UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	**) Investigation Nos.:**
FABRICATED STRUCTURAL STEEL FROM CANADA, CHINA AND MEXICO	**) 701-TA-615-617 AND 731-TA-1432-1434) (PRELIMINARY)**

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	(Preliminary)

Monday, February 25, 2019
Main Hearing Room (Room 101)
U.S. International
Trade Commission
500 E Street, S.W.
Washington, D.C.

The meeting commenced, pursuant to notice, at 9:30 a.m., before the Investigative Staff of the United States International Trade Commission, Nannette Christ presiding.

APPEARANCES:

On behalf of the International Trade Commission:

Staff:

WILLIAM R. BISHOP, SUPERVISORY HEARINGS AND INFORMATION OFFICER

SHARON BELLAMY, RECORDS MANAGEMENT SPECIALIST

TYRELL T. BURCH, PROGRAM SUPPORT SPECIALIST

-- continued --

Staff (continued):

NANNETTE CHRIST, DIRECTOR OF INVESTIGATIONS

DOUGLAS CORKRAN, SUPERVISORY INVESTIGATOR

MARY MESSER, SENIOR INVESTIGATOR

ERIC DAUGHERTY, INVESTIGATOR

KARL TSUJI, INTERNATIONAL TRADE ANALYST

PEDRO CARDENAS, INTERNATIONAL TRADE ANALYST

AMELIA PREECE, ECONOMIST

JOANNA LO, ECONOMIST

JOHN HENDERSON, ATTORNEY/ADVISOR

Opening Remarks:
In Support of Imposition (Christopher B. Weld, Wiley Rein LLP)
In Opposition to Imposition (Nancy A. Noonan, Arent Fox LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:
Wiley Rein LLP
Washington, DC
on behalf of
American Institute of Steel Construction, LLC "AISC")
Full Member Subgroup
Peter Labbe, President and General Manager,
Cives Steel Company, New England Division
Hollie Novoletsky, Chief Executive Officer and Owner,
Novel Iron Works Inc.
David Zalesne, President, Owen Steel Company; Chairman of the Board of Directors, American Institute of Steel Construction, LLC
Rick Cooper, Chief Executive Officer and President,
W&W/AFCO/Steel

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In Support of the Imposition of Antidumping and Countervailing Duty Orders (continued):

Dr. Seth T. Kaplan, President, International Economic Research LLC

Travis Pope, Economist, Capital Trade, Inc.

Alan H. Price, Christopher B. Weld, Stephanie M. Bell - Of Counsel

King & Spalding LLP
Washington, DC
on behalf of
Banker Steel Company ("Banker Steel")

Chet McPhater, President, Banker Steel

J. Michael Taylor - Of Counsel

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Arent Fox LLP
Washington, DC
on behalf of
Canadian Fabricated Steel Industry

Ed Whalen, President and Chief Executive Officer, Canadian Institute for Steel Construction

-- continued --

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders (continued):

Daniel P. Rooney, President and General Manager, Great Falls Plant, ADF Group
James Paschini, General Manager, Terrebonne Plant, ADF Group
Ralph Poulin, President, Canatal
Joe Posteraro, Director of Projects & Contract Admin., Canatal
Mario Giguere, Controller, Canatal
Robert M. Grillo, Account Executive, Canatal
Lise-Andree Lessard, Director of Finance, Canatal
Louis Guertin, Vice President, Legal Affairs, Canam Buildings and Structures
Serge Dussault, Vice President, Canam Buildings and Structures
Ron Peppe, Vice President Human and Legal Resources & Secretary, Canam Steel Corporation
Walter Koppelaar, Chairman and Chief Executive Officer, Walters, Inc.
Peter Kranendonk, President, Walters, Inc.
Kevin Guile, Chief Operating Officer, Supreme Group
Martin Savoie, Vice President Operations, BeauceAtlas
Serge Marcoux, Vice President and Chief Financial Officer, BeauceAtlas -- continued --

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders (continued):

Sabrina Kanner, Executive Vice President-Design and Buildings, Brookfield Properties

Henry Caso, Senior Vice President, Manhatten West Construction, Brookfield Properties

James Dougan, Vice President, Economic Consulting Services

Matthew M. Nolan, Nancy A. Noonan - Of Counsel

Harris Bricken
Seattle, WA
on behalf of
District Scaffold Supply

Gary S. Davis, Director, Direct Scaffold Supply, LP

Mike Swindall, Specialty Account Manager, Scaff Sales International

Michael J. Doxey, Chief Executive Officer, Direct Scaffold Supply, LP

Charles Weiss, President, Scaffold Resource LLC

William E. Perry, Emily Lawson - Of Counsel

-- continued --

Gilliland & McKinney International Counselors LLC
Washington, DC
on behalf of
Corey S.A. de C.V.
    Javier Salas, Vice President, Corey S.A. de C.V.
    John Kelly, Vice President, Related Companies
    Sheridan S. McKinney, John R. Gilliland - Of Counsel

Greenberg Traurig, LLP
Washington, DC
on behalf of
Exportadora de Postes de Monclova, S.A. de C.V.
Exportadora de Postes GDL, S.A. de C.V.
    Dr. Carlos H. Ramirez, President, TransAmerican
        Power Products, Inc.
    Arturo Pimienta, President, UIS International
    Irwin P. Altschuler - Of Counsel

INTERESTED PARTY IN OPPOSITION:
ReedSmith LLP
McLean, VA
on behalf of
StepUP Scaffold ("StepUp")
    Stacy C. Forbes - Of Counsel

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (Alan H. Price and Christopher B. Weld, Wiley Rein LLP, Seth Kaplan, President, International Economic Research LLC)

In Opposition to Imposition (Matthw Nolan, Arent Fox LLP)

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P R O C E E D I N G S

9:30 a.m.

MR. BISHOP: Will the room please come to order?

MS. CHRIST: Good morning and welcome to the United States International Trade Commission's conference in connection with the Preliminary Phase of Antidumping and Countervailing Duty Investigations Nos. 701-TA-615 to 617 and 731-TA-1432 to 1434 concerning fabricated structural steel from Canada, China and Mexico.

My name is Nannette Christ. I am Director of Investigations and I will preside at this conference. Among those present from the Commission staff are from my far right: Mary Messer, Senior Investigator; Eric Daugherty; the Investigator; Douglas Corkran, the Supervisory Investigator; John Henderson, the Attorney Advisor; Amelia Preece, the Economist; Joanna Lo, the Accountant Auditor; Karl Tsuji, the Industry Analyst and Pedro Cardenas, Industry Analyst.

I understand that parties are aware of the time allocations. Any questions regarding the time allocations should be addressed with the Secretary. I would remind speakers not to refer in their remarks to business proprietary information and to speak directly into the microphones. We also ask that you state your name and affiliation for the record before beginning your

presentation or answering questions for the benefit of the court reporter.

All witnesses must be sworn in before presenting testimony. Are there any questions? Mr. Secretary, are there any preliminary matters?

MR. BISHOP: No, Madam Chairman.

MS. CHRIST: Very well. I would like to mention that at some point we are going to be taking a lunch break. We are going to target about 1 o'clock depending on how testimony goes.

Very well, let's begin with opening remarks.

MR. BISHOP: Opening remarks on behalf of those in support of imposition will be given by Christopher B. Weld of Wiley Rein. Mr. Weld, you have 5 minutes.

OPENING STATEMENT OF CHRISTOPHER B. WELD

MR. WELD: Good morning, Ms. Christ and Members of the Commission Staff. I am Chris Weld, Counsel for the Petitioner. The domestic fabricated structural steel industry has been forced into a crisis, not of its own making. Dumped and subsidized imports from China, Canada and Mexico are surging into the United States market, wreaking havoc on the Domestic Industry.

This industry is comprised of hundreds of small and medium-sized companies located throughout the country, providing good paying jobs for thousands of Americans but

the health of these companies and the jobs they provide are at risk due to this surge of unfairly-traded imports.

Congress specifically designed the trade laws so that fragmented industries such as this could avail themselves of trade relief, just like any other industry, it should be permitted to do so. The statutory factors that the Commission normally considers have been met in this case.

First, the Commission should analyze all Subject Imports on a cumulative basis. Fabricated structural steel or FSS from each of the Subject Countries is interchangeable, both with each other and with the domestic like product and competes in the same geographic regions. Subject Imports and the domestic like product are sold through the same channels of distribution and were simultaneously present throughout the United States during the POI.

In terms of volume, Subject Imports rose by more than 20 percent from 2015 to 2017, reaching almost one million tons in 2017. This surge in dumped and subsidized Subject Imports outpaced any increase in demand and allowed Subject Imports to take market share directly from the Domestic Industry. Subject Imports continued to surge in 2018, increasing another 11 percent in the interim period. By any measure, this volume is significant.

The price affect of Subject Imports are also significant. During the period, Subject Imports entered at prices well below those of the domestic like product. This is confirmed by the Commission's questionnaire data, which show extraordinary levels of underselling by imports from all three countries.

As you will hear from the industry witnesses today, Subject Imports were often priced well below Domestic Producers' cost of production, making it virtually impossible to compete with Subject Imports pricing. FSS is typically sold through a bid process in which price is decisive. Multiple rounds of bidding forced Domestic Producers to lower prices or lose the bid entirely when competing with low-priced Subject Imports.

And that's exactly what happened during the POI as Domestic Producers alleged more than 3 billion dollars in lost sales and lost revenue due to Subject Imports. These massive lost sales have had a significant negative impact on the Domestic Industry's bottom line and also they represent a substantial number of U.S. jobs that could have been supported by the industry.

The surge of unfairly-traded imports has had a devastating impact on the Domestic Industry. Between 2015 and 2017 the industry experienced declines in almost every trade and financial indicator. Faced with significant

volumes of unfairly traded imports U.S. Producers were forced to either try to maintain prices at the expense of volume or to try to compete with the low Subject Imports prices and sacrifice profits.

As a result, the Domestic Industry saw a precipitous drop in its operating and net income and its already dismal capacity utilization rate fell further. The Domestic Industry's financial position is simply not sustainable and will continue to decline without relief.

In addition to causing material injury Subject Imports threaten additional injury. Global steel overcapacity is at an all-time high and foreign steel producers have every incentive to move resources downstream to fabrication in order to avoid tariffs on steel mill products and the U.S. continues to be an attractive market.

Absent the imposition of orders there is nothing to stop the surge of dumped and subsidized imports from continuing to injure the Domestic Industry. The Domestic Industry has not sought trade relief for more than 30 years and would prefer not to bring these cases but has been forced to do so.

Without relief, the industry will continue to deteriorate and its ability to manufacture the FSS necessary to build our nation's infrastructure will erode even further. We cannot allow that to happen. We ask the

Commission to make an affirmative determination with respect to all Subject Imports and to restore a level playing field to the U.S. fabricated structural steel market. Thank you.

MR. BISHOP: Thank you, Mr. Weld. Opening remarks on behalf of those in opposition to imposition will be given by Nancy A. Noonan of Arent Fox. Ms. Noonan, you have five minutes.

OPENING STATEMENT OF NANCY A. NOONAN

MS. NOONAN: Good morning. Nancy Noonan from Arent Fox. Fabricated structural steel is very different from the other steel cases that the Commission has investigated. It is not a commodity product. Each fabricated structural steel product is unique to the project for which it is being used. Those projects include buildings, parking decks, industrial projects and infrastructure facilities to name a few.

What also makes this case very different from the typical antidumping or countervailing duty investigation is the lack of Domestic Industry support for the case. There have been multiple filings at the U.S. Department of Commerce challenging whether the Petitioner has sufficient industry support for these investigations to proceed.

The Petitioner amended its petition to try to overcome its lack of standing to file the petitions but there are challenges against that amendment. The Commission

is examining whether there is a reasonable indication that the U.S. Industry is materially injured or threatened with material injury.

The relevance of this industry support challenge goes to whether there is sufficient evidence on the record to support an affirmative determination. There is not. There are hundreds of members of AISC that are fabricators and there are hundreds more fabricators that are not AISC members. The members of AISC were provided information about the questionnaires as early as December 14th and were offered assistance in preparing their responses.

In the Petition, the Petitioner claimed that the Domestic Production is 3.4 million short tons. But the questionnaire responses only cover about 1/3rd of that amount and there has been a low response rate to U.S. Producers' questionnaires compared to the number of fabricators.

That means that the U.S. Producers who are members of AISC who had almost two months to prepare their responses did not bother to do so. We think this means that they do not feel they are injured or threatened with injury by imports. Further, not all U.S. Producers support the Petitions. When you look at the low response rate by the U.S. Industry, U.S. Producer opposition to the Petitions and the actual information in the responses, the evidence does

not support an affirmative determination.

The lack of evidence as to injury or threat of injury is explained by the conditions of competition in this industry. The project specific nature of the industry means that companies cannot anticipate the types of FSS that will be needed by purchasers. Companies produce to order rather than produce for inventory.

As you will hear today, companies typically bid on projects, not on quantities. The bids typically include designing and engineering in addition to the actual fabrication and some companies include erection or other post-fabrication services. The actual steel component of the project is only around 30 percent of the installed price of the project. The balance is design and engineering.

Because there is more than one way to design and engineer a specific building project, bids vary based on how the company is detailing and engineering the project. This includes using different connectors and assembling some pieces prior to delivery on site to the customer which saves the customer time and money on erection.

Purchasers therefore consider a variety of factors and not just price in determining which company wins the bid. Further, prices for FSS can vary from 1000 dollars a ton to 6000 dollars a ton or more based on these factors. The complexity of FSS needed for each project impacts the

quantity produced and capacity utilization.

The more complex the project, the more man hours are needed for it, regardless of the actual tonnage of FSS. Even after a bid is awarded, projects can change, which impacts capacity, production and capacity utilization factors. Companies in the North American Industry routinely subcontract with each other to meet the production schedule, with Domestic Producers purchasing FSS from Subject Producers, Subject Producers purchasing from each other and U.S. Domestic Producers purchasing from each other. This means that some of the imports are being pulled into the U.S. by the Domestic Producers themselves.

This is not the standard steel case and we ask the Commission to make a negative preliminary determination. Thank you.

MR. BISHOP: Thank you, Ms. Noonan.

Would the panel in support of the imposition of the Antidumping and Countervailing Duty Orders please come forward and be seated.

Madam Chairman, all witnesses on this panel have been sworn in. This panel has 60 minutes for their direct testimony.

MS. CHRIST: Welcome to all the panel members and thank you. Please begin when ready.

STATEMENT OF ALAN PRICE

MR. PRICE: Good morning. I am Alan Price on behalf of the Petitioner. I would like to thank the Commission staff for your hard work in this investigation.

I am going to present an overview of the evidence of material injury, and Dr. Kaplan will discuss the economic aspects and unique conditions of competition in this fabricated structural steel industry in greater detail.

First, on the slide is a general summary of the scope of the investigation, and it's nearly identical to the 1988 investigation scope. It basically covers all steel mill products like plates, beams, angles, channels, shapes, and flats that have been cut, drilled, welded, joined, bolted, bent, and otherwise fabricated to support a structure.

This scope identifies certain explicitly excluded products, and again those parallel the 1988 exclusions. Next slide.

There's a single domestic like-product that is coextensive with the REN scope, excluding only those products that have been explicitly excluded. That is what the ITC found in 1988. It should do so here.

We are evaluating whether any related producers should be excluded from the domestic industry and we will address that issue in more detail in our postconference brief.

Turning to cumulation, the statutory factors for cumulation are met. The questionnaire responses confirm that FSS from all the subject countries and the domestic producers are highly interchangeable. If you look at the confidential Commission data, which I'll just summarize in general, the domestic producers overwhelmingly identified that the subject imports are interchangeable here.

The subject imports also compete with each other and the domestic producers throughout the country. The record shows overlapping geographic competition. And, interestingly, the vast majority of responding importers report shipments between 100 and 1,000 miles, and many report shipments over 1,000. So the subject imports can move very long distances after the port of importation.

Fabricated structural steel is almost always sold through a bid process involving head-to-head competition for sales to the same customer base for the same projects. And imports from all of the subject countries were present throughout the Period of Investigation.

Turning to some of the conditions of competition, and again Mr. Kaplan will address these in more detail, fabricated structural steel is sold through a bid process on a project-specific basis, but price is decisive. Typically if you can't satisfy the design specifications and other requirements of a project, you won't bid in the first place.

This is because the bid process can be expensive and time-consuming for the fabricators. Anyone bidding can make compliant products, at which point it usually comes down to one question: Who can offer the lowest price?

Demand is driven primarily by demand for construction. Fabricated structural steel is generally a small share of the overall cost of a project, so demand for fabricated structural steel is inelastic. Low-priced imports do not increase demand; they replace domestic fabricated structural steel nearly ton for ton.

The domestic industry is operating at low capacity utilization rates and can supply the entire market. Losing one project to imports has long-term ramifications, not just for the individual fabricators but also for the entire industry. Particularly for larger projects, it can take months for any bidding opportunity of similar magnitude to arise, which forces fabricators to seek out other jobs. This drives up costs, displaces other fabricators, and transmits harmful price effects throughout the entire market.

Regarding volume, the subject imports volumes increase substantially, by 21 percent over the three full years of the Period of Investigation and in the interim period they increased by another 11 percent.

As you can see, subject import volumes for just

three-quarters of 2018 exceeded full 2015 volumes. Subject import market share was significant throughout the POI. Making matters worse, the surge in subject import volumes captured additional market share from the domestic industry.

Subject imports captured approximately 2 percent additional points of market share from 2015 to 2017, while the domestic industry lost about 2 percent. The domestic producers were able to recover some of that volume--

MR. BISHOP: Alan, can you speak more directly into the mike, pleaser?

MR. PRICE: The domestic industry producers were able to recover some of that volume during the interim period based upon the questionnaire data, or based upon the data in the record, but not without continuing decreases in profits, net income, and operating income.

Turning to price effects, the record includes clear evidence of underselling and price effects. And this is before the Commission obtains purchaser pricing data for bidding and a final determination. The pricing product data shows underselling at significant margins in nearly all comparison. This is very telling.

This is on top of the domestic industry's reported lost sales and lost revenues which show numerous instances of domestic producers lowering their prices to compete with subject imports for bids. Again, the

questionnaire responses confirm that the domestic and import fabricated structural steel producers are highly interchangeable.

So we know this isn't about quality or technical specifications; it's about price.

Here you can see some of the volume and value of the lost sales and revenues that were just in the Petition. There is additional evidence in the record. This is just the Petition volume, and it is quite substantial and massive.

Next slide. Here's some examples of major projects that were lost to the subject imports because of price. As you can see, they are big, long-term endeavors that keep a fabricator running for months and years, but it's not only long-term large projects. Many small projects were also lost, and we will address small projects as well today.

Regarding material injury, this table summarizes the effects of competition from the subject imports over the POI. The questionnaire responses show that production capacity utilization shipments were all down over the full three years of the POI. They also show deteriorating financial performance, gross profits, operating income, and net income that were all down.

This has forced the domestic industry to curtail

operations through closings and prolonged shutdowns. Questionnaire responses also show cancellations and reductions in capital investments and expansions and negative impacts on the industry's ability to raise capital.

While some volume improvements may be seen in some of the trade data for the interim period, financials continue to decline. All of this happened in a period of modestly increasing, we think, market demand overall, when the industry should have been improving its financial performance.

Unfortunately, unfairly traded imports deprived the domestic industry of the benefits of what should have been a robust market.

Turning, finally, to threat. Given all this, the industry is clearly vulnerable to further material injury if relief isn't granted. The U.S. market is incredibly attractive in relation to alternative markets. Excess steel capacity remains severe worldwide, and the subject producers will channel that excess capacity into downstream fabricated structural steel to avoid tariffs on steel mill products.

Finally, just in conclusion, there's more than a reasonable indication of material injury by reason to the subject imports, and this investigation should proceed to a final determination. Absolute import volumes were

significant and increasing. The record shows pervasive underselling and massive lost sales and revenues because of price. Key trade and financial performance indicators also show harm, resulting in curtailments of operations and the inability to raise capital and invest. There is no reason to believe that this will stop without trade relief.

We will now turn to our first witness, Mr. David Zalesne of Owen Steel, the first witness for the domestic industry. Thank you.

STATEMENT OF DAVID ZALESNE

MR. ZALESNE: Thank you, Alan. Good morning. I am David Zalesne, President of Owen Steel Company based in Columbia, South Carolina. I am also the Chair of the Board of Directors of the American Institute of Steel Construction.

Thank you for this opportunity to testify on the significant injury that our company, our employees, and our industry have suffered due to unfairly traded fabricated structural steel imports from Canada, China, and Mexico.

I want to start by providing some background on the product. Fabricated structural steel, or FSS, is the result of a manufacturing process that uses steel mill material, primarily shapes and plate, and converts that material into components for structures.

The types of structures in the FSS market include

commercial buildings, industrial facilities, institutional structures, and public infrastructure projects like hospitals, research labs, airports, and courthouses. Structural steel fabricators provide the critical intermediary role in the structural steel supply chain between the mills that produce steel as our raw material and the cranes that lift our steel columns, beams, girders, and trusses into place at construction sites.

The fabrication process takes place in plants that are uniquely designed for steel fabrication. Most plants have similar types of fixed asset equipment and tools to fabricate steel. Equipment is used to cut, drill, fit, and weld components together to meet the plans and technical specifications for each project.

Most of the labor in structural steel fabrication is in the skilled trades of fitting and welding, which requires significant investments in training and are difficult to automate on custom-designed projects. Fabricated structural steel is a labor-intensive process that can require 15 to 30 man=hours a ton. As a point or reference for tonnage, a highrise tower or major industrial plant may have anywhere from 25,000 to 100,000 tons. A large airport may have 10- to 20,000 tons. And a courthouse or other building may have 2,000 to 5,000 tons.

These types of projects are the lifeblood of the

U.S. structural steel fabrication industry, providing work and jobs for many fabricators throughout the United States. But the rising import levels we have seen from the three subject companies since 2015 have clearly impacted that market. If it continues on its current track, it would threaten the survival of the industry.

