualified to perform a job or unable to do so, it doesn't make sense to go through the process. And if you do, you will get winnowed out fairly quickly, so that by the time the final round comes, it's all down to price – other purchasing factors simply don't matter at that point.

Winning business and keeping our workers employed has been costly. Either we have been forced to lower our price to meet or beat the import price, or we have

had to focus on smaller, less profitable projects. The result is the same either way – significant injury to my company and its workers.

Our costs have gone up in part because we have been driven into these smaller projects and have had to prepare more bids to compensate, which is an expensive endeavor. We have been unable to pass along these increases to our customers, given the downward pricing pressure from subject imports. The investments that we have made have failed to earn adequate returns, while we have declined to make others, despite relatively strong demand during the investigation period.

As I mentioned earlier, W&W/AFCO has been in existence for a combined 178 years, and we hope to be around for many more. But trade relief is desperately needed by our industry and it cannot come soon enough. On behalf of W&W/AFCO, our workers, and their families, we ask you to help prevent further harm to our industry by making an affirmative determination in this case. Thank you for your time and attention.