Owen Steel Company was founded in 1936 and has been active in the New York City market since the mid-1980s. I joined the company in 2004 after a change in ownership that was due in part to the economic impacts in the New York construction market following 9/11.

At the time, the company was down to a skeleton crew of employees with virtually no backlog of work. Over the next 10 years, we invested in rebuilding the business and rebuilding much of the world--some of the World Trade Center site, supplying the steel for the 9/11 Memorial and Museum, Tower 3, and one of the below-grade vehicle security centers, among many other projects.

To grow the business, we also invested in the acquisition of a second plant in Wilmington, Delaware, in 2014, adding more fabrication space, equipment, and job-creating potential. Between the two plants, Owen Steel has the capacity to employ more than 300 people and deliver a wide variety of structural steel fabrication products to projects throughout the Eastern United States.

Unfortunately, since imported fabricated structural steel began flooding into U.S. markets from China, Canada, and Mexico in 2015, we have struggled to realize profitable utilization levels for the capacity we have invested to build.

At first we saw the Chinese industry extend its steel-making capacity further downstream to steel fabrication, following the same model that has already been the subject of CVD and AD Orders for mill steel. Increasing the volume of fabricated components coming into the U.S. market not only circumvented the Orders on mill steel, it captured the value-added labor from domestic fabricators who began finding themselves shut out of projects that would have filled their plants with profitable works. China also moved mill steel to fabricators in other countries, especially Mexico, who supplied value-added fabrication labor in their plants to bring fabricated structural steel into the U.S. market duty-free under the cover of NAFTA.

And since 2015, Canadian fabricators have greatly increased their share of the U.S. market for FSS undercutting pricing through illegal trade practices to saturate the far more attractive U.S. market.

In short, the cumulative and collective impact of increased volumes of subject FSS product from the three subject countries due to unfair trade practices has severely

harmed Owen Steel and its workers, along with many others in the industry.

Owen Steel and many of our domestic competitors who are here today compete directly with the subject imports for projects throughout the United States. Illegally dumped and subsidized imports are increasing from every direction along the East Coast, the Gulf Coast, the Pacific Coast, and the Northern Border.

The market has become so attractive, for example, for Mexican fabricated structural steel producers that one company whose main plant is in Guadalajara has a full-time sales in New York, more than 2,300 miles away. There is simply no legitimate way a fabricator can be competitive transporting fabricated structural steel over that distance, let alone providing it at significantly below the cost of domestic fabricators who are much closer to the market.

To be clear, Owen Steel and our domestic competitors in this industry compete every day for projects, but we are all losing projects and market share to imports from Canadian, Chinese, and Mexican fabricated structural steel producers who are not playing by the same rules.

Most fabricated structural steel products are interchangeable and projects are awarded almost solely on price. So when domestic fabricators are forced to bid work against fabricators whose products are illegally dumped

and/or subsidized, we will either lose the work or get it at reduced and often unprofitable prices.

One recent example of how this plays out was the steel contract for a highrise tower in New York City that was awarded just a few months ago in September 2018. The project is for more than 50,000 tons, more than 700,000 shop hours, and more than $150 million of fabrication value as part of a $300 million-plus steel contract. Domestic fabricators who are here today submitted bids. The project was awarded to a Canadian fabricated structural steel producer who bid it with a mix of fabricated structural steel from Canada and China with a backup plan to buy from Mexico.

Domestic fabricators had zero chance against the toxic combination of illegally dumped and subsidized mill steel and shop labor. Meanwhile, the domestic fabricators who have invested in capacity and equipment and workforce training to build these projects will once again be forced to either lower prices to unprofitable levels, or take smaller projects from other domestic fabricators just to keep the doors open. Eventually the domestic industry will collapse under the economics of that business model.

Finally, I want to make a brief point on the impacts of other trade-related actions, including the 232 Tariffs which went into effect in March 2018, and the

Section 301 Tariffs that went into effect against China in July 2018.

The injury to the domestic structural steel fabrication industry began in 2015, years before either of these tariffs were in place, when the subject countries began to dramatically increase their foothold in the U.S. market.

The trade laws here address different factual legal circumstances in the 232 and 301 Tariffs, and provide different forms of relief for different reasons. Even if the other tariffs were modified or terminated tomorrow, the underlying injuries caused by dumping and illegal subsidizes from the subject countries would remain. This Petition was not filed to make a political statement, or to argue about who should build a few square blocks in Manhattan, as many of the opponents of the Petition here today appear ready to testify about.

Fabricators across the United States have been subjected to illegally dumped and subsidized imports for years, losing project after project to unfairly traded imports from China, Canada, and Mexico.

The returns on investments that companies like Owen Steel make have frankly become pitiful, especially compared to the risks we take on in a highly competitive and difficult industry.

On behalf of Owen Steel and our employees, we respectfully urge you to find that fabricated structural steel imports from the subject countries have injured our industry and our business and employees and continue to threaten further material injury if left unremedied. Thank you.

STATEMENT OF RICK COOPER

MR. COOPER: Good morning. I'm 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 2,100 employees.

W&W/AFCO Steel is a domestic fabricator of steel structures and components such as steel beams and plate. 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 73 years ago in 1945, and AFCO Steel dates back 107 years to 1909. Through to the present, we have prided ourselves on unparalleled quality, performance, and integrity. Our longevity confirms this.

I want to start off by explaining how the bid process in our industry works, and how this process 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 process generally begins with the general contractor issuing an RFQ or an RFP. Fabricators are then invited to bid on the project. Typically, anywhere from four to eight fabricators will bid on a project, depending on the size of the job.

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.

In addition, during this process a contractor's plans may get refined and bids will be modified accordingly. From start to finish the bidding process can take anywhere from three to four months for smaller projects, and more than six months for large projects.

If we win a bid, we typically lock in our mill steel prices at that time. The bidding process is an incredibly costly and time-consuming process for participants, making it that much worse when projects are

awarded to dumped and subsidized imports.

W&W/AFCO operates in both commercial and industrial space and competes head-to-head with subject imports in both where competing with subject imports on projects throughout the United States and the impact has been widespread.

These dumped and subsidized imports are everywhere we turn, and they are relentless. We compete directly with the Mexicans, Canadians, and Chinese throughout the U.S. Between 2015 and 2017, U.S. imports of fabricated structural steel from Canada, China, and Mexico increased by more than 20 percent, far outpacing any increase in domestic demand.

Subject imports continued to increase in 2018 through dumped and subsidized pricing. These imports have captured a significant share of the U.S. market at the direct expense of domestic producers and workers. Let me give you a few examples.

In 2016, we lost a 20,000 ton project for the roof of the L.A. Rams' new stadium to the Chinese. We bid this project and have all of the cost data to compare with the Chinese pricing. I can tell you that it was the cheapest pricing that I have ever seen from any country. We could donate 100 percent of our labor to fabricate this job and still not get even close to the Chinese price.

In 2015 we submitted a bid to supply the Cameron Liquified Natural Gas Export Project in Louisiana. While we furnished the early steel for the project, totaling about 8,700 tons, the remaining 52,000 tons needed went offshore to China. Once again, we simply couldn't beat the dumped and subsidized Chinese price.

Similarly, while W&W/AFCO and other domestic fabricators were awarded 10,000 tons of a project in Lake Charles, Louisiana, in 2015, the bulk of the remaining 30,000 tons was awarded to China. The only reason that W&W/AFCO got the work that it did was because the project started before the imports could be delivered.

These bids were not lost because subject imports were somehow unique, or because there is a deficiency in domestic production capabilities. We lost these bids because of price.

Domestic fabricated structural steel and fabricated steel from Canada, China, and Mexico are largely indistinguishable except when it comes to price. And on price, subject imports have us beat. I am not exaggerating when I say that we could have donated our labor on certain jobs and the subject import price still would have been significantly lower.

Given poor market conditions, we are no longer bidding on the industrial projects if China is in the

running. It can take hundreds of man hours to prepare a bid, so if there's absolutely no way that we can win on price, it's too costly to try.

Winning some 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 jobs. The result is the same either way. Significant injury to my company and its workers.

Over the period, our production was down and capacity utilization was well below where it should have been. Our costs have gone up in part because we have been driven into smaller projects and have had to prepare more bids to compensate, which is an expensive endeavor. We have been unable to pass along this increase to our customers, given the downward pricing pressure from subject imports. We have been unable to replace employees lost to attrition, and our workers are working fewer hours for less pay.

The investments that we have made have failed to earn adequate returns, and we have declined just to make others.

Subject imports also threaten the domestic industry with further material injury. It is clear that subject producers can enter the U.S. market in large volumes and with product that depresses and suppresses U.S. prices.

It is also clear that subject producers have the capacity and ability to further increase exports to the United States in the absence of trade relief.

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.

STATEMENT OF HOLLIE NOVELETSKY

MS. NOVELETSKY: Good morning. My name is Hollie Noveletsky. I am the owner and CEO of Novel Iron Workers in Greenland, New Hampshire. Thank you for this opportunity to testify. I'll focus my comments on how Novel and its employees are being injured by unfairly traded fabricated structural steel imports from Canada, China, and Mexico.

Novel is a second generation family owned business that has been fabricating structural steel for more than 60 years. Founded by my father in 1956 in Waltham, Massachusetts, Novel relocated to a larger facility in Greenland, New Hampshire in the mid-70s. Every since this

26-acre facility has been Novel's home, complete with the latest fabrication techniques, including computerized estimating, 3-D detailing, and direct download and automation that has enabled us to expand our client base to all over New England and New York.

For more than half a century, Novel has been committed to serving its customers and making the necessary investments to stay on top. We pride ourselves in competitive pricing, on-time delivery, and exceptional quality. That is why our customers came to us. But that has changed since the rising volumes of dumped and subsidized fabricated structural steel imports have entered the U.S. market since 2015.

Now, no matter what we offer if we cannot meet or beat the import price, we almost always lose the sale and unfortunately, this is happening with greater frequency. Subject producers, like the Canadians, are selling fabricated structural steel into the market for roughly 10 to 15 percent below our bid price, which is already at or below cost. In some cases, they are coming in at 30 percent below our price. How is this possible? The answer is clear, massive dumping and subsidization.

Things have gotten so bad that we've been completely shut out of certain types of markets. For example, no domestic structural steel fabricator will bid a

public school in the State of Massachusetts. The public funds to build these schools are going over the border. We were recently asked by a general contractor to bid a public school in Massachusetts. We bid aggressively and came out dead last out of eight. The first seven were subject producers. We don't even bid on larger jobs any more because we know we simply can't compete against the dumped and subsidized imports of structural steel.

Given the imports of fabricated structural steel have pushed out of larger markets where we typically saw four or five bidders, we have had to pursue smaller projects. These projects generally have 10 or more fabricators bidding and although less profitable the import competition is still as fierce.

When we're not losing sales to subject producers, we are losing substantial revenue. The use of multiple bidding rounds facilitates this intense price competition as general contractors use the subject import price to drive down our bid round after round. In fact, certain general contractors will take our bid and shop it around to the Canadian producers that were not even participating in the initial round to extract the lowest bid. It's not surprising therefore that in certain cases we've had to lower our bid to 10 to 15 percent below the cost of raw material and labor simply to win the sale and

keep our facility running. These losses have taken a toll on Novel's production, sales, and profit.

Over the last three years, we've had several periods of reduced or no production. Our capacity utilization rate is at the lowest in years. We've had to postpone making much needed equipment updates. Our capital investments over the last two years have been scaled back to a fraction of what they were in 2015. In 2015, we paid cash for capital investments totaling over 1.4 million. In 2016, the investment was down to 368,000. In 2017, it was just 52,000.

Financial losses due to imported fabricated structural steel have not only taken a toll on the company, but also on our roughly 100 employees and their families. Our employee head count is down, hours have been reduced. These lost positions represent solid, middle-class manufacturing jobs. Wage increases, healthcare insurance contribution, and profit sharing have all been negatively impacted. This past fiscal year on approximately $30 million in sales, we had a before tax profit of only 200,000. We put 100,000 into profit sharing. After taxes, there wasn't much left for capital investment.

We've historically covered 75 percent of the insurance burden, but because we are taking work at a break even or at a loss just to keep people employed, we've had to

pass on rising healthcare coverage costs to our employees.

The domestic fabricated structured steel industry is threatened with additional injury in the absence of trade relief. Substantial volumes of fabricated imports have left the domestic industry in a weakened state. Each of the countries under investigation has substantial and growing capacity. And given that the U.S. demand is relatively strong, there is no doubt in my mind that increasing volumes of fabricated structural steel imports will continue to overwhelm the U.S. market in the absence of duties. The results will be significant harm -- further significant harm to the domestic producers and workers.

The fabricated structural steel industry in the United States was built by hard-working middle class men and women. We are a strong, resourceful industry that has weathered conditions, economic hardships in the past like the 2009 recession. We understand the ups and downs of the economy and are well equipped to deal with it, but we are not equipped to deal with unfair trade nor should we have to. We are playing by the rules of fair trade and others are not.

When foreign fabricated steel enters our market at significantly dumped price and at highly subsidized rates it places domestic fabricated structural steel producers and their employees at a significant and unfair competitive

disadvantage and threatens the collapse of our industry.

On behalf of Novel, its employees and its families, I urge you to allow these investigations to proceed and to give the domestic industry a fighting chance to survive. Thank you.

STATEMENT OF CHET MCPHATER

MR. MCPHATER: Good morning. My name is Chet McPhater and I'm the President of Banker Steel Company, where I've worked in various roles since 1997. As president of Banker Steel, I oversee the day-to-day production operations of the company, the marketing of our products and the bidding and sales processes.

I appreciate the opportunity to be here today. The petitions we are discussing today are extremely important to future of our company and we welcome the opportunity to provide you with information that will support an affirmative preliminary injury determination.

Banker Steel manufactures and erects fabricated structural steel for commercial construction projects throughout the Eastern United States. The company was founded in 1997 with just a few employees. Over the past two decades, we have become one of the largest domestic fabricators in the United States with 465 workers at our operations in Lynchburg, Virginia, Orlando, Florida and South Plainfield, New Jersey.

We have a highly skilled and committed workforce that includes members of the United Steelworkers Union. We have a great company and are proud of our people and projects. We pride ourselves on paying a living wage plus incentives and seeing our employees grow to improve themselves in their communities.

Our steel serves as a foundation for the Freedom Tower in New York City. The very first beams installed at Ground Zero were fabricated at our facilities in Virginia. Our steel is also the backbone of Washington Nationals' baseball park, as well as the Gaylord Hotel and MGM National Harbor in Maryland.

We are hoping to expand Orlando International Airport and to build One Vanderbilt, an extraordinary new skyscraper adjacent to Grand Central Station. I share this with you because projects just like these built with steel fabricated here in the United States by our skilled workers are at risk today due to a flood of unfairly-priced fabricated structural steel from Canada, China and Mexico.

In recent years, we have lost several large projects to imports from the subject countries that were sold at prices well below those offered by domestic fabricators. In our lost sales and lost revenue template, we document recent projects that we lost to subject imports, or that we won only by lowering our prices to levels that

cannot be sustained for the long-term. I urge you to review that information from the confidential record.

I would like to provide some general examples in this public forum. In 2013, Banker Steel was awarded the contract to supply the structural steel for the Hudson Yards platform on the west side of Manhattan. Hudson Yards is the largest private real estate development in the history of the United States.

The platform expands over thirty active train tracks and forms the foundation for the above-grade construction, including several high-rise towers. The platform was built with 25,000 tons of structural steel and provided several hundred thousand shop man-hours for Banker Steel in 2014 and '15. It was the largest project in their history at the time.

We expected to compete for the above-grade work at Hudson Yards following our successful work on the platform, which would've been performed and delivered during and in the years following 2016. However, the developer decided to purchase the steel for those projects almost exclusively from foreign fabricators due to the below-market prices they were offering.

One of the first structures to be built was Tower A comprised of 90,000 tons of fabricated steel. We understand the developer purchased milled material for Tower

A directly from China and had it shipped to third countries, including Mexico for fabrication. Afterwards, the fabricated steel was imported at prices well below the domestic market.

We understand that the retail center at Hudson Yard, representing a 15,000 tons of fabricated steel, was awarded to a Canadian fabricator. Just last March, a Mexican fabricator was awarded the contract to supply 25,000 tons of fabricated steel for the Tower at 50 Hudson Yards. Banker Steel aggressively bid the 50 Hudson project and we were shocked at the price reportedly offered by the Mexican firm, which is well below our own costs to produce the fabricated steel.

It should be noted that the steel fabricated in Mexico is shipped to the same facility in New Jersey where we fabricate our steel, where their steel is stored before delivering into the City.

Hudson Yards is just one example, but a very important example for our company of how domestic fabricators have been harmed by the influx of unfairly-traded foreign fabricated structural steel. The harm to domestic fabricators from these imports is continuing. Just five months ago, we lost a bid on 50,000 ton Manhattan West Southeast Tower to a Canadian fabricator. We understand the price offered by the Canadian firm was

based in part on some contracting a significant portion of the work to both Chinese and Mexican fabricators.

The influx of below-market fabricated steel from Canada, China and Mexico has negatively impacted our revenue, profitability and capital investments. In early 2016, Banker Steel acquired a fabrication facility in New Jersey out of bankruptcy. The acquisition made good business sense at the time, given the facility's proximity to New York City, which had become a primary market for our products.

Over the past three years, however, the influx of low-priced subject imports has undermined our investment. We have lost many projects to subject imports and had to cut our pricing for bids we did win. This has impacted our bottom line, return on investment, and reduced our capacity utilization rates, as well as the opportunity to expand our company.

The projects mentioned above have occurred while the construction market is doing well. As the market slows, there will be fewer and fewer opportunities for all fabricators, large or small, to pursue work, and the influx of foreign-fabricated steel will have an even greater impact on the industry. I appreciate your attention and look forward to your questions.

STATEMENT OF PETER LABBE

MR. LABBE: Good morning. My name is Peter Labbe. I am the President and General Manager of Cives Steel Company, New English Division. I have worked at Cives for more than fifteen years and am currently responsible for the overall operations of Cives New England Division in Augusta, Maine. Our main location serves all of New England's structural steel needs from high-rise and commercial structures to airports, hospitals, universities, nuclear power plants, pharmaceutical manufacturing and more. I would like to thank the staff for the opportunity to be here today.

As will become even clearer today, the harm that the domestic industry continues to suffer from dumped and subsidized fabricated structural steel imports from Canada, China and Mexico, is real and significant. Trade relief is desperately needed.

I want to start by giving you some background on Cives. Cives was founded in 1952 as a small, make-shift operation in Gouverneur, New York. Since then, Cives has expanded significantly to become a national leader in both industrial and commercial steel fabrication, adding six additional fabrication facilities to its business. With fabrication facilities now also in Maine, Virginia, Mississippi, Georgia, Indiana and Idaho, Cives has strategically positioned itself as the premier fabricator

for any size project.

A commitment to excellence is well ingrained within each and every one of our employees. As an employee-owned company, all of our employees have a direct stake and say in our current and future successes, which is one of the reasons why this trade case is so important. Cives' fabricated structural steel can be found in buildings and structures throughout the United States, including Children's Hospital in Boston, Turner Field in Atlanta and Reagan National Airport right here in Washington, D.C.

Dumped and subsidized imports have been a game changer, however. While we compete with the best of them, whether foreign or domestic, we cannot compete against dumped and subsidized imports. Between 2015 and 2017, unfairly traded imports from Canada, China and Mexico surged into the United States, increasing significantly. This surge has continued throughout 2018.

What has enabled them to do this is simple. Massive price undercutting. At the end of the day, what matters is price. And the Canadians, Chinese and Mexicans are winning on this front. We compete head-to-head with fabricated structural steel imports from each of the countries under investigation. We also compete directly with these imports for projects throughout the United States. From the Northwest to the Northeast, from the Gulf

Coast to the MidAtlantic and South, simply put, there is no region or market where we are shielded from subject import competition.

The negative effects of subject imports have been transmitted throughout the U.S. market and the harm has been far-reaching. Cives' lost sales data confirms this. We have lost a significant number of major projects to subject imports over the investigation period. I will highlight just a few.

In 2015, we lost a huge 20,000+ ton job in the Gulf Coast to both the Canadians and Chinese. This project would've meant adding more workers at multiple facilities within Cives. In 2016, we lost nearly a dozen jobs to the Canadians up and down the East Coast. And just last year, we lost a large project in the Northeast to Canadian and Mexican fabricators. We have lost additional work to both Canadian and Chinese imports over the past two years.

As one example, our fabrication plant in Maine lost a bid to a Canadian fabricator on a 15,000 ton facility in the Northeast for a U.S. defense contractor. The new facility will house the construction of nuclear submarines for the U.S. Department of Defense. As a result of this lost project, we suffered a stoppage of new hires, reduced work weeks and employee layoffs at the facility.

As another example, one of our Midsouth

Division's loyal customers recently started developing a large new L&G facility using Chinese fabricated structural steel. Of those, Cives has enjoyed a long relationship with this customer. They, like others, are switching to dumped and subsidized imports due to price.

Many of these contracts would've meant months, if not years, of work. In fact, we had one job that was five years in duration from award to final delivery of fabricated structural steel. This means that when we lose a bid, the harmful effects can be long-lasting and spread over multiple years. It also means that recently lost bids will show up as injury to the domestic industry in the coming months and years.

In addition to significant lost sales, we have been forced to decrease our prices to the point where we have taken a loss on projects. This is unacceptable, particularly in a market where demand is relatively robust.

Further compounding the harm from subject imports is the fact that we have been unable to increase our prices to account for rising raw material costs. Although the price of steel beams and plate has generally trended upwards during the period, we have been unable to pass along these rising costs to our customers due to extreme pricing pressure from subject imports.

While foreign producers may argue that their

fabricated structural steel is different from ours, this is false. These products are entirely interchangeable. The fact that we have lost so many projects to subject imports confirms this. The domestic industry can also produce the full range of fabricated structural steel products, including modules. In fact, Cives has a facility on the Mississippi River that allows us to ship large modules for industrial projects by barge to service the Gulf Coast and other regions throughout the United States

While we would like to produce more modules, fierce competition from subject imports has prevented us from doing so. Because of subject imports, we have forced to curtail production, forego desired investments and capital improvements. If conditions do not improve and soon, I fear that plant shut-downs and significant layoffs may be next. That is why I'm here today, to do all that I can to prevent that from happening.

In closing, on behalf of Cives, its workers and their families, we urge you to find that the domestic industry is injured and that subject imports are responsible for that injury. Thank you.

STATEMENT OF SETH KAPLAN

MR. KAPLAN: Good morning. I am Seth Kaplan of International Economic research here on behalf of Petitioners and I'd like to discuss the economics of the

industry with emphasis on certain conditions of competition and particular emphasis on the affects of the absolute volume of imports in this investigation.

So let me return to the conditions of competition. FSS is a project-based industry, which everyone agrees upon, where the winner is chosen in a multi-round bidding process based largely on price. Domestic and Subject FSS is highly substitutable. Demand is very inelastic as this product is a small part of the project that they are contained in and there is no good substitutes.

Demand for FSS is derived from demand for commercial and industrial construction, which has increased modestly over the POI. FSS is a very labor-intensive industry, especially in the context of other steel industries you've looked at, and finally Subject Imports disproportionately target large projects and that has effects I will discuss later.

With respect to the bid process, this is a bid-based industry and prices are typically determined in a multi-stage process where firms compete head-to-head to supply the same products for the same project. While each project has its own design, it uses generic steel from mills and it uses machinery and labor that is skilled but which is available throughout the country from all these firms.

So while the projects are individually designed, companies are invited to bid. They aren't invited unless they have the capability and then they compete for the price on that design with some modern modifications. Bid, head-to-head, invited competition; not anonymous market where there's a price out there and some product is bought from a distributor.

This is the purchaser identifying someone because they know they can make the project and they have a history of it. typically, there's four to eight but I'd like you to ask Peter and Holly about something they ran across where a 40 firms were contacted to build a single project and it is becoming more common which is known as -- which Rick Cooper can speak to, as a blast where many fabricators are sent the plans and asked to bid. So this is highly competitive.

Because each project is bid and imports typically win with the lowest price, if there is Domestic Producer for the Economist to understand, every win is a lost sale, because a U.S. Producer participated and an import producer won on a bid-specific project. Further, if the Domestic Producer won on a multi-round project or they had to lower their price to compete with imports, every one of those victories is a lost revenue.

We've put together specific instances but the nature and structure of the bid process creates an enormous

amount of lost sales and lost revenues in this industry. Let me turn to the next slide, demand is increased over the POI as construction spending has increased. It's been modest and you should be aware as the Economists typically are concerned what's going on.

The next slide shows the actual construction spending that has increased modestly throughout the POI but it has increased and is at levels which can support this industry at a much higher rate of profitability and capacity utilization. FSS is a labor-intensive industry and the next page shows just how labor-intensive it is. Twenty man hours per ton.

So, you do the math. How many tons do you need for an individual to support one job and how many tons are in the market? We're talking ten thousands easily and as you'll see later the lost sales alone count for well in excess of a thousand persons' jobs or three or four thousand man-years.

Now we will return to injury and the first point I'd like to discuss is the volume of Subject Imports and the absolute volume is significant. The statute looks at first the absolute volume and then the increases but you don't have to go past the absolute volume to find that imports injured the Domestic Industry in this Investigation.

In this Investigation, volume and value are

significant in and of themselves, especially given the conditions of competition. There are nearly a million tons, there is a significant share and with that overhanging the market irregardless of whether imports have decreased or increased slightly over the POI that much tonnage in and of itself in a market where products are highly substitutable and demand isn't elastic is injurious.

The following competitions highlight the significance of the absolute volume, high substitutability, a bid market with head-to-head competition and competition on large projects that you just heard. Now we've seen Subject Imports have depressed and suppressed and depressed domestic prices.

There is pretty much ubiquitous underselling on the data you received. I think you will find the same thing on the final investigation when you look at bids on the head-to-head basis that the bids are on the import side on the lowest price and you'll see some underselling there.

Because these bids have forced Domestic Producers to lower prices, prices have not risen to the level to maintain the level of gross profitability in the market, there has been price suppression, so this bid process in and of itself is a mechanism to suppress prices with multi-rounds of bidding.

It has generated a cost/price squeeze which is

price suppression and finally in each individual sale, there is price depression because all of these producers come in with a bid in a multi-round process where they compete against imports causes them to lower prices.

So on aggregate, prices have increased over the Period of Investigation, driven largely by the increase in steel prices. On an individual product basis every price, every bid was suppressed and depressed because it was forced to be lowered.

The next slide shows an economic overview of how the impact occurred. Large volumes of unfairly traded imports existed in the market in each year of the POI. Not talking about trends, I'm talking about the level of absolute level of imports and they were high in every year.

They unambiguously decreased the demand for domestically produced product because the products are highly substitutable and there's no good substitutes for fabricated structural steel.

So the producers, domestic and import can compete head to head highly substitutable and a product which there are no good substitutes for and there are no good substitutes for the final product that it goes in -- an industrial plant or a high-rise. So, when imports come in at low prices it decreases the demand for the Domestic Product and that lowers the volumes and the prices of

Domestic Producers.

Now let me turn to the trade indicia, financial indicia and employment indicia to see how this continued high level of imports, absolute level, negatively affected. During each year of the POI, large volumes of unfairly traded imports shifted demand away from domestically produced FSS.

Because there are close substitutes and demand isn't elastic the harms affected production, shipments and market share and they were all significant. Direct evidence of the negative effects of the trade indicia are lost sales and lost revenues. Further, we can be confident that the ubiquity of the subject underselling and the domestic market with high levels of excess capacity depressed domestic supply.

We're seeing trade affects in that shipments and production would have been higher every year of the Period of Investigation had imports not taken those projects. The volume alone is significant. The value of lost sales is extraordinary, and as I had said those were only the lost sales I had identified.

We know because of the way the market works with bidding based on projects that if an importer won and the Domestic Producer who participated that was likely a lost sale because the import price was cheaper. They appeared

every year in the POI and resulted in negative effects on every, single trade indicia.

What about the financial indicia? Subject Imports caused lower domestic shipments prices revenues, depressing domestic financial performance in each year of the POI. Gross profits and gross margins were affected. Operating income and operating margins were affected. Net income and net margins were affected; all by the overhang of steel from the importers, whether it was rising or falling, the absolute volume had negative effects in each year.

Injury was most pronounced in the latter years if you looked at the record. In the context of the business cycle, this harm is particularly severe. This has been the longest expansion in post WWII and people are talking about I guess the latest news in the paper.

The business economists are predicting a recession in the next couple of years, who knows if it will happen but it's a very long expansion and like all industries that are cyclical they have to make money while the market is good. The market's good now on the demand side, the indicia show they are not making the money they should otherwise be in a market that is performing this well.

So they have added negative financial effects throughout the period of investigation. It is more severe

considered in the context of the business cycle and has effected each and every financial indicia. The next slide shows the producers reported individual effects, in and of themselves, which is injurious impact.

This is enough to find injurious impact as we talked about. There are trade effects and other financial effects. There is cancellation and postponement of expansion projects, reduction in the size of capital investments, negatively impacted return on specific investments, rejection of bank loans, lowering of credit ratings, inability to finance debt, all of which have been ameliorated had the Domestic Industry been able to sell more in this market with this absolute overhang of imports or been able to garner higher prices but for the underselling that occurred in the bidding process.

Let me return to employment indicia. As I had noted earlier, FSS is a highly labor-intensive industry where each ton requires roughly 20 hours of labor. That's a thousand hours, over a thousand lost jobs are implicated by the lost sales alone. Thousands and thousands of jobs are implicated by the total volume, absolute volume of imports that overhang this market.

It's coming close to a thousand jobs because we almost have a million tons of imports and there's a thousand jobs per a thousand tons. That is way more than you see in

the steel industry that supplies it because of the labor intensity of having to weld and put together this steel rather than having a giant furnace that pours it out and everything is computer controlled. These are great jobs as well.

So, how are the workers inevitably affected? Well, with lower profits there is diminished investments as we've seen that lowers worker productivity and ultimately that lowers worker wages, or it doesn't allow wages to increase as productivity increases. Investments couldn't be made.

Diminished profits also negatively affect wages and benefits and profit sharing. These are good jobs. I've compared the return on these jobs relative to other manufacturing jobs in the areas where the facilities are and they pay better than other manufacturing jobs.

These workers are at risk. If they could find another one. If they have to go to a service job they get crushed. Service jobs pay way, way, way less. So there's injury and potential injury to the labor force, a labor force much bigger than the Commission typically sees in capital intensive steel industries; this is a labor-intensive industry.

Finally, let me turn to another area where imports have caused injury to the Domestic Industry and this

is looked at less in these cases. People look at volume effects and price effects, but actually there's cost effects as well. So not only have they hurt the volumes and lowered the prices but they've raised the costs to Domestic Producers.

How has this happened? Imports are disproportionately targeting large projects with lots of tons and lots of fabrication. What does this do? It forces the Domestic Industry disproportionately into smaller projects which means you have to prepare more bids when we know how expensive and time-consuming that is.

On the production side it means you have more set-up and logistical costs because now you're supplying multiple projects instead of one where you can cook and crank and get that stuff done and set up a logistics to get it to one place, you're dealing with a tone of people now on the phone, both in the bidding process and to supply them.

All those things raise the cost of production and that's another area where the Domestic Industry has been affected by the large overhanging volumes. Once again, the absolute volume of imports is injurious in and of itself, whether it is rising or falling is important for the trends analysis but for the analysis I'm suggesting and the statute recognizes by recognizing the absolute volume of imports as enough to find significance of volume without any increases.

If you trace that through with prices to the impact of this volume on the industry you are looking at a severely injured industry, an industry that would perform much better but for the low-priced and increasing and high volumes of Subject Imports. Thank you.

MR. PRICE: Thank you. And that concludes our direct presentation. We now are available to answer questions from the staff.

MS. CHRIST: Thank you. Thank you very much. We will now turn to staff questions and I will start with the senior investigator, Mary Messer.

MS. MESSER: Thank you. I'm Mary Messer in the Office of Investigations. I want to thank this panel for coming in and presenting testimony for us today. It's been very informative. We thank you for that.

The first area I'd like to tackle is the scope definition, so I imagine, Mr. Price, Mr. Weld, you may be the point contact on these questions.

I understand that on Friday we received a revision to the scope and wanted to know if you would please explain what that revision was about and why it was revised and whether or not the revision will affect our data that we've collected in the preliminary investigations.

MR. WELD: Ms. Messer, those were not substantive changes. They were changes based on discussions

with Commerce to make the scope more readable and to -- essentially, to make it more readable, but there were no additions that were substantive. In no way did it narrow the scope, so they were, in our view, cosmetic changes that were worked out with the Commerce Department to make the scope more readable.

MS. MESSER: Okay, thank you for that. As you know, in a preliminary investigation, staff relies on the scope language in the petition to draft our questionnaires so that when we send out these questionnaires the companies will be looking at the scope language to determine whether or not they need to respond.

In cases when that scope language is not crystal clear, we get a lot of calls from the industry, asking whether or not their items are included and that appears to be the case in this investigation. So, I have a list of products that I would like to run by you to see whether or not these items are included in the scope.

I believe part of the scope language that may be a bit unclear for many is the phrase "including, but not limited to." So, first off, is scaffolding included in the scope?

MR. WELD: I think we want to be careful about making a definitive statement this morning. I think it depends on the type of scaffolding that we're talking about.

We'd want to see a written description of the scaffolding. I think scaffolding comes in many forms, but I think we want to be careful about making a definitive statement this morning.

MR. PRICE: Let me just add one thing. So, it is likely that we would say certain types of scaffolding is not in the scope. However, it depends on -- you know terminology becomes a really odd thing in this business when you look at scopes, okay, so we will probably take these lists of questions and respond.

Let me give you an example. A few years ago, there was a case on aluminum extrusions which had a very interesting scope. We didn't draft it. We inherited that scope. The Commission at the ITC final said, oh, we're going to throw out or exclude from the scope and create a separate like product for something called heat syncs. Everyone thought they knew what a heat sync was. Well, I got to tell you now everything has become a heat sync. You know all of a sudden, well, aluminum transmits heat, so it's a heat sync. You know it dissipate heat, so we just have to be very careful. So, I think there are certain standard definitions that there'll be a scope process at the Commerce Department and there will be certain things that I think obviously will need to be clarified here, but we want to be very careful in our statements because everything can be

called a scaffold -- you know a lot of things could be called a scaffold and you know we just want to make sure that we know exactly what it is ourselves.

MS. MESSSER: So, for purposes of our collection of questionnaire data that puts us in a bit of a difficult place, whether or not to include data that we may or may not have received at this point. Can you give us any insight as to what types of scaffolding that you're talking about that would be included and which types would not?

MR. WELD: I think we'd be happy to do that in the post-conference brief.

MS. MESSER: Okay. Alright, thank you.

MR. PRICE: I will say as we saw the data come in -- the confidential data -- we did see that there were some products that we would need to deal with Commerce on in terms of refining our scope to make a determination on whether those were in or out. And so, I do think that in the scope comment period at Commerce following initiation we will be working to refine the scope to deal with -- things like scaffolding, transmission towers, and other items that you may be asking about.

MS. MESSER: Okay. Yes, actually, let me flip down to transmission towers because that is one of the listing of items in my four-page list here. So, I have lattice steel towers, steel poles for electrical

transmission in the distribution industry. Are those --

MR. PRICE: So, let's take a lattice tower for one second.

MS. MESSER: Okay.

MR. PRICE: Do you know what the most famous lattice tower in the world is? It's the Eiffel Tower. You type in the word "lattice tower" okay. So, there are certain things for electrical transmission that we probably -- and let me be very clear. The industry covers racks. It covers electric -- you know big parts of this industry are involved in electrical plants, power plants, so we need to very carefully define what that is and what we're talking about here.

In general, it is likely that we would say that properly defined electrical transmission monopoles are probably out of this scope, for example, and not intended to be in this scope. But we've got to make sure that we've got a proper definition that covers what that is and that it isn't subject to some how or other, well, there's a pole in this big project here and somehow or other it -- you know we're going to call all these things poles, believing we can call a lot of things poles in this world. Unfortunately, I've been through the aluminum extrusion scope, which I will spare everyone from the nightmares. The ITC doesn't see every one of the Respondents attorneys probably knows

better, as well as I do, but we just want to be careful on it.

So, I don't mean to be -- I'm not trying to be -- I want to be responsive here, but we have to get precise definitions on what these are.

MS. MESSER: That's understandable, but you understand the position we're in.

MR. WELD: Yes, I think we can respond more fully in the post-conference brief. And you know the great -- and I know the great comment, an example of how not to handle one of these things was a colleague in another case in another industry who said something, oh well, it's still stencil. It's out, right? Go to the scope of this case without fully understanding what he was necessarily saying and realizing what the impacts were, so we just need to be fully careful and cognizant of those. So, we're happy to address all of these in the post-hearing, giving you guidance on what we think is likely in or out, okay. And it's not like we're -- you know address it, but the final definitions and the final scopes of what's in and out we would need to work out with the Commerce Department so there's a clear delineation so there isn't confusion, voila, heat syncs and aluminum extrusions, which is probably -- you know which has become another one of these problems in these cases, so, anyway.

MS. MESSER: So, you do anticipate further scope revisions then to address some of the --

MR. WELD: I think it's, hopefully, done in one uniform way at the Commerce Department. There will be a scope process, as they do in all investigations. And frankly, rather than having four pages of them, one after another, it would be good if it's just done once, to the extent that it is reasonably possible so that it is complete, comprehensive, and frankly, reduces ambiguity and confusion and that's what our goal is too.

MS. MESSER: Okay, alright. Well, if you will bear with me, I would like to go through this list to make sure that all of these items that we have questions about you will be aware of.

We have steel framed gazebo kits, shelters, storage structures; for instance, garages, carports, structures for tool sheds, lawns, and agricultural equipment, party tents, canopies -- these are all packaged items and are assembled by the consumer as a Do-It-Yourself assembly.

MR. PRICE: I appreciate that and we will address all of those.

MS. MESSER: Okay.

MR. PRICE: And we're happy to, okay. I just want to make sure we do it in a complete, comprehensive, and

careful way, right.

MS. MESSER: So, let me continue -- access flooring systems used in computer rooms and data centers comprised of 2-foot x 2-foot panel squares supported on a steel framework. It uses steel. It's filled with concrete, surfaced with a decorative laminate. It is not a structural component, but a finished product installed within the completed building.

Next item we have in the dairy industry for corral equipment, barn equipment, these are structures used to assist with guiding the cattle into the headlocks and milking the cattle, so they would include headlocks, feed racks, tilt bars, corral panels, milk stall arms. We have imported materials sold as part of a fiber cement cladding venue system. These are flat-sheet products that are formed into shaped cladding attachment clips and tracks that are imported and affixed to wall surfaces.

Okay, full wind towers of which a fractional part is structural steel. We have tower sections for temporary shoring, tower crane jumping equipment and crane mats, steel shelving and racking systems, fabrications for material handling, conveying, compacting, recycling, and filter systems, steel cable trays, cable ladders, and wire mesh basket trays used for installing cables primarily in the automation industry. And finally, solar power panel

installations, including the electrical and solar panel structures.

MR. PRICE: Thank you. Just to be clear about this, the scope we drafted was essentially the 1988 scope. None of these questions, from we could tell, came up in the 1988 case, okay, and so we did not anticipate them coming up now, okay. And so, we will fully address them. We understand what the Commission's obligations are and we will fully address them in our post-conference brief.

MS. MESSER: Okay, thank you.

So, in your petition you indicated that you believe that the three primary HTS codes cover the vast majority of the FSS entering the United States and that those categories were pretty much limited to FSS. After looking at the importer questionnaire responses, and keep in mind this list that I just gave you, is that still an accurate statement?

MR. PRICE: I think we still believe that's an accurate statement. I mean I'm looking at the HTS code here -- towers and lattice mats are not one of the three primary codes that we identified, so I do think that our statements in the petition are still accurate. We think these are relatively clean HTS codes. And whether certain things were not classified properly I'm not sure, but there are separate categories in the 7308 HTS chapter for things like lattice,

tower -- you know towers and lattice mats, for example.

MS. MESSER: Okay, thank you.

Alright, enough on scope, I'd like to go onto the domestic-like product. So, from your petition, I see that your argument is one domestic-like product that consists of all FSS covered by the scope, but that FSS use from bridges and bridge sections should not be included in the domestic-like product.

So, are the six domestic-like products factors that the Commission uses in considering whether or not to determine whether or not a product is part of the domestic-like product are the conditions that were presenting the 1988 investigation still applicable today?

MR. WELD: Yes, we think they are. We think that the Commission's determination in 1988 were correct where they found that FSS for bridges differs from FSS for buildings with regard to weight and size and customer and producer perceptions and that they're generally produced in different facilities. We believe that that finding is still applicable today.

Generally speaking, you have different companies that produce, generally speaking, bridges with the FSS covered, different types of equipment, manufactured at different specifications. Bridge sections are manufactured to AASHTO specifications; obviously, not interchangeable.

So, we do think that when you go down the six factor test the ITC uses that it's clear that bridges are a separate like product.

MS. MESSER: I'm zooming in on the manufacturing facility and employees. What would make it -- why would those be different? What would preclude a bridge being made in a facility -- Mr. Cooper's facility, for instance or by the employees in those facilities?

MR. ZALESNE: They're different markets. They're different products and they're made under different substantive technical criteria, to a large extent. There are different weld standards that are typically followed on bridge steel versus non-bridge steel. They are different specs and codes from building codes versus AASHTO type codes for bridges. So, the raw material product may be similar, although, bridges tend to have a higher plate content than shape content, but they're really not interchangeable products within a plant. I mean you can -- it's theoretically possible, but for the large majority of fabricators they would be conducted in separate plants with separate training and workforces to be able to handle the different types of technical requirements in each product.

There are also different business models. The large bridge girder requires significantly heavier crane capacity and more long plant versus more man hours -- more

people because they're just bigger sections; whereas, a building may have significantly more man hours, smaller pieces, more volume of floor beams and mix of work than a typical bridge. So, they're not really -- and they're not sold in similar markets. Typically, bridges are bought by DOTs, not private developers, so -- or other types of purchasing. So, they're different markets and they're different processing products within a specific fabricator.

MR. PRICE: So, let me just continue for a second. Do you make bridges?

MR. MCPHATER: Chet with Banker Steel, no.

MR. LABBE: We do not make bridges.

MS. NOVELETSKY: We do not make bridges.

MR. COOPER: We do make bridges. Those are in dedicated facilities or dedicated production lines and are not interchangeable with fabricated structural steel.

MS. MESSER: Okay, for the same reason that Mr. Zalesne went through? They're not produced in the same facilities because of technical requirements?

MR. COOPER: They can be produced in the same facility, but they'll be in a different production line that's dedicated to bridge fabrication because it's -- as David said, it's fabricated to different standards, different specifications, and has a completely different business model and customer base.

MS. MESSER: Are the same workers used that produce other FSS products? Can they or are they?

MR. COOPER: There are some job functions that could transfer back and forth, but for the most part, most of them are dedicated to that type of fabrication and it is distinctly different than fabricating structural steel, so the workforce is essentially dedicated to that process.

MS. MESSER: Thank you.

So, in addition to FSS that are used for bridges, there were other items that were specifically excluded from the scope. And I'm not going to take up the time now, but in your post-conference submission if you could go through those other products that were specifically excluded and if there are any arguments this afternoon by Respondents about domestic-like products cover those six domestic-like product factors that the Commission --

MR. WELD: We'll be happy to do that. We'll do that.

MS. MESSER: Thank you. And that's all I have. Thank you very much.

MS. CHRIST: Thank you. We'll continue with the Investigator, Eric Daugherty.

MR. DAUGHERTY: No questions at this time.

MS. CHRIST: And we'll now turn to the attorney, John Henderson.

MR. HENDERSON: Thank you. Another question relating to the domestic-like product, as my colleague, Ms. Messer, was saying, we'll wait and see what the Respondents have to say, whether they're going to make any arguments. But in addition to addressing the like product issues with respect to the products that are excluded from the proposed scope, there's still the basic like product question as to whether all of the products that are within the proposed scope are a single-like product or not. And noting that in your February 12 submission of the Department of Commerce addressing Commerce's like-product questions, there are a number of statements to the effect that the majority of FSS is made for a specific project pursuant to unique design specifications, FFS for one product would not be interchangeable for FSS needed for a different project and customer producer perceptions would -- for specific expectations for any particular project will be unique and the price of FSS products can vary, depending on the size or the requirements for a specific project.

So, I mean that's only taking part of your submission here, but obviously, one of the points here is that there are differences between different kinds of projects and so taking that into account in what ways or how do you support the contention that all of these projects within the proposed scope should be defined as a single

domestic-like product?

MR. LABBE: So, while each project may differ and the material for one project you may not be able to ship to a different project, the processes, the equipment, the people are all the same used for any project that you may get.

So, while the individual product may not ship from project to project, the facilities, the equipment, all the processes are all the same. We use the same equipment and processes and so do the subject importers.

MR. WELD: Mr. Henderson, I think we you do the -- apply the six-factor test that the Commission does, I think that it's clear, as Mr. Labbe just said, that FSS has the same physical characteristics and uses, same manufacturing facilities, same employees, produced at the same standards, so I do think that when you go through that six-factor test it's clear that it is one like product. So, we will also fully address that question in our post-conference brief.

MR. PRICE: I believe there's actually Commission precedent in similar situations, finding one like product even though the final projects may be different. A good example actually was in the wind power case where Siemens argued that its towers were a separate like product from GE's towers, even though the domestic producer could

produce both and did produce both and was harmed by competition from both. The Commission rejected that type of argument that just because each individual project is different some how or other they are separate like products out there.

MR. COOPER: I'll give you a practical example. I'll take one of our plants. Our Oklahoma City plant is producing fabricated structural steel for five different projects. One's a baseball stadium in Arlington, Texas; one's a convention center in Las Vegas, Nevada; one's a battery manufacturing plant in Nevada -- in Sparks, Nevada; one's an office building in Los Angeles, California; and one is an office building in Oklahoma City, Oklahoma. All five of those are being produced and processed with the same equipment and the same workers. So, there are variations. Each one of those jobs is different. If you walk up to the building and look at it or walk through our plant and look at the members that are being fabricated for each one of those different structures, but it's the same workers that are fabricating the steel and the same machinery and equipment that we're using to fabricate that steel.

MR. ZALESNE: I just want to make a similar point. That's the similar process that would be happening in a Chinese, Mexican, or Canadian plant as well. This is the process that's involved in structural steel fabrication.

So, while Rick has those projects in his plant, those plants are directly -- you know those projects are direct competition with imports that go through a very similar process and require similar processes in their plants as well.

So, these projects are all directly competitive, using very similar tactics or very similar processes, regardless of where the plant located. The nature of the product itself, as Rick described, something that can be used in different types of applications.

One of the concerns that came up when you're talking about scope, and I'll just quickly give you an example would be, you know you make think of an antenna, okay. Well, an antenna can be used in multiple applications, right? An antenna could be a free-standing thing sitting on the side of a hill somewhere. An antenna could be sitting on top of a 52-story high rise in midtown Manhattan. The support structure to build that antenna is the 52-story high rise in Manhattan, which is what we're talking about in this case -- a support tower structure to build a freestanding antenna might be three cables attached to the ground.

So, the reason why I think it's important for counsel to work through the scope language specifically is to make sure that we don't have a situation where suddenly

we're now facing imports of antenna-based manufacturers who are building 52-story high rises in midtown Manhattan. Thank you.

MR. COOPER: Just one other comment about the labor that's involved in these different types of projects, so each one of our companies, as well as the subject companies, we sell man hours and not tons. So, the labor end from one job to another is not static. Our cost model is fluid and varies, depending on the project type.

For an example, the stadium that we're doing in Arlington, Texas is running about 22 man hours per ton to fabricate that in our facility. The battery facility in Sparks, Nevada is running about 10 man hours a ton, so there's a huge variance in the amount of labor that will be in each one of these projects, so that fluctuates in our cost structure and our cost model.

MR. HENDERSON: Thank you. Mr. Price has already stated that Petitioners will address related party issues, possible exclusions from the domestic industry in the post-conference brief, so we don't need to spend any more time on that now, but we will be interested to see that.

And question, what are the principal sources of non-subject imports and how significant are they and how do their prices compare with other market participants in the

U.S. market?

MR. WELD: I can speak to the principal non-subject imports. Well, let me first start by saying subject imports, far and away, account for the large majority of volume coming into the United States, far and away. After that, you've got a number of countries that have far less volume, including Taiwan, Korea, and Spain. But again, there's a pretty clear dividing line between the three subject countries and the volume that are coming in and the share of the market that they have and some of the non-subject sources.

In terms of pricing, I think I'd ask one of our industry witnesses to discuss that.

MR. ZALESNE: If we're losing work to some other subject product, it's coming in from -- on a price basis as well. The volumes that we see from China, Canada, and Mexico far exceed the volumes from other countries, but absent some relief here this will just continue to come in from other countries as well. We've seen examples of material quotes from Malaysia for projects in New York City. We've seen examples of quotes from Italy for projects. So, far and away, this is what has impacted the industry and what is at highest risk of impacting the industry. The others are really negligible in the scheme of the national picture.

MR. KAPLAN: We're monitoring the other countries. At this point, we do not believe that they are responsible for the condition of the domestic industry, but should they increase the competitive intensity to our volumes, we're keeping an eye on it. So, right now we believe that the industry will garner relief if there are affirmative determinations against the countries that we've filed against. Should the other countries then become injurious, we would then look at them, but we believe that orders against these countries would be remedial in the context of the law and in the context of the economics in terms of how the harm is transmitted.

MR. COOPER: We are competing against some of those countries that you're talking about and their pricing is very inconsistent. It can be below market. It can be above market. They are not the result of the harm that the industry is suffering. Their pricing is not anywhere near the levels that the subject country producers are.

MS. NOVELETSKY: I'm only seeing subject import competition.

MR. LABBE: We rarely, if ever, see quotations from non-subject countries. The vast majority of competition from imports is from subject countries.

MR. MCPHATER: We see Italy, Malaysia periodically, but the three subject countries are the three

that are consistently in the mix.

MR. HENDERSON: Thank you all.

Now, we heard this morning from Ms. Noonan. I assume we will hear at greater lengthen in the afternoon about issues pertaining to design and engineering as being important parts of the process and perhaps being important in competition between -- well, among U.S. producers, but also U.S. producers and the three subject countries. And are there -- and I assume different producers have different design and engineering capabilities. Are there differences between the different sources -- subject sources as well as the U.S. industry in design and engineering capabilities?

MR. COOPER: Rick Cooper, W&W/AFCO. No, there's not. All the design that's done, whether it's by a structural steel fabricator or the engineer of record that's hired by the owner, all of it has to be done within AISC's Code of Standard Practice and Design manuals. So the industry sets the standard. There are small differences that different companies are inclined to go one direction or another. But at the end of the day, the price differential that that creates is nonexistent or minimal. And again, we all utilize the same design criteria to achieve that part of our work.

DR. KAPLAN: This is Seth Kaplan. Since the bidding is an invitation bidding process, which is kind of

unique in given how many -- you know, the Commission has seen it before when there's a very small number of projects or items being built. You know, the printing press case.

But here every single one has its design and the purchasers are aware of who's capable of building them, both to handle the steel and do the engineering. And they are constantly inviting both domestic and subject producers into these bidding process, aware of their capability. They don't wanna waste anybody's time. They know they have the engineering capability, they know they have the fabrication capability.

And now they have a multi-round process to get the price lower. So all these companies are capable of doing it and they're all invited because the purchaser knows. It's not as if we have to do a separate -- you know, get asked -- but it speaks for itself. Because it's transparent that the bid means the capability.

MR. MCPHATER: Chet McPhater, Banker Steel. I would add, like Rick said, we're all building to the same building code, wherever the job is. We've all got the staff to handle that and there's minimal differences you're gonna see in the end product, if anything.

MR. LABBE: Peter Labbe, Cives Steel. Again, while there are minor differences and approaches in the design, they can't possibly come close to explaining the

massive price underselling that we're seeing from subject imports.

MR. PRICE: Alan Price, Wiley Rein. And just to put a legal point on it, to the extent that the respondents are saying we have a lower cost because "I'm doing something unique in design," that's a Commerce Department issue. And so if they're not dumping, fine, that's a different issue.

But these are competitive products that sell against each other with minimal differences. They're sold on the basis of price where there's bidding going on, and so the idea that these are somehow -- or rather there's something else magically different going on, it just doesn't make sense.

But if there is some unique cost advantage, because someone somehow or other has figured out something unique that no one in this industry has otherwise figured out--which is really kinda hard to believe--well, that will come out at the Commerce Department.

MR. HENDERSON: Thank you. And just to follow up, in terms of fungibility for purposes of the Commission's cumulation analysis, are there quality differences, differences in specifications? Differences in design and engineering abilities that limit fungibility between, among the three subject countries, imports and the U.S. domestic industry?

MR. ZALESNE: I'll take the first shot at that. The answer is no. Everybody who is in a bid is expected to be able to meet the quality criteria, the specifications and the other logistic constraints of any project that we're bidding. So that's all leveled out in the process.

MR. COOPER: When we bid one of these projects, we're given a set of contract documents to bid to, and they're very specific in those requirements. We get a book of specifications that outlines the American Institute of Steel Construction's requirements, as well as the engineer and the architect's requirements and the owner's requirements. We all bid to the same set of plans and specifications.

Again, to go back to the engineering component of it, the small amount of engineering that's done by the fabricator, which is called connection design, again, we all do it the same way with very slight variances. So we're bidding to a very defined scope of technical work. And everybody's qualified that's bidding to that job, including the subject countries. And it's bought off price based on those qualifications and requirements.

MR. LABBE: I would just reiterate that price is the deciding factor on all bids.

MR. HENDERSON: One last question. Ms. Noonan raised issues with respect to the fabricators in the

domestic industry, their response or lack of response to the Commission's questionnaires, whether they're supporting or opposing the petition, and obviously, unfortunately I don't personally have to deal with this, but our investigators and economists and so forth are dealing with questions of the quality of questionnaire responses and whether people are giving data that is useable and can be used for the different sections of the questionnaire, but --

How should we as the Commission be looking at this issue of the response by domestic producers to the questionnaire and any opposition by domestic producers to the questionnaire and deficiencies in the questionnaire in the context of the Commission having to make a preliminary determination here?

MR. WELD: Chris Weld with Wiley Rein. I think we think that the U.S. producer responses to the questionnaire response was overwhelming in support of the petitions on all countries, overwhelmingly in support. A few countries, or the few questionnaire responses that came back where there was not support, there would be some related party issues there and some overlap in ownership between countries, which I think would explain any of the very minimal boxes that were checked that were not supportive of the petitions.

I would say, given the fact that the ITC

questionnaire went out to a subset of AISC full members, the fact that the full members had a very short time period to turn around the questionnaires, given the fact that many of these companies are small companies, without a lot of resources, that the coverage we have here is substantial. It's on par with what we've seen in some other cases, including fresh tomatoes from Mexico where in the prelim period, they had about a third coverage of domestic production, so we think that the coverage here is sufficient.

MR. PRICE: So the standard for preliminary determination, is there a reasonable indication of material injury or threat thereof? And then, under the American Lamb Standard, are there another facts that can be developed in a final determination? And you have to rule out the fact that there can be other facts that support a final affirmative determination in order to go negative.

As Mr. Weld said, there was a substantial response rate. The fact that the response rate with more time, more people we think could respond, frankly is a reason to go to a final. The fact that there is bid data that has not been collected that will show the point-to-point competition and how this market really works. There's a reason why you should go a final. And one of the key differences between this case and 1988 is

overwhelming evidence of underselling in the data you have collected, which says that you are likely to collect some data in the biddings area that I think will be very insightful.

As it is, there is substantial response rate. There is substantial support. Again, this was a sample that was taken of the industry. And so we think there's more than enough reason to go forward. But to the extent the respondents are saying there could be more data developed, you know what? They're themselves basically saying this has to go to a final determination. And I'm not sure they thought through that set of arguments here.

But that's what they're essentially arguing and we largely agree that there's overwhelming information that supports going to a final determination here, both in the evidence that exists, but that there is additional evidence we think that can and must be developed by the Commission for a final determination.

DR. KAPLAN: The Commission typically faces an industry with a small number of domestic producers and the Commission, usually they're in the petitioner group, and if there's a couple of people outside the Commission, is very capable of contacting them and getting a record. This is not quite a live cattle case, where I believe everybody with a cow is a rancher, and there were a million of them. And I

don't even believe questionnaires were sent out.

We're smaller than that, but we have some of the same issues. The capability of very small producers to be able to fill out the questionnaire. So I think it goes to the question. Do you have a good record? I think we, in the petition, we gave a formula to size the market. So you know how big the market is. It was similar in the earlier case. So you know that.

With respect to pricing, the coverage actually, here, even with a limited number, is better than in certain investigations. Ms. Preece and I were in an investigation not long ago involving extruded ribbons and it was a difficult matter in getting a coverage ratio and enough people to respond to get a good comparison. Here we have that.

With respect to the financial data, we have a large coverage and a good sample. It's representative. It's from people all over the country. It was filled out accurately and the accounting in this investigation can investigate and see if they have any questions about how they were filled out. There was an enormous effort made by the law firm with an army of lawyers, each working with an army of potential producers, to get you the information they have. And I think it's representative and accurate.

So with respect to the record here, as Alan said,

in any final investigation, given this is a bid market, gonna look at bid data, I would suspect the Commission would want to do that. But in terms of information needed to make an affirmative determination at this stage, the record given the large number of people in the industry, is quite strong, both as a statistical matter and as a matter of Commission precedent.

So we're doing the best we can. We think you got a record you could work with. And if you have any questions with the information we've provided, or providing more information, we're here to be cooperative and turn that around as fast as we can to help you out.

MR. HENDERSON: Thank you. That's all I have for now.

MS. CHRIST: Thank you. We will now turn to the economist, Amelia Preece.

MS. PREECE: Thank you very much. It's been very helpful for you to come and I'm hoping that I'll get more help from you, too. One of the things that Mr. Kaplan said was there aren't very many substitutes and I'm looking at the responses to the questionnaire and it seems to be clear that the closest possible substitute would be concrete rebar construction as an alternative to using fabricated structural steel.

So I want to know, what would determine whether a

project is decided to go via concrete versus fabricated structural steel? And I'd particularly like to hear from the industry witnesses. Thank you.

MR. COOPER: There are few decisions that go into establishing whether or not to take building concrete or steel. And some of that can be regional. Texas happens to be a very inexpensive, from a cost standpoint, to produce and put in place concrete. Structural steel has a tough time penetrating the concrete market. They're of course a frame competitor of ours. Some buildings lend themselves to being concrete, designed in concrete. Residential buildings and hotels as well.

There's some constraints with structural steel with floor-to-floor height at the edge of the building where the windows are. The design industry tends to lean towards that. We think it's like all of us. We have habits and you're used to doing something over and over, over the years and you just tend to take the simple path. But I would say that, depending on where it is in the country and the use of the structure, those are the two determining factors: Cost, in some regions of the country; And then the use of the structure itself.

MS. NOVELETSY: The choice for concrete or steel is made before it goes out bid. That's made at the design team level, and it's not something that we deal with. We

get the plans, the choice is already made before we get to bid it.

MR. LABBE: So over the range of projects that use structural steel, there are a very small overlap between concrete and structural steel, of the type of structure that could go either way. There are, for instance, large stadium roofs that you simply could not build out of concrete. And then there are other structures that don't require large spans, for example, they were discussing residential and hotel construction, that lend themselves very well to concrete construction, and they can actually squeeze more floor plates and sell more real estate by using that construction method.

So within the industry, the construction industry as a whole, I would say there are structures that lend themselves very well to steel, structures that lend themselves very well to concrete, and then there is a small swath in the middle where they could overlap and go either direction in their design. And again, as Hollie said, that decision is made prior to us being involved.

MS. PREECE: Okay. Can you estimate what percent of your possible projects would be in that? I know it's difficult for you to do it, but can you -- I mean, you've got to know -- I mean, I don't understand the difference -- I mean obviously, you know, I know rebar, I know concrete,

I've worked on cases on them, I know -- yeah. And so I know that.

But the question is, if we're talking about elasticities of demand, even if the decision is made before you come in the market, it's still a question, well, if suddenly everybody says, "Oh, my goodness, the price of steel has gone up. Should we now think about using concrete?" And where would that --

MR. COOPER: Ms. Preece, I think I know the answer that you're looking for. You're looking for, I think, "Have tariffs on rebar potentially driven up the cost of concrete construction?" Or if you're not, are you looking for market share information, which is, I think, what you're looking for.

So I'm on the Board of Directors of the AISC, the American Institute of Steel Construction, and our staff tracks market share with steel versus concrete. And it stays very constant. It will bounce three or four points one way or another, you know, year to year. It might be 52% structural steel framing this year and 49% next year. And it stays within a pretty close range, but we track that accurately, and we're not losing market share to concrete, if that's the question. That building frame percentage of construction stays pretty consistent with our market share. Again, varying a few points up or down in any case here.

MS. PREECE: Yeah, I'm more looking at it as a hypothetical. I'm looking at it because one of the things I'm supposed to say is, if this duty affected the price of structural steel, would that then cause demand to shift, so that the elasticity of demand is high or low. And I'm not gonna say, you know, yes, no, good, bad, but I just, I need to understand that in order to -- and that's where I was talking with Peter, trying to get an idea of how much overlap there would be so, how much potential there would for anybody to ship?

I mean if your market is 99% nonoverlapping, then there's very little potential. And if it's 25% that's overlap, then there's more potential. And I'm pretty clear that this is something where people make a decision ahead of you, but it's still, if they're going to be making a decision, where is it gonna -- what, what -- how much of the market is that decision gonna make? Yes, sir?

DR. KAPLAN: Let me talk to my knowledge of this--

MS. PREECE: Okay, and your name is Seth Kaplan?

DR. KAPLAN: Seth Kaplan from IER. Thank you. The decision of what materials to use is made before it's sent out to the person to make it, so some of these individuals might, from their experience, have a history of that, and others might not. Because it occurs before. The

owner and architects often decide in cases where there is an ability to choose, and in my history of working with fabricated steel and steel beams and cement, and a lot of other building materials, in cases where it could go either way, there's usually a bias among the owner and the architect of the way it's designed. So a lot of time that decision is made.

What we haven't seen is relative price changes changing the ratio of cement and fabricated steel. And when I did merger work in this area, which is confidential, and when mergers in the steel area were looked at in structural types of projects, they did not consider cement to be a mitigating factor in the concentration of the steel industry. So I think people have looked at this, recognized that you can build certain structures out of one and certain structures -- you know, there is some overlap, there is in the industrial side where it's, you know, it's structures.

But that relative price changes do not have significant effects. And certainly not in the one year period that the Commission typically looks at for an elasticity. The whole process takes much longer. You know, given an infinite amount of time, the demand elasticity rises. But given kind of the yearly nature that we're supposed to look at these elasticities, there's not enough

time for a shift. You'll see it over longer periods of time, if at all. So I hope that's helpful.

MS. PREECE: Okay, thank you. That's very helpful because I already was sort of moving in that direction, but people have said that concrete is a substitute, so I need to address it, and I'm happy -- that's all I need. I do not want anything more on that. Thank you very much.

Multiple rounds of bidding. Is the design -- it appears that they give you basically the information about the building, and then that, you take and decide how to provide that within the structural steel; is that correct? And I guess that was all I need.

MR. MCPHATER: Yes, we take those plans to build, build to fit.

MS. PREECE: That's good. Okay, no more on that question. Then we're gonna go to the next thing. Okay, you then present them with a bid that's quite complex and it's got a lot of engineering input into it, because otherwise the building would be falling down all over the place, and they're not. So it's got all this stuff in it. And that's why it costs you a lot to do that. And that's very understandable.

And then all these bids come in, you know, four or five or whatever. And then you take those bids and

there's another round. Do they then say, "Oh, I like this design of that firm," will you bid on that design of that firm? Or do they say, everybody to everybody else, "Well, that person said $20, that person said $25, and can you meet the $20?" I don't understand what's happening in this second round of bidding.

MR. MCPHATER: So the design on most projects is already done when we're bidding it. So we're all looking at the same design and then it's really just putting a number to it, and yes, they will come to you and say, this guy's number is this, it's not because he's done anything different than the rest of us, it's really just beating down the number and tweaking the scopes of what's required on the job as they do it.

MS. PREECE: Okay. So that's not tweaking of the scope, but it's basically looking at the price?

MR. MCPHATER: Absolutely.

MR. COOPER: At that stage of the bid stage, we have not even done that design work. They are buying it based off the scope work and the detail plans and specifications they've given us at that time, so we do not even present in almost every case our design because we haven't had the opportunity to do that yet. That work does not take place until after the job has been awarded.

MS. PREECE: Okay.

MS. NOVELETSKY: In our case, sometimes the drawings are not complete and so as the drawings become more complete, the rounds go on. The final top bidders they'll bring in and they'll ask them apples-to-apples, so they'll have one after the other in a day. Just recently we got requests for a bid, and there were forty fabricators listed that they asked for --

MS. PREECE: Okay. So you know the other firms that are bidding?

MS. NOVELETSKY: Not supposedly, but they didn't bcc it, so --

MS. PREECE: Oh, okay. Okay. Thank you.

MR. PRICE: I just wanna -- Hollie, can you tell us the story that you had about best and last look, and same thing, Rick, couple instances with Last Look.

MS. NOVELETSKY: There have been projects that are down the street from us, two miles from the shop, and we were asked to take a last look at it. It went to a subject fabricator and we couldn't match the price. They asked us to come down 200,000 on the price. We couldn't match it. They could transfer it over the border, bring it two miles to our plant, and we couldn't fabricate it and get it there, and it was 200,000, and we were at cost.

MS. PREECE: Okay, thank you. You've been very helpful. Somebody from Owen Steel, who is it? You are?

Okay. Mr. Zalesne, you said, there are risks. What are those risks? When you were saying, "Oh, you know, we have to deal with these risks," what specifically, other than everybody has risks, but is there -- I mean, what particular risks does your firm face in doing these contract things?

MR. ZALESNE: Obviously, there's commercial risk, but I was really, when we were referring primarily to the nature of the work you're doing, it's physical labor in a production environment. You have to make sure that your workforce is trained. You have to make sure that your workforce is working safely. You have to make sure that you have the -- it's a very high risk --

And then, of course, to the point that we're all making here today, we're all bidding work on very thin margins, if you have any positive margin at all. If anything goes wrong in the course of a project, that's the risk you're talking about. The business risk is, my decision in 2014 to go buy a plant in Wilmington, Delaware, with the expectation that we would have work in our markets, and then watch those jobs get shipped in from other countries day after day after day, leaving our plant a limp-along production facility.

That's the business risk that you take in terms of the return on investment when you're looking at an overall market perspective here. We have to take the risk

of building out the plants, hiring the workforces, making the capital investments in an industry that is, as we've talked about, in the large cases, family-owned businesses, and you put that risk at play to make sure that you can maintain a reasonable level of production capacity.

And when you have to bid work, as witnesses have talked about at cost, below cost, last look and still can't make the numbers work, numbers that can't possibly work when you're competing against steel coming in from Guadalajara or wherever it's coming in from in the subject countries, and your risk is, you can't make that work forever. And that's a risk that the entire industry is facing right now, frankly.

MS. PREECE: Okay, that's very helpful. I think that's very interesting what you addressed. Does anybody have any idea of the cost of FSS and various types of finished building? I want -- you know, just tell me what kind of finished building you're talking about and give me an idea. Mr. Kaplan said it was small, but I wanted to understand what he meant by small.

And we've got some projects here. There was a building with a roof for Los Angeles Rams, that's it, thank you very much. For the Los Angeles Rams. And they used FSS. How much would you expect the cost of that roof would've been the cost of FSS?

MR. COOPER: Rick Cooper, W&W/AFCO, that was a project we were pursuing. We were beat 100 percent by the Chinese.

MS. PREECE: No, no, no, I don't care what they're beating you by. That's completely a different question. The question I have is, there's a roof, right? And it's a finished roof. And the cost of that roof is higher than the cost of the FSS. So how much of the cost of that total--you don't know?

MR. COOPER: I don't know.

MS. PREECE: Give me a guess, a really inaccurate guess.

MR. COOPER: Of the whole stadium?

MS. PREECE: No, no, the roof. You were saying the roof is being built with this. You don't have any idea?

MR. COOPER: No, I do. Let me do some math and I'll get back with you.

MS. NOVELETSKY: Hollie Noveletsky, Novel Iron--

MS. PREECE: Yes?

MS. NOVELETSKY: My understanding is that the structural steel component of a contract represents 10 percent of the overall construction.

MS. PREECE: Okay, great. Thank you. That's all I need.

MR. KAPLAN: This is Seth Kaplan, IER. I think you should look at the whole project. So that includes, you know, land acquisition costs as well, like your building, whatever.

MS. PREECE: Right.

MR. KAPLAN: So you need the land, and then everything else that goes on--

MS. PREECE: I'm happy with that. What would you be estimating it--

MR. KAPLAN: Well it's going to be less if she doesn't count the land. We will get back to you on various things--

MS. PREECE: That would be very helpful, because I'm getting numbers like 80 percent, and I know that's wrong.

MR. KAPLAN: Right. I think people might--you know, if you narrow it down--

MS. PREECE: They don't understand the question--no, no. They don't understand the question. It's like his 100 percent. I mean--

MR. KAPLAN: I understand your question, and we will get back to you.

MS. PREECE: You'll get back to me. That will be very helpful. Thank you.

I want not any discussion of this, but just for

information, why you think it was better to use bid rather than price data, as we've used in the prelim, in the final, because it's very complicated to collect, and I have always found it very unuseful.

So I don't want anybody to talk about it, I just want you to write it up, because no conversation is going to be helpful on this one.

How much of FSS is stainless steel? Do you ever do stainless steel?

MR. McPHATER: Chet McPhater, Banker Steel. Rarely.

MS. PREECE: Rarely?

MR. McPHATER: Yeah.

MS. PREECE: Okay, then I won't get price data for stainless steel in the report. Great. Didn't want-- just wanted to get rid of it. Okay, I think you've basically answered most of my questions. So thank you very much. It's been very helpful, and I'm done for now.

`MS. CHRIST: Thank you. We will now turn to the auditor, Joanne Lo.

MS. LO: Hi. Thank you for coming and helping me understand how your industry operates and works.

I had a quick follow-up to Mary Messer's question about scope. To Mr. Cooper, you mentioned the roof structure, and I was wondering if that is part of the

explicitly excluded roof? Because one of the items also excluded from the scope are steel roof and floor decking systems. So that Rams' project, that would not be in your questionnaire response, correct?

MR. COOPER: I'm sorry? I didn't get the whole question.

MS. LO: So you had provided an example of the project you lost for the roof of the Rams' stadium. And in the scope of the Petition, it says "also excluded are steel roof and decking systems designed and manufactured to Steel Deck Institute Standards. So I'm guessing roofs, I guess, could be manufactured to Steel Deck Institute Standards, but that Rams' project that you provided as an example, would that be in scope, given the scope language?

MR. COOPER: That was not in our scope.

MS. LO: Of this product. Okay.

MR. COOPER: I don't know which scope you're talking about. Are you talking about the project--

MS. LO: I'm talking about the scope of the Petition.

MR. COOPER: Oh, no, no, no. It's--

MR. McPHATER: Chet McPhater, Banker Steel. The roofing systems mentioned in there are talking about gauge metal framing systems, like decking. Thinner materials. The roof on the Rams, the roof on these stadiums are heavy

structural steel members.

MS. LO: So they are definitely included?

MR. McPHATER: Yes, definitely included.

MS. LO: Okay, so the other thing, oh, well, I'll leave most of the scope for the attorneys in the postconference brief. Oh, to Mr. Kaplan, I do see that the financial data so far in this case is better than the 1988 publication. But I still found most of the response--not most, I say a third of the responses had significant issues in data, either holes, or I believe possibly a few of them, or one may be out of scope altogether. I'll wait to see the scope language in the postconference. But also there are a few that are stated as included out of scope costs and sales because they could not allocate out certain upstream and downstream, it seemed like, erection services and things like that.

And also the financials don't seem to match trade, if they had them, for quite a few of them. So I just wanted to get a better idea of how the Commission, if you can, should examine the questionnaires that are not useable, maybe kick them out of our data, so maybe you can comment on that in posthearing, because I have a plan, but it may be different than the plans you have.

Let's see. So allocation issues, in-scope questionnaire responses are an issue. I don't know if you

want to comment now?

MR. KAPLAN: We will work with you, since there are so many responses also, but the size of the companies are relatively small relative to industries you will look at quite often. And we recognize that there's data issues, and we'll work with you and discuss methodologies we think that would give the most representative outlook from the information you've collected. And we're working hard at it. Certain of these companies don't have the accounting and financial systems, these smaller companies, to keep track in a way where they could spit the answers out in about a week and a half, which is kind of what is needed to meet the questionnaire deadline.

So we're sympathetic to your concerns, and I hope you're sympathetic to ours in trying to get you the data. And we'll work as best as we can to fix any problems that you have--and there's always problems in these cases. There's always deficiencies. And to work with you on a methodology in matters where the information is going to take too long to collect or there's some inherent difficulties. That's our plan, that we'll work hand-in-hand with you to get your record as good as it could be.

MR. PRICE: Alan Price. I would just add that we would be most responsive as useable--

MR. BISHOP: Please get closer to your mike.

MR. PRICE: We viewed most of the responses as useable. It doesn't mean that we also--there are some with, you know, obviously--I hear what you're saying, and I understand exactly, but we can't really discuss in the context of this. So we will work with the staff where we can. Some we can't. A lot of these are independent--you know, this is a small, scattered industry. These are family-owned businesses. This is not a sophisticated set of companies that are used to looking at your questionnaires and at the software to spit out answers.

MR. WELD: But I think we felt that the vast majority of the responses were accurate.

MS. LO: We'll look forward to--

MR. WELD: --or provided useable data.

MS. LO: I think that's part of the issue. Like in the publication 1988, the various tables had different responses from producers compiled. You could see at the end of the tables, this one had 60. This one had 20. I'm just making numbers up, but that was the publication's public. So it was difficult even in reading that publication trying to get an idea of the industry, for me, in a holistic way, because some of the trade numbers were useable for production capacity, and then financial data as a tiny portion of that was useable for in-scope. Some were not allocated out.

I'm just trying to avoid those issues as much as possible for this case.

MR. WELD: Chris Weld from Riley. I think the difference here is that we have much more useable financial data in this case covering a more significant portion of the industry than we did in 1988.

MS. LO: That's true. No, I do agree with that.

MR. PRICE: And let me just add, to the extent that additional time will allow the development of additional information, that means under the American Lamb Standard, that is something that says you have to continue the case to get that type of information to make the judgment under the American Lamb standard.

So people are trying--there have been a large number of responses here. Those responses are, a majority of them, a clear majority of them provide useable data. We think there is overall pretty good coverage. It is enough to give the Commission more than a reasonable indication of material injury. Certainly there's substantial evidence of financial injury--again, we can't discuss the specifics, given the fact that it's confidential and their responses, you know, may need to be revised, et cetera, but the bottom line is that there is substantial cooperation, substantial coverage. Not perfect data, but those are issues that in certain cases not perfect data, but we think that it

provides a very robust data set that allows--that compels, on the data set, an affirmative determination, but also to the extent there are other questions out there, that also compels an affirmative determination.

MS. LO: We're trying to get the data set right. I just want to understand the vocabulary a little bit better in this industry, if you could help me. And if there's anything that's confidential, please do not feel pressure to disclose it in this forum.

It seems like subcontractors were mentioned, but not the word toller, or tolling. I just want to make it clear. Is tolling common? Or is a subcontractor always a toller, or not? Or it just varies depending on the company, and the bid, and the project you won?

MR. ZALESNE: David Zalesne. I'll take a first shot at that. I don't think most people in the structural steel industry would view a tolling agreement the way you might see it in other industries. Most people don't refer to what they're doing as "tolling" in the sense of sending raw material someplace simply for the added processing, and having it return back. Even in a scenario where a structural steel fabricator might buy some additional help from another sublet fabricator, the other sublet fabricator is typically going to provide something--it will provide some of the material that's used in the process. They will

provide some of the--in other words, you may have a big piece, a column that you send to them, but they will supply the other pieces that are attached to it.

So it's not a strict tolling agreement in the sense that, you know, the beam goes over, like a billet goes over and is rolled into a beam and comes back. This is a-- there's value added typically by a sublet fabricator. And whether they're called a subcontract fabricator, or however you structure the contract, typically it's going to be a similar relationship. They're going to owe the same plans and specs that you owe. They're going to owe the same product. And they need to work under your--so it's part of the same contract generally. But it's not a strict tolling agreement. I don't think that language would be in the mindset of most structural steel fabricators.

MS. LO: Okay. Great. In terms of costs, there's some note that technology advances were greatly improving in the 1980s. Thirty years later I would think that there would be some better technology advances. Am I incorrect? In this industry? Maybe it's upstream, I'm not sure.

MR. McPHATER: Chuck McPhater, Banker Steel. Are you comparing it between now and '88?

MS. LO: Yeah, in production costs. Not just '88, but even in the POI. There's not--I mean without

disclosing anything--but in the case 30 years ago, essentially there were very low values. R&D wasn't a big expense for producers, and I don't think that's changed much in terms of our responses.

I don't know if that's because the industry just--

MR. McPHATER: There's entities outside of the fabricators that are building--doing R&D and developing processes that anybody can buy, and a lot of us have that. There is definitely newer equipment, newer ways to do things, but everybody has access to it. And that's what's happening.

MS. LO: Yeah, related to that. So the advantages in costs, I understand freight is a big cost in this industry, and the way I understand it--and now correct me if I'm wrong, but when you get a project, especially large projects, you have to deliver your, I don't want to call it a kit, because some of those are excluded, but you have to deliver your fabricated structural steel products in phases for just-in-time deliveries, you know, with the crane, somebody mentioned the crane, so glad for the optics, but that you have to get the crane to do this before you can deliver the next set of structural pieces. Correct? So there's no advantages at all for U.S. producers to be close to the job site, or to be able to cover those just-in-time

deliveries for the construction site?

MR. McPHATER: You would think that would be the case, but it's not the case. Like I mentioned, there's a company in Mexico that's 2,500 miles away. They fabricate in Mexico, ship it to the same yards that we use in New Jersey, for a just-in-time delivery. And they're beating our socks off on pricing, still, with that. That's a big issue.

MR. COOPER: Rick Cooper, W&W/AFCO. You're right, there is an advantage for us in that case, but it is not showing up on bid day. We should have--we do have lower freight costs. We have lower handling costs. We don't have to ship as far in advance as a foreign fabricator does. That reduces our handling, because you're not having to offload a lot of more material early. We can ship just-in-time. So you are right, we do have a cost advantage. But, again, it does not show up in our ability to win jobs.

MS. NOVELETSKY: Hollie Noveletsky, Novel Iron. We do include transportation in our bid price, and we do have staff drivers on staff. But proximity doesn't seem to help us with the imports. Because even the jobs that are two miles, as I noted before, two miles from my plant, I'm getting underbid by subject imports. I can't beat their price.

MR. ZALESNE: David Zalesne. I want to circle back to the risk question. You heard about investments in plants in South Plainfield, New Jersey, and Wilmington, Delaware, to be literally in the backyard of this market that can't fill their capacity because the imported fabricated structural steel is coming in right past these plants that are sitting there under utilized in their capacity.

So, yes, you would think you would have a competitive advantage by taking the risk of making that type of investment, and unfortunately for the very reason we're sitting here today, we don't. And I think that's really, you just kind of hit the nail on the head of why this is such a shocking development over the last few years for our industry.

From a technical standpoint, the advances in technology, I mean are almost spread equally through everybody so nobody--if a machine comes up with a better way of cutting a piece of plate, anybody can buy that machine. But the workforce skills of fitting and welding are not easily transferable to other--to other--to machinery.

The major issue to technology is that designs can become that much more complicated because computers can show you how to build all kinds of stuff that aren't as easy to build in real life as people actually have to build it.

What that does is put more pressure on us as an industry to be able to deliver these products and still using a lot of the same processes that have been in place for a long time, and that we need to invest in training our workforce in to be able to deliver these projects.

Fitting steel and welding steel are essentially manual labor projects. And so you can do a couple things around the edges to automate some processes, but the heavy man-hours and the heavy jobs in the labor component of structural steel fabrication is very hard to automate, and it's a skill. It's a skilled trade.

MS. LO: That was helpful.

MR. KAPLAN: I'd like--Seth Kaplan, IER--I'd like to add to that. That does translate into significant effects on labor, because there's just not a lot of labor-saving innovation going on as there is in other industries because of the intricacy of the design and the ability to have skilled labor to fit and weld these components together.

So there are thousands and thousands of workers in this industry. They are not getting replaced by technology because they have skills, and they are at risk more so than in the capital-intensive industries you readily look at.

So we know that the industries themselves and the

companies are at risk. We've looked at the risk factors. They're on page 15. All the risks and reasons why people have not invested because of imports. But this really falls on a labor and production workers to a greater extent than other industries you look at, in addition to the producers.

MR. ZALESNE: David Zalesne. I just wanted to follow up on one point, because as I said in my initial statement, I don't want this to be about building a few square blocks of Manhattan and then just talk about two projects in specific.

You also heard testimony about companies that have invested in 17 plants, and plants nationally for Cives and W&W, and Hollie's company that's primarily a local regional fabricator, which is symbolic of many local regional fabricators throughout the country. And every one of them can tell you the same story sitting here today.

The risk is in developing our workforce and making our capital investments in our plants and then being subjected to the effects of unfairly--of unfair imports from the subject companies. That's really in a nutshell what we're here talking about in terms of risk and labor.

MS. LO: That's helpful. Oh, in terms of the bid process, those costs related, when you lose the bid, obviously it's not going to show up in your questionnaire responses because you didn't get that project, correct? So

is that absorbed in higher level, allocated to this product that I would be able to see in the questionnaire response?

I just worked on a case last fall that had--it was a similar structure to bid type of products, and selling costs were basically nonexistent in that industry as well, reflected in the data. So I wonder if it's the same kind of thing here, where all the expense you go through to get the bids together, and the time it takes, because you don't win the bid, then is that cost and labor in your management? Is that all reflected in some sort of corporate allocation in other expenses? Or where would we typically see that in your industry?

MR. COOPER: Rick Cooper, W&W/AFCO. That shows up in our SG&A. So what happens when we have to bid so many more projects, you know, that cost doesn't go away because we lose the project, it just increases our overhead, and that shows up in our SG&A. So that does show up in our financials.

MS. LO: Mr. Kaplan, I mean Dr. Kaplan, if you could take a look at the cost structure and see if that is reflected.

MR. KAPLAN: Yes, I'll work with the--certainly Rick's is a very large company with very strong accounting systems, and we'll check across the other questionnaires where there are smaller producers and make sure the costs

are there.

One other thing I'd want to point out you looked at that David and I were discussing offline was the fact that, given the length of some of these projects, that you're getting inputs in one period and having expenditures in one period, and having deliveries over several periods.

So some of these projects are smaller. You heard the time of bid, and there's time of award; then there's the time to get the steel; then there's the time to fabricate it and get it on site. And if it's a very big project, that is all staged. If it's not a bigger project, maybe it's not staged. But, you know, that can leap over the annual thresholds for the fiscal or annual years, and sometimes several different years.

So we were discussing if maybe some of those questionnaires were correct and had some of those issues, or maybe not. And as I say, we will work with you to try to solve it, but there's some moving pieces here that you don't see in some other industries and we just want you to be aware. And if you have any questions, get to us and we will go back to the clients. We'll find out what their accounting systems do, and conceptually how it could be best dealt with to make your record the best it could be for the Commission.

MR. ZALESNE: Just to follow up on that, I don't

think there's any question about--I haven't seen anyone else's data, of course, but I think the size of the sample and the anecdotal stories are very consistent with everybody's experience.

The major difference is I think just in how some of the presentation lays out, specifically for the reason Seth is talking about in terms of when something may show up in a particular window on your financials versus the way you break out the delivery quarter over quarter and the values delivered in a particular quarter.

And, you know, you can get into detail depending on which questionnaire you're looking at, what size projects they are looking at, but I have no doubt from what I'm seeing in the publicly available statement that the data is consistent with the anecdotal stories we hear across the board throughout the country. The accuracy is there.

MS. LO: That's helpful. One last question. I typically ask this, and usually the response is that it's not in force, but the Buy American provisions for any kind of municipal or public--any publicly funded projects, that doesn't help you? And also the DoD projects, there's no requirements for--I think we had a case where there were some specialty metals log for national defense. There's no advantage there?

MR. LABBE: Peter Labbe with Cives. So many of

these government contracts, they actually contract with a developer who develops the job for the government, thus essentially circumventing the Buy American clauses. We lost a National Guard facility within five miles of our facility. We lost the Department of Defense contract, which was a massive structure for nuclear submarines. You know, an FBI structure right outside of Boston, all to subject imports. All through the hiring of independent developers to develop the project and then turn them over to government agencies. Somehow the Buy American clauses are not showing up in those contracts. I'm not a lawyer, so I don't know exactly how they're doing it, but they weren't.

MR. ZALESNE: David Zalesne again. I would say the vast majority of the projects that we're talking about are not subject to Buy American provisions. In fact, some, as Peter was talking about, you would think--LaGuardia Airport, some of the airports are not subject. I mean these are projects--part of our argument here is that we are the companies building critical infrastructure projects, and we're watching these critical infrastructure projects that are being bid and being delivered as imported fabricated structural steel.

So I won't get into the political aspects of it, but the answer is: If there's a way to get--Buy American really doesn't apply to any private development, and most of

even the infrastructure, the building infrastructure type work that we're talking about.

MR. PRICE: We will address a couple of legal things in the postconference brief. You know, Canada has a government procurement code signatory. There's a whole bunch of things going on here, too, that are out there.

MR. BISHOP: Alan, we are not picking you up at all.

MR. PRICE: We will address this more in the postconference brief.

MS. LO: Thank you so much. Thank you so much for your time today. Thanks.

MS. CHRIST: Thank you. We will now turn to the industry analyst, Karl Tsuji.

MR. TSUJI: Good afternoon. I have several questions about the--about both the steel mill products, the raw materials that are the inputs for the fabricated structural steel, as well as about the capabilities of both the domestic industry and the subject industries.

I will start off first with the big item. In looking at the revised proposed scope, there are five sets of excluded products. This is probably best handled in the posthearing briefs, but if you could provide for us for the subject fabricated structural steel versus the five types of nonsubject fabricated structural steel, what are the

predominant types of steel mill products that go into these various types of fabricated structural steel. Particularly, compare and contrast.

I know, so for example, obviously fabricated rebar, it's going to be concrete reinforcing bar, along with wire. But--and one of the witnesses this morning mentioned that most of the steel mill products that go into fabricated structural steel is either structural sections or plate. But if you can go into more detail in your posthearing brief about what are the predominant products that go into both the subject fabricated structural steel versus the five categories of excluded fabricated structural steel, I would appreciate it.

Next question. Among the structural fabricated steel products, what types of steel mill products go into fabricated structural steel? Particularly, do you use long-roll bar? I noticed that one wasn't mentioned.

MR. PRICE: I think--okay, the panel here is confused. When you say "long-roll bar," do you mean--so do you mean round bar?

MR. TSUJI: Yes, it could be round bar, or it could be--have a different cross-sectional shape. Whether it's merchant bar, or a special bar quality bars.

MR. ZALESNE: I'll take a shot at it, since I was the one who put out their plates and shapes at the

start, that's primarily what we're using when we're talking about in fabricated structural steel. There may be one-off things in a design where you have some other things, and there may be some channel, and angles, and other types of sections that are used as connection material to hold a beam to a column, that you would have some of that in there. But the significant percentage of the tonnage and the dollars are in shapes and plate in a fabricated structural steel product.

MR. TSUJI: Thank you. Then we'll move on to the capabilities of both the domestic and the subject fabricated structural steel producers.

Just to have this on the record for this investigation, the question: Are all steel fabricators in the subject and nonsubject countries capable of performing all of the fabricating operations mentioned in the proposed scope? I.e., cutting, drilling, welding, et cetera, et cetera.

MR. LABBE: Peter Labbe with Cives. Yes, as an industry the U.S. industry is perfectly capable of performing all the functions that the subject imports are.

MR. TSUJI: And vice versa.

MR. LABBE: Correct.

MR. TSUJI: Okay, thank you. And to what extent are steel fabricators in the subject countries either

specializing or limited to producing certain33 types of fabricated structural steel? Or can they produce anything and everything that the domestic industry is capable of producing?

MR. LABBE: Peter Labbe with Cives. We see the subject imports in every market in every type of structure. There is no differentiation between the subject imports and the U.S. industry.

MR. TSUJI: Okay, thank you. And to what extent do the fabricators in the subject countries tend to specialize in producing fabricated structural steel for selected types of end-use applications? Or will they just produce for whatever they can win the bid?

MS. LABBE: A continuation of my last statement, I would say that -- you know they are capable of doing any of the end uses that we are capable of producing and vice versa, so there really is no differentiation between the subject imports and the U.S. industry.

MR. TSUJI: Okay, thank you very much.

My final question is regarding the new United States/Mexico/Canada agreement, sometimes referred to as NAFTA 2.0. And this is a question that would probably more suitably addressed in a post-hearing brief if you could delve into when it comes to the rules of origin for fabricated structural steel the new regional value content

requirements. I think the threshold is 70 percent by weight for North American steel going into fabricated structural to qualify as a North American good under the new USMCA. Thank you. Ms. Christ, I have no further comments.

MS. CHRIST: Thank you. We'll turn to our industry analyst, Pedro Cardenas.

MR. CARDENAS: Good afternoon. One of the questions we had was -- or that I have is are you aware of any anti-dumping or countervailing duties, orders in third country markets? So, any type of Order, say, Canadian fabricated steel in, say, the EU?

MR. LABBE: We are not aware of any, but it's not my specialty either.

MR. PRICE: There is a Canadian anti-dumping Order on certain fabricated structural steel. The scope is a little different than our scope, but it overlaps in major part from China.

MR. CARDENAS: Okay. Anybody else?

Just another question on a slightly different topic, say the U.S. industry has a level of spending in construction, what is the fraction of that that is your particular industry in fabricated steel that's for the overall industry? Does that make sense?

So, overall, say you spend a trillion dollars in construction. Do you have any idea what that portion of

fabricated steel is that goes into construction?

MR. KAPLAN: We'll look and give you a ratio for a couple of them. When I did the growth rates in the end markets for construction, we looked at total construction spending and we also tried to look at construction spending in subcategories that used structural steel. So, like we'd leave out an airport runway or a road that doesn't use structural steel and look at it in the type of construction its used in, but we could give you the figures for construction and then the estimates of the structural steel industry and give you a ratio, if that would help.

MR. CARDENAS: It would help just to set kind of like the trends as a proxy, if that makes sense.

MR. KAPLAN: We could provide you the trends in the construction, which we've done some already.

MR. CARDENAS: Right.

MR. KAPLAN: And could give you more. And we could do a ratio, which just tells you what the share is of this -- you know I think I had mentioned that construction activity was increasing moderately and that our aggregate figures for shipments were increasing moderately, but that the lion's share of the increase, at least from the '15 to the '17 period was through the imports on a trend basis. But I had argued on a level basis, the absolute volume, whether it's going up or down a little, is so large that

it's depressing profits and suppressing prices and causing injury in and of itself.

So, we'll answer your questions and you could get back to us if we're not doing it the way that -- you know you want more detail or a different thing.

MR. CARDENAS: Right.

MR. KAPLAN: We'll be in touch.

MR. CARDENAS: Are there any other major construction projects or infrastructure projects that are going on, other than the ones that you already mentioned in the briefs that you're aware of?

MR. ZALESNE: I think everybody has a backlog of work to bid at any given time. I mean there are projects coming out to market. I think the issue that we've been focusing on is, number one, are they projects that we have a realistic chance of getting as opposed to subject imports. And number two, if we get them, do we have any chance at all of making any money. Are we bidding them at cost, are we bidding them below market, are we bidding them just to keep some bare minimal level of capacity utilization up. I think you've heard testimony earlier that if the market changes a little bit and construction spending starts to decrease the safety net falls -- whatever net there is just collapses underneath where we are right now.

So, there are projects out there. There are

some projects out there, but the market is volatile. Construction markets will go up. They go down. And depending on any given time, our focus and our hope is it will be continued projects out there, but the reality is none of us really know exactly what the level of bidding activity may be from quarter to quarter.

MR. COOPER: There is a pipeline of projects out there that we expect to bid throughout the year and going in to next year and we are competing and know that we are going to be bidding against these subject countries for that pipeline of work or some of that pipeline of work.

MR. CARDENAS: Just to follow up on that, so for the next year or two is there an expectation of growth in terms of projects?

MR. COOPER: Right now we're viewing the market as being somewhat steady and comparable to last year. What we're worried about is 2020 and the downturn at some point during 2020.

MR. CARDENAS: Okay.

MR. ZALESNE: Let me circle back to one last point on that. One of the projects that we've all been talking about that was awarded in September '18 was work for 2019. Okay, that's the timing that you need to sell a project that has several hundred thousand man hours to fill your backlog for 2019. So, you may have a residual, so that

work is gone. Now, we now have to go find 700,000 man hours to fill from other projects over 2019 and go figure out how to make that work.

So, when you talk about a pipeline of work, the impacts of what we've seen in pricing are being felt immediately, okay. They're being felt in the current quarter. They're being felt in the next few quarters. And so, at least on the bigger scale projects that you're chasing now, are projects that will impact the market going forward for another year or two beyond the current calendar quarter.

You don't see it the day you sell the project. You see the project going the day you sell it. You know where the pricing is set at the time, but the actual impact on your employment and your backlog and your work could be felt for months after a project is sold.

MR. KAPLAN: That also goes to the threat issue as well, so it's not a simultaneous sale and purchase and delivery of these products. So, there are things that are negotiated today that we know are coming in -- you know in '18 that are coming in '19 and things in '19 coming in, in '20. So, you know there are new projects that will be bid and those could, depending on the trends and the factors, you know, are threatening to the domestic industry, but there's also a certainty of some imports coming in that were

already contracted and bought with the delivery into the future that Mr. Zalesne has just talked about. So, you know, from a threat context you should consider that.

MR. PRICE: Actually, when the projects are lost with future delivery that is actually current injury too. So, it can be thought of as threat. It can be thought of as current injure because you know the harm is certain. You know it's real. You know it will occur. And so, I just want to reaffirm that that's also current injury when those happen and you do know that the injury is certain. You do know that it will happen over a year or over two years, depends on the type of project on these things; but that is current material injury.

MR. CARDENAS: I don't have any further questions. I digress.

What is the range of turnaround times to produce fabricated steel after an FSS builder wins a project bid?

MR. ZALESNE: It varies on three factors primarily. It varies, first, on the size of the project. Okay. What's the lead time you need to get a project -- the factor or the first phase is just making sure is the design completely developed, is there still more work to develop the design team is going to do. Then you place your mill order and you get your raw material from the steel mills and then you start your fabrication process as material comes

in.

So, if you're released the day you sign a contract to go order material, which sometimes happens, then you have your mill lead time and then your fabrication lead time. It's very hard to put a specific number on those because they can vary, depending on how much buying, hold long the lead, how many hours per ton you have in the early sequences to go into a project. If it's a high rise, you can only build it one way, right? You can only go from the ground up. If it's an airport, you might be able to start here or start here or start in different locations, so you have some flexibility in terms of sequencing, but the lead times vary, depending on the time involved in getting the drawings finalized, getting the mill order finalized, and getting your fabrication work done so you can keep the cranes from continuously working at the job site.

So, the range of times can be a few weeks to a few months and it just really depends on those variable factors.

MR. CARDENAS: Thank you.

MR. LABBE: On average, I would say that we see lead times from award to delivery on site, on average, in a rough range of three to twelve months. Again, depending on the factors that Dave just mentioned.

MR. CARDENAS: Okay, no further questions.

MS. CHRIST: Thank you. We'll now turn to our Supervisory Investigator, Doug Corkran.

MR. CORKRAN: Thank you very much. And thank you very much to the panel for your testimony today. It's been very helpful to us. First question I have is for Mr. Zalesne. And it's a question directed to you in your role as the Chairman of the Board of Directors for AISC.

The general question is this: What did AISC see that convinced it to file this petition? Now, before you answer, what I wanna say is, this is not a "got you" question. And it's not a question about strategy, legal or otherwise. And it really alludes to some of the challenges that you've heard from the panel today at trying to get our heads and hands wrapped around the data information. So I'm asking you, what did you see that convinced you and AISC?

MR. ZALESNE: So as Chair of the American Institute of Steel Construction, as a trade institute, we do a lot of things. The theme that runs through this, we do a lot of things that are related to steel research. We do a lot of things that are unrelated to, certainly, trade. It's a very foreign area for most of us, no pun intended.

The reality is, what I see is a risk to the health of the Association in the future. Currently and in the future. I see a risk, I see the kinds of margins that -- domestic fabricators are full members. And there are

classes of membership and they're gonna make a big deal about all of this. The petitioners in the case are the full member fabricators. Like, they'll go through the bylaws and they'll go through what that means.

But we're talking about the structural steel fabricators, the people who make the capital investments in building plants and training employees. That's the group that I represent, that the Association primarily represents. I don't represent them. I'm just the Chair of the Board. It's not a full-time job, although it sometimes feels like it.

The reality is, what I see and what the Board of Directors saw is a risk to the future of the domestic structural steel fabrication industry, an industry that has built America's infrastructure for a century. AISC is about to turn 100 years old next year. This is the organization that wrote the standards that allowed high-rise construction to be built throughout the country and ultimately, has been copied throughout the world in many respects.

It's written criteria to bring quality up to a standardized level. It's done a lot to improve the state of the industry. But its members are at risk for all the reasons we've talked about here. The imports from subject companies have found the domestic market to be the most attractive market for them in the world, and they have come

here to displace the American industry that essentially was built by these fabricator members.

You heard the ages of these companies. The 50s, the 60s, the 30s, the 40s. This is an industry -- this is not a fly-by-night industry. This is an industry that is the core of American steel construction for a century.

And what we saw is the increasing numbers, just the raw data on rising imports since 2015, on what it's doing to the pricing in marketplaces, on what it's doing to our ability of our members to maintain a profitable organization, not just be in business to pay your vendors, but to actually get a reasonable return on the investment that you make in a steel fabrication plant and capital equipment and training of your employees. And that industry is being hollowed out across every border every day.

MR. COOPER: I'm also a board member and I -- you didn't ask me the question, but I have just a brief amount of color to add to that. The last three and a half to four years, the full membership, the fabricator members of the AISC have been becoming more and more alarmed, and we see this being at a crisis point. It has been -- three to four years sounds like a long period of time, but for an old, mature industry like ours, it's a very brief period of time. And the amount of market share and the pricing that the

member fabricators are seeing has everybody very alarmed and feeling like if this continues, it'll be a crisis point for our industry, which really it already is.

DR. KAPLAN: Rick, were you injured in 2015? Or is this just happening now?

MR. COOPER: No, we were significantly injured in '15, '16, '17.

DR. KAPLAN: I'd like people on the panel to comment on that, to give an idea of what's being faced. It's not as if this was, you know, things have snuck up and now it's this, you know, look what happened. This has been continuous by the large volume. So I'd like people to speak to this. Projects they lost back then.

MR. CORKRAN: Actually, can I redirect that? Because I think we have heard a lot about individual experiences today. But what I was really trying to get at with that question though is, you know, we talked about or we hear about concerns about pricing, concerns about profit, concerns about the risks to the future.

So what I was trying to get at was, did AISC survey its membership on views? Did it survey its membership regarding pricing? Did it survey its membership regarding profits? Again, I'm just trying to get to what might've been the factual basis that you were looking at.

MR. ZALESNE: So the factual basis that we're

looking at began with import data that we saw in 2015 and 2016. We saw the impact that that was having in the marketplace, particularly throughout the industry. We started looking at potential remedies for this as early as 2016, long before the administration changed, long before any of the -- so a smaller group of fabricators who were most directly impacted by this, initially took interest in this.

As the impact continued through 2017 and 2018, we began to brief the board on what we were seeing in terms of the import data and get anecdotal -- nobody comes to a board meeting -- I mean we're a trade association, we have strict anti-trust rules, there's only so much we can talk about within the board level. But we can talk very clearly and very directly about big picture issues that were going on in the industry. And the stories that were coming back were very consistent, subject markets, subject imports throughout the country.

And as time progressed and we began to look into seriously what it would take to put this case together, we did start getting some more input from some of our members. We did reach out and get some impact statements. We started going to regional fabricator associations to get some data back from regional fabricator associations and get a sense of impacts throughout the industry. It's a very diverse

industry.

I can't tell you exactly who we spoke to in one of these meetings who filed a petition or didn't request a questionnaire, or didn't file a questionnaire, but I personally have been in half a dozen regional fabricator association meetings over the past year and a half. We've had presentations at the board level.

The board is represented by a diverse group of fabricators. Everybody, the board voted unanimously to proceed with the filing of the case after having a couple of -- it was on the agenda for several meetings. And, you know, again, these are the fabricators.

This is -- every group I'm talking to you about are fabricators who have seen this impact going back to 2015, 2016 and continuing to today, and are concerned about the future. And so I, in my capacity as chair, I'm telling you, the industry, the fabricators in the domestic industry have felt, are feeling and will continue to feel the impacts of what we're talking about here today, absence some action in terms of dealing with stemming the flow of imported fabricated structural steel from the subject countries.

MR. CORKRAN: Okay.

MS. NOVELETSKY: Hollie Noveletsky, Novel Iron. I'm also on the board of AISC. I'm also past president of the Structural Steel Fabricators of New England. Prior to

the period of investigation, I frequently got calls from fellow competitors, domestic competitors, asking what was being done, asking to pass the message up. There's been a call-out for many years, but it's just this period of time that it's come to fruition. So it's not something new, and it's not something that AISC went looking for. But it perked up from the day-to-day.

MR. CORKRAN: Thank you very much. I appreciate those responses. I appreciate the background. And I definitely was not trying to dismiss the suggestion to survey individual experiences. But I thought that had been pretty well covered in the direct testimony. Given some of the statements, this might actually overlap a little bit with my next question, which was going to be --

If you look at import data over a longer period of time, might it be a fair representation to suggest that import levels around 2015 were returning to pre-recession levels? Would that be a fair characterization? Or is there more that we should be looking at?

MR. PRICE: I don't think anyone has the data in front of them, I think we'll survey the folks here and get back to you in the pre-hearing conference brief.

MR. CORKRAN: Thank you very much. I appreciate that. My next question has to do with labor content. I was very interested in the information that appears on Pages 7

and 16 of Dr. Kaplan's handout. And it indicates, it suggests that there's a very, very large labor component.

Where does that come in in the production process for fabricators? And to the extent that you can speak of it, where does it come into play for U.S. importers of the product? That is, are we seeing a lot of labor in the United States from those importers? Or is the product that they're bringing over, does that already incorporate the large labor content that's referenced here?

MR. ZALESNE: I would say that virtually all the labor we're talking about here occurs in the shop. So the labor you're talking about in this case is in the shop. If the physical location of the plant is in the U.S, that's where the labor is. If the physical location of the plant is in one of the subject countries, that's where the labor is. This is not site-related. This is what goes on before, between the process and -- we're not really speaking to the jobs created, although they are directly -- well, I shouldn't say that, because it's your piece.

There's the jobs in the steel-making process that are part of it, and then there's the jobs in this fabrication process that are part of it. And then, of course, there's all the multiplier jobs that are supported by it. But in the direct labor process, the general labor steps are taken, the offloading the material from the truck

or the train, however it gets to your plant, sorting the material, processing it for cutting, fitting, welding, handling, if it's painted, it's painted, and then reloading it for delivery to a site. That's essentially the labor steps that go through.

Or again, with the highest concentration generally being in the more highly skilled fitting and welding components of that labor process. And that would be -- of all of the plants I've seen in this country and in the subject countries, that's fairly similar standard operating procedure in pretty much all of them. Maybe differences in the layouts, but that's where the labor is in this industry.

MR. CORKRAN: Thank you. That was very helpful. I appreciate that. My next question references description of information that appears on Page 17. It talks about the propensity for imports to compete for large projects.

If correct, does that have an implication for the data that we collect? And by that, I mean, if we are focusing on the larger U.S. producers, does that mean that we are gathering data from a group that is perhaps more in direct competition with imports than smaller producers who may not be bidding on larger --

DR. KAPLAN: All other folks speak to it, but as far as the economics of it first. First, I'd mentioned that

it's disproportional. So that doesn't mean it's not throughout all the project sizes. I think people could speak particularly about it in the panel here what's going on in New England, you know, in terms of all project sizes being affected. So that's the case. It's disproportional, it's not exclusive.

The second thing is, and is that the sizes are linked because if you have the capacity to make a large project, you have one to make a small project. And if you're pushed out of a large project, then you have to start moving towards smaller projects to compete. And so that moves the competition and the pricing from the import projects throughout, but it does move that to a medium-sized projects, and then those guys are pushed to smaller projects.

We also note that the effects are also coming through the cost side. So that as you're moving from larger to smaller projects, you have to make more bids and those are expensive to do, to do the engineering work and the bid work. You also have to deal with more contractors, which will raise administrative costs and logistical costs. You're not, you know, setting up this pipeline to send all this material for one project. That's all you're working on to one place and staging it over time, but rather there's a whole variety of projects.

So the industry is tied together both in size, it's tied together regionally and it's tied together by end uses. That was from interviewing folks in the industry and looking at the data. If any of the industry participants want to add or give examples of that, it would be great.

MR. NOVELETSKY: Hollie Noveletsky. I am one of the smaller producers and we do typically see a tremendous Subject Imports competition that has driven down the prices and as I said we do typically see a tremendous Subject Import competition that has driven down the prices and as I said, drove us out of markets that are at the schools, like 2000 ton jobs, 1500 ton jobs. We have been completely shut out of those markets because we can't touch the prices. They are way below 10-15 percent below our bid price, which is at cost.

That causes us to bite into even the smaller shops that do ten to 15 ton jobs. So the competition just trickles down.

MR. CORKRAN: Thank you very much, that's very helpful. My last question will be for Dr. Kaplan but will be for post-conference brief, please. You had mentioned, you had discussed the possibility of price depression. I believe even if prices were going up, if you could elaborate on that point in your post-conference brief that would be very helpful. Thank you very much and with that I have no

further questions.

MS. CHRIST: Thank you. Before turning to a few final questions I just want to see if anybody on the Panel has additional questions? Amelia Preece?

MS. PREECE: Yes, Mr. Kaplan. On your graph page 7, I'm just worrying about the zero on this axis so if you, if this is not a 0 axis if you can provide that with a zero axis, that would be helpful. That's all I wanted.

MR. KAPLAN: Yes, that's confidential so we will get it to you and give you the full --

MS. PREECE: Yes, I think you can, I mean, I don't need any numbers, all I need is to know where the bottom really is. Because if it's you know, five miles down then the difference is not all that great and if it's two inches down then it's --

MR. KAPLAN: It's right there, I think what we talked about is the workers per ton.

MS. PREECE: Yes.

MR. KAPLAN: We talked about the amount of hours per ton, 20 hours.

MS. PREECE: Okay, those two lines I was thinking meaning there is something below on the graph.

MR. KAPLAN: Not much. We didn't like mask the idea of someone backing it out. It's really a big difference and we'll send it to you.

MS. PREECE: Great. That's all I wanted is just to have that so I can look at the numbers.

MS. CHRIST: Thank you. Any other? Thank you very much. I would like to echo and reiterate all of the appreciation. I cannot underscore how useful it is to have real time follow up and real time clarification. As you can see, there are some questions that digress and if it weren't for your presence here we would not have been able to get those clarified quite as quickly and quite as fruitfully.

Many of the questions I'd had have been answered by you and have been asked by Staff. I wanted to ask a little bit in terms of the subcontracting. In terms of the nature of the subcontracting, given the current excess capacity that was identified, what would drive a firm to subcontract to another firm?

You said they add value, it's not quite the same as tolling. What drives one from to subcontract from another firm for a particular project?

MR. LABBE: Peter Labbe with Cives Steel. We will use sublet fabrication or in our case more often we transfer between plants within our own organization but its similar effect. We would use that when for instance, schedules shift on the project and all of a sudden you've got backlog but now gets stacked on top of it.

Those are the more common practices. To overcome

minor spikes in scheduling and things like that, as well as at times you might team with somebody to do a project that does not totally fit your schedule so there are multiple factors that might come into play there but those are a couple of examples.

MS. NOVELETSKY: Hollie Noveletsky, Novel Iron. I will just reiterate that it's when the schedule shifts and the workload gets a little too large.

MR. COOPER: Rick Cooper, W&W/AFCO Steel. That's the primary driver for us as well.

MS. CHRIST: Okay, so if there is subcontracting and you're going to use somebody else is that something that is an independent decision or is that something that you would indicate to the purchaser prior to in the bidding process? Do you have a list of subcontractors that a purchaser would have already preapproved for doing parts of the work should schedules shift?

MR. COOPER: Rick Cooper again. No, not typically. That would be a decision that we will make either at the time we're bidding the project as long as we comply with the project requirements and specifications and if they need to be an AISC certified fabricator which is normally the case, then we would meet those requirements and manage that ourselves without authorization from the purchaser.

MS. NOVELETSKY: Holly Noveletsky, Novel Iron. Shifting schedules usually happen after its been awarded so it's downstream.

MS. CHRIST: You had mentioned actually, I want to ask you, you had mentioned that there was a particular bid where there were upwards of 40 firms. Is that driven by increased competitor presence or moving down to smaller projects where there are potentially more firms that could bid? What's driving that shift either in time or specifically going from mostly 4 to 8 to 40+ bidders for a project?

MS. NOVELETSKY: The 4 to 8 is usually the larger projects because there are less people who can handle those but there is still plenty capacity. When you get the 40 bidders it's the smaller projects, more people can handle them. It's not that --

MR. COOPER: Hollie, just to clarify. I think what you are referring to when you mentioned the number 40 was that they went out and solicited from 40 fabricators and not necessarily 40 fabricators bid the project but they went out to the market place and approached 40 different fabricators to bid on their project. Is that correct?

MS. NOVELETSKY: Correct.

MR. ZALESNE: Let me just clarify, David Zalesne, I just want to make one other point about capacity. There

has never been a job that we have seen that didn't have enough bidders to go after it, okay. I mean if somebody's plant is full they might not bid that particular job but there is plenty of domestic capacity in the aggregate to bid this work that we're talking about at this level.

If you have a shop shift in schedules and you go to sublet work, you are finding people who are in the industry who are willing to bid to you or you have a relationship with. When the fabricators sitting at this table lose these projects instead of going to those other smaller players in the marketplace and subletting work to them, we are now competing with them for the same job, okay. The same.

So you have a reverse effect from where subletting is something that can actually help you supplement your business and keep a smaller shop busy to a situation where you and the smaller shop are chasing the same Taco Bell because you have to sell 2000 Taco Bells to replace one high-rise.

It's an ecosystem shift from a market that can handle the capacity through targeted selective subletting work to manage around schedules to an ecosystem where suddenly you're competing against the people who would otherwise be helping you get through a project.

So it has a reverse effect but it's not typically

the business model. I mean some guys, some companies may have that as a business model but typically most fabricators are working to focus on their own capacity utilization and I've yet to see one that, a job that doesn't have a bidder available to it in the domestic marketplace.

MS. CHRIST: Okay, and to the extent that you are aware, are those the same drivers that affect the Subject Countries? I think one or more of you mentioned a Canadian producer who then subcontracted potentially to Chinese producers. Are the same factors driving those subcontracting choices?

MR. LABBE: Peter Labbe with Cives. I believe that those choices are made based on price, meaning they can buy it from China cheaper than producing it themselves and so instead of subletting either within the U.S. or in their subject market, they will seek the cheaper pricing outside in order to ship it into the United States and undercut our numbers.

MS. CHRIST: So is the general overview or the general picture presented that the Mexican and Canadian Producers are bidding for projects and then subcontracting some of that to Chinese to reduce the overall cost of it?

MR. LABBE: Yes, I would say that there are portions of those jobs that are priced with that method. I would say, I don't want to speak overly generally about that

being a market trend.

Typically there is one lead bidder on a project. How that bidder decides to develop whether they choose to bring in a sublet fabricator in China or choose to bring in a sublet fabricator in Mexico, I can't speak to what's in their minds. I suspect they're getting pressure from the owner to buy it as cheaply as they can. That's exactly what they are trying to do and deliver it as cheaply as they can.

The problem is we think that what they're doing to do that is violating the fair trade standards that have existed and are designed to protect the domestic market from being undercut regardless of whether it comes from one of the Subject Countries or a combination of all three.

MS. NOVELETSKY: Holly Noveletsky, Novel Iron. In my experience the Canadians have enough capacity and they are not subletting from the markets that we're in. They do their own fabrication.

MR. COOPER: Rick Cooper, WW/AFCO. There is no question that the purchasers are encouraging whoever the lead fabricator is and that to explore pricing from Mexico and China in the one instance that you brought up. They recognize the pricing that's been out there in the marketplace and they are, I don't know if directing is the right word to use but they are encouraging them to explore partnerships and pricing opportunities to take advantage of

those low prices from those Subject Countries.

MS. CHRIST: Thank you. You mentioned that the developers will send invitations to bid. Have you seen any trends or either in the size or the number of invitations by developers to U.S. Producers to bid?

MR. COOPER: Could you state that again? I'm sorry.

MS. CHRIST: If the developers are sending out invitations to bid and they select people that they know can do it and deliver a good price, have you seen a shift in the number of invitations that U.S. Producers have received to bid on products?

MS. NOVELETSKY: We regularly get bids, invitations to bid. The fact that I saw the 40, that was just a mistake because they are usually the BCC, so we don't know how many people are bidding for it but we do see a large number on a regular basis. I think we all get invitations to bid.

MR. COOPER: Rick Cooper, WW/AFCO. Again, I'm not 100 percent sure I understand the question, but I will give it a shot and it's not just developers. It's developers, it's industrial owners, it's engineering and construction firms that are building and designing the projects, for example for Petro Chemical Facility on the Gulf Coast.

So they are going to the market as well. Real estate developers will typically hire a construction manager or they will be their own construction manager and they will go have the construction manager that they've hired. The construction manager is coming up with this on his own and I wish that there weren't as many options and things weren't as fragmented as they are so I can have an easier answer for you to understand.

So it's driven several different ways but what we are seeing is that the trend is dramatically increasing because of the marketplace, when I say the marketplace it's the developers, the petrochemical companies, the LNG companies, the convention center owner, the general contractors.

Everybody's seeing this market penetration and getting feedback on the pricing that is out there from the Subject Countries. It is so compelling for them to explore that as an option because it reduces the all-in cost on their project and again the reason we are here today is because it's unfair pricing and pricing that absolutely is not achievable in our industry and we do all the same things that they do.

There's clearly underlying reasons for this but what we're seeing is and the more important thing that we want to convey to you is that we're seeing this gather

momentum every quarter in every year.

MR. ZALESNE: David Zalesne. I just want to add one thing to that. To make sure, so that the Panel is clear, so that the staff is clear, to the extent the question is implying that the owner or the developer is self-selecting the group of fabricators that it wants to work with, I want to make sure it's clear to everybody that everybody has sales staff.

These companies from offshore, they have people on the ground. When they see a permit being pulled for an industrial project, they know what that project is. You don't hide the development of a high-rise in Manhattan very well, okay. So yes the owners or the developer or the GC or the EPC firm, whoever it is may have an idea of who they would like to go to but they certainly have other options of people who say "I have capacity, I'm qualified. Let me show you what I can do on this project" who can get themselves at least in the door to make a presentation.

So I don't want to leave the impression that it's a closed market to a handful of people. This market is aggressively mined and marketed by sales representatives from the Subject Companies who are coming in and saying "hey, let me show you what I can do and then when it gets down to the 2nd, 3rd round of bidding, let me show you what I can price it at."

I just don't want to leave the impression that you know, American companies are being closed out of markets because of a self-selection process by developers. Developers are happy to take as many numbers as people are willing to give them to see if they can get the pricing down, but time after time after time what we see is the pricing from the subject companies has come well below anything close to what domestic suppliers can supply fabricated structural steel for.

MR. KAPLAN: Seth Kaplan, IER. I want to add that in the context of the lost sales and economics. That was what Hollie talked about as well in that you've reached certain segments or sub-segments of the market that have been pushed down so low that certain Americans will not bid on it.

So you have a company that had been fabricating schools in Massachusetts for 30 years and suddenly you know new bids come out, new RFPs and you lose six in a row and find out the pricing. Then you stop bidding because there is a significant cost to doing it.

But it's not as if the U.S. Market can't do it. They were the ones that did it forever. They did it for decades and now they are shoved out of that market. So you wouldn't get a lost sale, a formal lost sale complaint because you didn't put in the bid because it's a waste of

time but it speaks to the that in every bid that an importer won with a lower price that a Domestic Producer participated was a lost sale.

I would call that a lost sale if after six of them you just kind of give up and say "I'm not wasting my time", you know, the Canadians own this market now. The last thirty were won by them. Out of those 40 bids context that you were sent accidentally that they didn't blind CC, how many of them were domestic and how many of them were Canadian?

MR. KAPLAN: Do you have a rough idea? Was it predominantly Canadian or is it -- you know if otherwise just answer it later.

MS. NOVELETSKY: Yes, I don't know.

MS. CHRIST: Thank you very much. I was just curious about the whole subcontracting process. Before moving on to the next panel, let's take a lunch break. I think the bells outside were my cue and we will reconvene here, let's just make it an even 2 o'clock then? Thank you.

(Whereupon, a luncheon recess was had to reconvene at 2:00 p.m.)

A F T E R N O O N S E S S I O N

MR. BISHOP: Will the room please come to order.

MS. CHRIST: Welcome back. Mr. Secretary, are there any preliminary matters?

MR. BISHOP: Yes, Madame Chairman. First order of business, with your permission, we will add the following to the Panel in Opposition to the Imposition of the Duties, Mike Swindall, Specialty Account Manager with Scaff Sales International, LLC and Charles Weiss, President with Scaffold Resource, LLC. All witnesses on this panel have been sworn in. This panel has 60 minutes for their direct testimony. There are no other preliminary matters.

MS. CHRIST: Thank you. Thank you. Welcome to all the panel members. I would like to reiterate the instructions earlier about stating your name. Our court reporter cannot see your faces or your signs and I think he's not going to be able to tell the difference from the voice either, so please do make an effort to state your name before your statements and when replying to questions.

MR. BISHOP: If you start to speak without stating your name and he can't tell who it is, you may here him say "name," so just state your name and carry on. Thanks.

MS. CHRIST: Thank you. Please begin when ready.

STATEMENT OF JOSEPH POSTERARO

MR. POSTERARO: Good afternoon. I am Joe Posteraro, Director of Project Management and Contract Administrator for Canatal. I have worked in this industry for over 35 years. At Canatal, I oversee all project management after contract award, negotiate all contracts and change order requests and participate in some pre-award meetings to discuss logistics, schedule, and design assist. I have overseen over 1,000 projects.

Canatal has been in the U.S. market since 1998. Canatal has fabricated structural steel projects that range from 100 tons to 12,000 tons. Our projects range from single story to multistory high rise buildings. We recently completed the Wynn Casino Project, 12,000 tons, in Massachusetts, which was a $50 million contract with approximately $20 million in change orders. Despite these changes, we delivered without any significant delays. We also accepted the liquidated damages clause, which was $300,000 per day with no maximum.

FSS is not a simple shelf item that can be purchased by a general contractor or owner. Every steel member is a custom designed and every FSS project is unique. FSS is a process that includes efficient strategies and logistics to purchase raw materials, detailing shop drawings, engineering connections, fabrication, and

erection.

When a contract is awarded to Canatal, we start off with a kickoff and strategy meeting, assigning responsibilities and tasks to each department based on contract schedule. The price of a project is not based on tonnage. It is based on raw material costs, the number of hours to detail, engineer, fabricate, and erect the structural steel. Every steel member has its own complexity which must be addressed by all our departments.

Most of our projects are obtained because of our capacity to deliver on time and mitigate delays caused by changes in scope of work. For example, Canatal had to supply FSS for six tower cranes simultaneously on multiple shifts and weekends for the Wynn Casino Project. The FSS at the Wynn Casino had approximately 10 miles of welds and over 250,000 bolts. These items are not part of any tonnage comparison, but are part of a cost price analysis.

Another project award of Canatal was the Four Seasons Hotel and private residence on Dalton Street in Boston. This was a concrete skyscraper; however, it also incorporated an outrigger and belt trust system to resist lateral movement due to wind and earthquake loads. This FSS was custom made with six-inch thick plates that required welding procedure expertise as well as laboratory tests for fracture mechanics. This project was approximately 800

tons; however, the dollar per ton was more than double the Wynn Casino cost.

Finally, to emphasize the custom design of FSS, we recently fabricated hybrid trusses, 132 feet long and 15 feet deep, 15 tons each made with Douglas fir glue lamb wood and steel tubes. The vertical and top cords of the trusses are made with wood and combined with steel diagonals and bottom cords. They will be installed at the gym roof of the Saugus Middle School in Massachusetts. The fabrication and design compatibility of these hybrid trusses is harder to nail down precisely because it is based on experience and engineering judgment. Thank you for your time and I will be glad to elaborate more during the question period.

STATEMENT OF SERGE DUSSAULT

MR. DUSSAULT: Serge Dussault, Canam. Good afternoon. My name is Serge Dussault. I'm Vice President for Canam Group, which is involved in the design, manufacturing, sale of construction projects in commercial and industrial, institutional, and multi-residential construction industry. We operate 25 plants in North America. Eighteen of those plants are in the United States. Out of those 18, 8 are fabricating structural steel. These eight plants had historical backlogs in 2018 and are in good financial position.

Our fabrication capacity for structural steel

currently is 170,000 ton in the U.S. and 30,000 tons in Canada. Canam Group employs about 4800 persons and about 2300 of those are in the United States. Canam has extensive experience and expertise in complex, high tonnage projects that make use of superior engineering and construction expertise. We compete primarily on the basis of our technical, engineering, and design capability and our capacity to take large projects with our network of facilities.

Canam has fabricated and erected the structural steel for several sports venue projects, including the Mercedes Benz Stadium in Atlanta, Georgia, which recently held the Super Bowel. Construction was completed in 2018 and involved over 20,000 tons of structural steel. After numerous delay and design change on the project, Canam increased the number of structural steel fabrication shop from 6 to 25 in order to complete the projects.

Of the original six fabricators, two were in Canada, four in the U.S. and two only were Canam shops, one in the U.S. and one in Canada. Of the 25 fabricators that have worked on the project, 18 were from the U.S. and 7 from Canada, and only 4 in the end were Canam shops. The main reason to involve so many fabricators was the lack of capacity of the original fabricators when the work was ready to be fabricated. Material was sent as far as Montana,

Arizona, and Utah, more than 1800 miles away, to be fabricated. There was no excess capacity in the Atlanta area nor on the East Coast.

Canam has built several professional league sports stadiums and arenas in Canada and in the United States over the last 25 years. Rarely, were we able to fabricate 100 percent of the structural steel for those facilities. On three of the recent -- on two of the three most recent ones that we've done in Canada there was -- we had to subcontract structural steel fabrication in the U.S.

Since 2017, we've been targeting smaller projects and do more subcontracting from our facility in Canada. We just completed a portion of the American Dream Project in Meadowland, New Jersey. We were a subcontractor to Walters, fabricating some 8700 tons of structural steel for this project. Out of that subcontract, we had to subcontract about 860 tons to ADF in Montana and 930 to JJM in Pennsylvania. This is clear evidence of the integration of our industry. Yes, we compete on projects, but we get jobs done together also at times.

In 2018, we have fabricated about 7500 tons of structural steel for four different U.S. fabricators. We currently have on the books 5700 tons of structural steel for three different U.S. fabricators. All these fabricators are members of AISC. They've requested our help and have no

complaint about Canam's work. Our experience shows us that Canada and the U.S. are part of a North American integrated market when it comes to structural steel fabrication. Thank you.

STATEMENT OF WALTER KOPPELAAR

MR. KOPPELAAR: Good afternoon. My name is Walter Koppelaar and I'm the Chairman and CEO of Walters Group. With me here today is our President, Peter Kranendonk, a 30-year veteran of our company.

Walters enjoys a sterling reputation for building some of the continent's most complex structures. We do not consider ourselves a steel fabricator, but rather a vertically integrated steel construction company. We target specific clients and projects that we believe could benefit from the expertise and track record we bring. Our unique value proposition is that we self-perform all aspects of the steel construction process from design assist and value engineering, construction and safety engineering, fabrication, specialty coatings, logistics, and construction. Sixty-three years in business with no courtroom experience speaks to the expertise and quality we bring.

Walters has participated in the U.S. market for 25 years. The past 15 years is primarily centered in New York where we have a construction company known as

Metropolitan Walters, an integral extension of Walters Group.

Recently, we made a significant investment in a North and South Carolina company known as Dave's Steel. As we built capacity and knowledge in this company, it will support our work on both sides of the border. There are several Canadian firms that have made large investments in U.S. steel companies to support their U.S. work. It is difficult to imagine that that would be the case if the Canadian FSS producers intended to harm the U.S. industry.

The awarding of complex projects is about much more than simply the price for the fabrication component. For example, one of our major projects is Brookfield Properties, Manhattan West Northeast Tower. One of the first concrete, core heads steel following tall buildings in New York. Having completed three such projects for them in Canada provided Brookfield with the level of confidence in our ability to build for them in New York.

We also introduced a revolutionary site safety system known as the cocoon. This system, in turn, informed all of the phases of the project -- planning, fabrication, and construction. It has own global recognition, most valued by our client for its superior safe work and productivity advancements.

A second example is American Dream, a large

retail and entertainment complex currently under construction in New Jersey. This is a very complex project that benefits from an integrated design approach. Walters participated in the design assist process for two years prior to starting on site. Our client is PCL with whom we have built many challenging projects in our mutual respect played a significant role in the forming of our partnership on American Dream.

The point is that the delivery of complex projects must consider broad scope well beyond simply the price of fabrication. Our integration of all aspects of the structure provides our clients with single-source responsibility, not commonly available from steel fabricators.

In closing, customers buy a standing structure, not a series of truckloads of standard fabricated product. The structures we provide are made up of individually crafted and highly engineered components specific to the needs of each individual project. Thank you.

STATEMENT OF KEVIN GUILE

MR. GUILE: Good afternoon. My name is Kevin Guile, Chief Operating Officer, Supreme Group LP.

Since forming in 1972, Supreme has grown to become one of Canada's largest privately held steel fabricators and erectors with over 800 employees across five

Canadian facilities and one in Portland, Oregon.

Our employees, whether they are union, non-union, craft, or management, benefit from an employee ownership program and share in the performance of the organization. More than 200 employees are currently participating as owners.

Supreme's business model is centered on integrating fabrication from five western plants in Canada and one in Oregon. The AISC has provided quality certification to all of Supreme's Canadian shops which provide FSS. Of note, we only require AISC certification to meet U.S. project specifications.

Supreme's growth has occurred in part through acquisition. Our 2003 purchase of the assets of Cameron Western Constructors in Vancouver B.C. and Portland, Oregon, provided financial stability to both of these facilities and ensured continuity of employment for dozens of workers.

Since that time, Supreme has been able to serve U.S. and Canadian customers through a unique West Coast fabrication offering. Projects are fabricated on either side of the border. Considerations for assigning work are based on each project's unique factors, including size, complexity, and schedule requirements.

In its geographic region, Supreme serves a diverse array of market sectors, including commercial,

institutional, infrastructure, and light industrial, thus working to mitigate market cycle impacts and business risk.

Supreme's U.S. market is extremely active today. For example, Supreme is proud to have negotiated the fabrication and erection of the 60-story Rainier Square Tower Project in downtown Seattle.

The project is the first of its kind to utilize the innovated SpeedCore system for highrise structure in a seismic zone. The AISC rightfully celebrates SpeedCore as a revolutionary construction method that will significantly reduce the on-time build for highrise by as much as 8 months on a 30-month schedule.

The SpeedCore system involves fabricating large, complex platework elements which require specific fabrication capabilities. As a result of unforeseen owner-driven design progression, Supreme's Portland facility was not able to meet the client's on-site construction timeline without utilizing additional fabrication resources.

To this end, over the last nine months Supreme has actively solicited many fabricators in the Pacific Northwest to support the project's schedule with limited success. The fabrication market is currently saturated and it is very difficult to find fabricators with the right capabilities and to attract qualified personnel as fabricators are hiring from the same pool of trades people.

In fact, Supreme is currently offering an additional hourly incentive to shop employees, which is over and above the wage rate in the recently ratified union agreement. Simply put, Supreme cannot find enough capacity in the Pacific Northwest to meet schedule. So we have engaged two of our Canadian operations to assist.

For generations the United States and Canada have mutually benefitted from an integrated market. Supreme, its workers, and its valued supply chain have also benefitted from this fair and open cross-border trade. Any unwarranted disruption to this long-standing trade relationship will have a negative impact to Supreme's customers, Supreme's financial well being, and ultimately Supreme's employees, no matter which side of the border they reside.

STATEMENT OF DAN ROONEY

MR. ROONEY: Good afternoon. I'm Dan Rooney, the President and General Manager of ADF International located in Great Falls, Montana. ADF is part of the ADF Group, which includes facilities in Canada. We are a U.S. producer of fabricated structural steel and employ nearly 200 workers at the plant, the majority of which are union fabricators.

We oppose the AISC in filing these petitions. U.S. fabricators are very busy in all market segments, commercial, industrial, and large complex projects. For

example, on a recent 20,000 ton ADF project in Utah, we needed assistance to meet an accelerated installation schedule.

After an exhaustive search, we could only find one U.S. fabricator that has spare capacity to assist us. Due to the very heavy complex nature of this work, they ultimately were unable to finish the scope of work they agreed to take on.

We then had to utilize our corporate shop capacity in Canada to assist in finishing the project. We currently have a project in California with extremely large, complex panel and box trusses that we needed assistance to complete. Twelve U.S. fabricators with the required heavy complex experience and shop resources were contacted. None had the available shop hours to assist on the project. All were too busy to take on the additional work.

In my experience, U.S. fabrication capacity is constrained for the majority of fabricators due to the very low unemployment rate, lack of skilled craftsmen, and workforce development challenges. These issues are unrelated to imports from Canada.

I also want to comment on the claim in the Petition that competition from foreign producers results in prices being lowered after the bid stage. It has become commonplace for price reductions after the initial bid due

to requests for value engineering proposals from fabricators and erectors, and from negotiations after the bid. This regularly occurs on projects, including those with no foreign producer involvement.

It is simply the way business is done in this complex industry where bids include value-added services in addition to the actual fabricated structural steel.

Finally, as a U.S. producer interested in maintaining a healthy industry, the worst thing that could happen to the industry is duties. Duties would stifle innovation and investment in the long term, and will serve to increase the cost of construction, which will result in delays or elimination of projects. That would not be good for our industry or the country.

Thank you.

STATEMENT OF SABRINA KANNER

MS. KANNER: I am Sabrina Kanner, Brookfield Properties. My name is Sabrina Kanner, and I am the Executive Vice President of Design and Construction for Brookfield Properties, and have been with the company for 36 years.

Brookfield is a global real estate company with $183 billion in real estate assets under management. We are the largest commercial office landlord in New York, Houston, Los Angeles, and a significant holder of commercial office

buildings here in the Metro Washington, D.C., area.

We are currently building a 2 million square foot tower at Manhattan West in the Hudson Yards District of New York City that we'll will deliver by the end of this year. We have also recently announced that we would move forward, speculatively, on a second tower of almost the same size, the infamous southeast tower, in order to complete the eight-acre Manhattan West Complex in the current real estate cycle.

This decision was taken while New York City has become the most expensive city in the world in which to build a commercial office tower. The scarcity of land in New York City has resulted in zoning laws that drive development to a very efficient, high-density per square foot. Consequently, new commercial office buildings are very tall, complex structures that lend themselves to steel construction.

Only the most specialized, highly skilled teams are capable of producing these complex steel structures with the expertise to deliver on schedule and at a sustainable cost. When we move outside of what the market will bear in rent, the developer loses the ability to attract tenants, as well as access to equity partners and debt financing to construct.

The highly skilled teams that we depend upon for

these projects are frequently U.S.-Canadian partnerships. It is clear through our procurement process that there is inadequate depth in the U.S. fabrication industry alone to handle the New York City market.

The cost of construction in New York City has risen by 5 percent per year in the last two years in comparison to the rest of the country, which has risen by 3 to 4 percent per year. Importantly--importantly to the New York City commercial office sector, the cost of steel has risen 9 percent in the last year alone. The addition of significant premiums in the form of steel duties places several planned projects in New York City in serious jeopardy.

To our knowledge there are seven commercial office towers forecasted to commence construction in New York City in the next one to two years, including ours, all of which are steel structures totaling $11 billion in construction costs. Using a blended duty rate of 36.43 percent on fabricated steel, we estimate a potential $440 million in duty premiums to these projects. Clearly many of these projects, if not all, would come to a halt under this burden. Eleven billion dollars in construction spend equates to the creation of 33,831 on-site jobs, with another 29,507 indirectly generated jobs created by purchases made from other industries.

To lose 63,000 jobs considered to be net new jobs is a critical loss not only to New York but to the United States.

We use both U.S. and Canadian fabricators on our projects. Often no one fabricator has the capacity to do the entire project. In all cases, no single country, including the U.S., has the capacity to service the entire highrise structural steel market.

Canadian fabricators offer highly specialized design, engineering, and post-fabrication services, and in many cases project management, which is critical. Canadian fabricators are not the enemy; rather, we view them as important partners.

Thank you.

STATEMENT OF HENRY CASO

MR. CASO: Good afternoon. My name is Henry Caso, Senior Vice President, Manhattan West Construction. I oversee all construction activities at Brookfield's New York City Midtown Development. Over the past few years, we've procured approximately 80,000 tons of fabricated structural steel for use at our Manhattan West projects from a variety of different sources, including domestic and foreign providers.

The decision to move forward with the Southeast Commercial Office Tower without a tenant in a potentially

downturn market is largely driven by Brookfield's desire to complete a place where people want to work, shop, and/or spend time with their families.

We plan for the ups and downs in the construction industry. In the case of the Southeast Tower, we designed for the building to pause or stop at different stages if significant changes in the economy were to occur. The procurement process for fabricated structural steel started with assembling a list of potential fabricator erectors with four basic requirements: ability to handle size and complexity in design; experience in the New York market erecting large-scale highrise steel frame buildings using local union labor; ability to provide performance bonds for the value of the structural steel package; and an organization that could offer creative engineering solutions which would reduce schedule risks by streamlining fabrication.

The bidders were required to provide the cost of fabrication and installation of the entire tower with the option to stop at the street level, topping off a deep excavation. Only two domestic and two foreign teams were able to come close to meeting the basic requirements, and bids were solicited.

The project was awarded to a Canadian vendor based on their engineering ability and capacity to deliver

both the fabrication and erection components of the project. W&W, a domestic provider, declined to bid because of the obligations on current projects. They were too busy.

The lowest bid from one of the Canadian vendors was not pursued because the company was unable to provide a viable erector for the project. The remaining domestic vendor, Banker, is currently working on the large-scale tower that would not be complete by the time our tower needed to start, and they were awarded a second large commercial office tower before we awarded ours.

The backlog of work would have stretched the domestic contractor's resources and created unacceptable risk of delay. The remaining Canadian vendor, Walters, met all the criteria for award of the project and offered various engineering solutions that could reduce cost and improve time of delivery for the super structure.

Note the difference between the high and low bids was only 0.7 percent. Cost was not the determining factor for award of the super structure package. In all cases, the bids were 10 percent over budget. The disparity in value between the budget and bids was a result of a 25 percent tariff placed on imported steel and the renegotiation of the NAFTA.

Domestic steel fabricators had increased their costs for steel by approximately 20 percent during the same

period. The imposition of tariffs might cause the Southeast Tower to be suspended, and it is unlikely the market could support the increased costs in the form of higher rents.

This would put hundreds of U.S. jobs at risk to support an industry that already seems quite busy, in our experience. Thank you.

STATEMENT OF JIM DOUGAN

MR. DOUGAN: Good afternoon. I'm Jim Dougan from ECS.

While it isn't unusual to have an incomplete record at the time of the preliminary staff conference, it is extremely unusual for the domestic industry data to be so incomplete.

According to the public Petition at page 3, total domestic production of fabricated structural steel, or FSS, was roughly 3.4 million short tons in 2017. Petitioner claims to represent U.S. producers accounting for well over half that amount, therefore they claim meeting the statutory requirement that the Petition is supported by domestic producers accounting for over 50 percent of total domestic production.

As of right now, however, the record contains the responses of domestic producers who collectively account for roughly only about one-third of the 3.4 million ton figure, and a number of those producers oppose the Petition.

I recognize that the domestic industry is fragmented, but in my experience I have never seen a case where the coverage of domestic industry data was so poor, especially considering that the decision was officially made by the AISC to file the case back in December, and that the filing was presumably delayed by the month-long government shutdown, but Petitioners have had more than enough time to make sure that the questionnaires were completed in a timely manner.

The poor coverage of domestic data has a few important implications for the Commission's analysis.

First, it should make them extremely skeptical of the true level of domestic industry support for this case. The fact that 10 days after the filing of the deadline for the questionnaires, Petitioners could not get a sufficient number of producers to file questionnaires to meet the threshold should lead to adverse inferences about the strength of their case.

Second is that the poor coverage of the domestic industry's data should make the Commission very cautious about drawing conclusions about injury and causation. This is a fragmented industry, and the Commission might never get 100 percent coverage, so data from a substantial subset of domestic producers could be indicative of broader industry trends. However, I submit that a data set from producers

accounting for only one-third of domestic production is woefully insufficient. By comparison, in the recent case regarding softwood lumber, which is another highly fragmented industry, domestic producer questionnaire coverage at the preliminary phase was 61 percent--basically double what we have here.

Skepticism is particularly warranted when the subset of questionnaire data displays trends that are at odds with what Petitioners themselves have submitted as industry-wide trends. At Exhibit roman I-3 to the Petition, which is shown on slide two, domestic industry shipments are shown to have increased by 6.3 percent between 2015 and 2017, and by 7.9 percent between the first half of 2017 and the first half of 2018.

In the questionnaire data received thus far, however, domestic producer shipments declined from 2015 to 2017. From this, one might draw the conclusion that there's a minority of the industry supporting the Petition and driving the process to get it filed, and they are experiencing declining shipments, while the majority of producers are experiencing increased shipments and are either opposed to or indifferent to the Petition.

We will likely get more data, but failing to muster sufficient support to get a majority of industry responses must weigh against Petitioner's case. The burden

is on them to demonstrate that sufficient evidence supports their claim of injury. They have failed to meet that burden and therefore Respondents submit that the record provides no reasonable indication of injury, and the Commission should make a negative determination at the preliminary phase.

But even if the Commission looks further, the available record evidence provides a weak case for an affirmative finding of injury. Beginning with volume, apparent consumption grew over the POI and subject imports gained market share because, while domestic shipments increased, they didn't increase as fast as demand. But any gains were modest, even using these data from the Petition.

As you will hear from the Mexican producers, the import stats include large quantities of nonsubject merchandise and greatly overstate import volumes from Mexico. But again, even using the Petition data, subject import market share increased by only about two percentage points from 2015 to 2017, and was flat between the first half of 2017 and '18.

Notably, the domestic industry gained share between the interim periods. And imports from China, the largest subject source, declined by 62 percent between the imposition of the Section 301 tariffs in August 2018 and November 2018, the, the month for which most recent data are available.

Petitioners claim that subject imports gained share at the direct expense of domestic producers. But as you've heard from the witnesses on this panel, that's not the case. In numerous instances representing significant projects, domestic producers did not have the capacity available to take on these projects. This is supported by the questionnaire responses of several U.S. producers who reported that they were not able to meet the volume or delivery requirements because of capacity constraints, all while they reported excess capacity in their trade tables.

In fact, the calculation of capacity for these questionnaires appears to have been more art than science. The responses are widely varied. An August 2018 industry overview white paper from the AISC states that a typical fabrication project requires between 15 and 30 hours of shop time per ton of fabricated steel. And even as wide of a range as that is, and considering the implications of calculating capacity using such a wide range, domestic producers data show productivity figures over the POI that stretch over an even greater range than that.

Thus, the definition of what constitutes capacity in this industry, as presented in the questionnaires, is imprecise and unreliable for the calculation of utilization rates.

Many of the producers--Canadians as well as

domestic--report that they typically think of capacity in terms of man-hours rather than in tons produced. This makes sense in an industry where the products are custom designed for particular projects, rather than produced in a set number of SKUs as part of a regular production process.

Thus, what domestic producers might report as available capacity or utilization is not the reliable indicator in this case that it might be in others. Moreover, even a decline in production and utilization observed among the responding producers is not indicative of trends for the industry as a whole which, according to Petitioner's own estimates, increased its production and shipments over the POI.

Thus, the Commission should not make a finding of adverse volume effects by reason of subject imports.

Turning now to price effects. The Commission should place no weight on the pricing data for purposes of its underselling analysis. As you've heard from the industry witnesses, FSS is a highly engineered, project-specific product custom-made for a particular application with business awarded through a bid process.

The proper way to understand price competition, if any, between subject import sources and the domestic industry would be through the collection and analysis of the bid data.

Domestic industry notes this in the Petition, nevertheless recommends that the Commission gather pricing data for six products with extremely broad definitions and require the reporting of data yield in prices on a dollar-per-pound basis.

As you've heard from the industry witnesses on both panels, no one in the industry thinks of pricing this way. A Petitioner witness this morning said "we sell man-hours, not tons." And in the words of Mr. Posteraro, FSS prices cannot be compared and analyzed on a dollar-per-ton basis.

This conceptual issue leads to practical issues. Because presenting data in this way doesn't reflect how business is done in the industry, responding companies clearly had a difficult time reporting their pricing data. To a greater degree than any case in my experience, companies reported data that yielded the same AUV across different products, with the same AUV over several years, or sometimes both.

We can outline the issues in our confidential brief, but the data reported are not a reliable means of measuring quarterly price effects. Therefore, in the absence of other data, the Commission cannot and should not make a finding with regard to underselling.

The pricing data may provide some guidance as to

over all trends. Slide five shows the index trends of the pricing product data reported by domestic producers--and they're kind of all over the place, but they do show an increasing trend over the POI.

And, while we must be cautious about any conclusions drawn from the pricing data, these trends are consistent with trends in the industry's U.S. shipment AUVs and net sales AUVs which are shown in slide six, also showing increases between 2015 and 2017 and between the interim period. So there's no evidence of price depression.

As for price suppression, the data indicate that the industry's COGs-to-sales ratio was fairly stable between 2015 and 2017, and then increased between the part-year periods. But as I pointed out, the industry's prices also increased between the part-year periods. So it appears that raw material costs were rising faster than prices.

What caused the increase in raw material costs? A combination of the AD duties imposed on CTL plate over the first half of 2017, and the 232 tariffs on a wide range of steel products imposed by the President in March 2018.

A look at slide seven shows a 42 percent increase in cut-to-length plate prices between November 2017 and March 2018. We recognize that shapes are also important, but these are the data that were released by the Commission

and we think they're indicative and illustrative.

The industry's data show that their COGs-to-sales ratio increased, and profitability declined late in 2017 and into 2018. The industry's operating margin in January to September 2017 is fairly consistent with 2015 and 2016, but full-year 2017 profitability is several percentage points lower.

This means that the fourth quarter of 2017 was a very bad one for this industry. And losses during this period drove down the profitability for the whole year. It is no coincidence that the poor fourth-quarter performance coincides directly with the huge spike in raw material costs, and the fact that the market could not absorb a 40 percent increase in raw material cost isn't injury by reason of subject imports.

In fact, as shown at slide eight, subject import volumes, using public data from the Petition, declined across every quarter of 2017, including from the third to fourth quarter. In the first quarter of 2018, subject imports increased modestly but only back to the level of the third quarter, and were lower than the first quarter of 2017.

Thus, there is no causal link between subject import volume and any decline in the industry's financial performance.

Finally, we note that the industry's employment and investment indicators don't show injury. The employment of production-related workers as well as those workers' wages increased over the POI.

And the industry's CAP-X, the depreciation ratio, was well over 100 percent throughout the POI, indicating the industry is investing in its assets. It is also clear in the fact that the industry's asset base grew by double-digit percentages over the POI. This is not an industry suffering material injury. Thank you.

STATEMENT OF SHERIDAN MCKINNEY

MR. MCKINNEY: This is Sheridan McKinney on behalf of Corey. This is a long day. It's a lot of information for a Monday morning. So what have you heard so far? Petitioner has told you that we have a custom product, not a commodity. That it's made to order pursuant to a bidding process and blueprints. They've also told you that it's used to make buildings, the skyscrapers, port facilities and stadiums. Well, guess what? We agree.

What did you not hear? You didn't hear much -- they didn't have much to say about transmission towers, scaffolding, highway guardrails, but that is all in the data you've collected so far. Whether in the simple HTS grade or in the questionnaire responses. But you do have good Mexican data. You just need to take a few questions in

order to perfect it. Now, we're confident with a handful of phone calls and e-mails, along with the testimony of a few of my colleagues you're about to hear from today, it will quickly become clear how to perfect it. Now, what are you about to hear? Mr. Salas and Mr. Kelly are about to tell you two things.

First, that there are substantial services contained in each bid, and that it is oftentimes those services, and not simply price, that make all the difference of the bid award. And we encourage you to ask questions, clarification questions about what those services are.

Second, they will tell you a story that explains why Mexico is in the case at all. And brief, it is over a single, that's one single cell, one high-profile project. And if you were to perfect the data you have, it would quickly become apparent that the trade flows coming out of Mexico are much too small to continue this investigation. Mr. Kelly, here's your microphone.

STATEMENT OF JOHN KELLY

MR. KELLY: My name is John Kelly. I'm a Vice President for Related Companies. Related Companies is the real estate developer behind Hudson Yards, which is a $25 billion development in the west side of Manhattan, covering twenty-eight acres of space. We are now completing the first phase, which is fourteen acres constructed over an

active rail yard.

I'm not here today to argue one way on another for this case, but rather to tell you a story about how we came to source steel from two of the subject countries. Hudson Yards' construction is the construction manager delegated, an affiliate of Related to construct all of the buildings at Hudson Yards. We purchase fabricated structural steel, both from within and from outside of the United States.

My comments today are limited to the facts about the bidding and procurement process surrounding one large building. In this case, it's 20 Hudson Yards, a one-million square foot retail facility, and 30 Hudson Yards, a 2.6-million square foot commercial tower with a combined weight of 107,000 tons.

There are three main points that I wanted to confirm. We first tried to procure structural steel via a traditional lump sum contract-type bidding process, with four fabricator-erectors. Three were domestic and one was from a subject country. The request for proposal was for supply and installation of the structural steel. What was of utmost importance to us on this project was the ability to meet the project's schedule.

We had commitments to tenants and potential significant penalties if we did not deliver the project on

time. And lastly, it is not accurate that the project was awarded to foreign fabricators due solely to their pricing massively undercutting domestic pricing. In fact, the figures listed in the petition I do not believe to be accurate.

We originally sought to award the project to a single company that will provide the fabrication and installation of the FSS consisting of the 100,000 tons. This is very large for a single building. To offer a sense of scale, the Empire State Building consists of approximately 57,000 tons, and One World Trade Center, known also as the Freedom Tower, consists of approximately 45,000 tons. Due to this, only two fabricators were really willing to bid the entire scope. One domestic and one Canadian. Two other fabricators, domestic, also submitted proposals, but expressed reservations about undertaking the entire project without partners due to scale.

Ultimately, we were unable to reach agreement with either of the two fabricators, as we couldn't get commitments on cost or schedule. Schedule, again, was our primary concern at this point.

We approached one of the other U.S. companies who had bid the project and they requested their interest in a possible role as a trade manager, asking if they would like to fabricate 20 to 30%, which we viewed might be comfortably

within their capacity and tolerance for risk, and then to come aboard and assist us as a trade manager to procure the balance of the project. At that time, they were not interested.

As such, we started to search for alternatives for fabricated structural steel overseas. We found two suppliers from subject countries and a third from Italy. In order to be able to split the scope between the three fabricators, we ended up creating a new business entity and hired additional staff in essence to manage this trade ourselves. This represented significant risk as it's not related to core business. And our commitments to our tenants had remained unchanged.

This was not a business we sought to get into. It involved us taking on the risk of getting between a supplier and a installer, which is highly atypical in this business.

The three companies to whom we eventually awarded the steel were only awarded this project after a traditional procurement process had proven unsuccessful. None of the three fabricators who were awarded the project were on our original bid list of fabricators who received initial requests for proposal.

Again, the savings that have been talked about on this project really came from two factors: The development

of the contract structure that entailed related taking on additional risks, and related decision to separately procure erection which, from our perspective at the time, was significantly driving the subcontractors perception of risk on the project. I'd be happy to take any questions in the Q&A session. Thank you.

STATEMENT OF JAVIER SALAS

MR. SALAS: Javier Salas, Corey S.A. Good afternoon. I am Javier Salas, Vice President of Corey S.A. de C.V. I have been in the fabricated sale, fully qualified structural industry for over thirty years. But I am new to this type of trade litigation.

I know a few companies here. One erected the fabricated structural steel we supply for Hudson Yards. A few more, I partnered with on bids for three projects in the U.S., two of which were unsuccessful. But maybe here, I do not know, because Corey simply has not done much business in the U.S. We only ever compete with four out of more than eight hundred and fifty companies listed in the petition.

Our presence in the United States is quite limited and occurs only in unusual circumstances. One reason for this is distance. It costs more to ship from Guadalajara than it would from inside the U.S. In fact, we have no pending bids in the U.S.

Let's talk briefly about imports of FSS generally

from Mexico. I was astonished when I saw the petition. The import volume allegations are simply fiction, if one just looks at the scope of the case. Corey is the largest Mexican exporter of in-scope FSS to the U.S. And we shipped less than 2,500 tons in 2018. The overall amounts from Mexico are small, less than 5,000 tons each of the last two years.

The scope of this investigation is so poorly defined that we believe most of the imports under the HTS selected by petitioners are out of scope FSS. Publicly available information from Mexican customs suggests that the larger Mexican exporters shipping products to the U.S. are clearly outside of the scope, such as transmission towers, wind towers, street lights, rack systems and metal buildings.

We believe import data will show that actual in-scope FSS imports from Mexico are negligible, below 3% of imports. Why do I think that? Because the common thread between petitioners and foreign producers is AISC certification.

Corey by far is the largest AISC certified company in Mexico. And we are at the center of the petition, yet again, we ship less than 2,500 tons of FSS to the U.S. last year, all of it to Schuff Steel.

We are flattered by the attention, but clearly do

not deserve it. For the period of this investigation, we had only two customers in the U.S. Related and Schuff Steel. We were invited to participate in the Hudson Yards project to meet a very tight schedule. We incorporated value engineering improvements like higher strength materials which reduced fabrication and erection time. Notably, the resulting higher-strength thick plate and wide flitch beams were not available from U.S. sources at the time.

Our sole U.S. customer last year, Schuff Steel, is one of the largest U.S. structural steel fabricators. They needed to meet a schedule and we could do it. We recently won a bid for the second steel tower of the Hudson Yards project, with four more built in concrete. We won the bid because we could meet the tight schedule with complex fabrication at the original levels. In both cases, there's the same theme, hitting a schedule.

The Mexican market is healthy and remains most important to us. We have successfully turned large infrastructure projects away from concrete to the use of steel as exemplified by Linea Tres, the third route of the light rail public transportation system in Guadalajara. With about ten miles of elevated steel viaducts on thirty elevated stations, it is a landmark project.

Because of it, steel is now a viable option for

the new 40-mile regional train between Paluca and Mexico City. This will require tens of thousands of FSS for bridge work and stations. The new Mexican administration has also announced the construction of the Mayan Train, a 900-mile rail line. In the meantime, we will continue to serve Mexico City with its high-rise construction projects, but above all, and for reasons I can explain during Q&A, if you're interested, we hope to do more bridge work rather than buildings.

As for our exports, we will continue to target South America, where airports expansions have recently been announced. In the U.S., we will continue looking at a very small number of projects. Again, we have no pending bids in the United States. Corey is not a threat to the U.S. industry. Our imports have always been and will remain modest. Thank you very much for your time. I look forward to any questions that you may have.

MR. ALTSCHULER: Good afternoon, Irwin Altschuler from GreenbergTraurig. And I'm gonna turn the floor over in just a moment to Dr. Carlos Ramirez. But I wanna tell you first that Dr. Ramirez's company, Exportadoras, make one product and sell one product only, and that's monopoles that distribute and transmit electricity. Now, petitioners' counsel said that in general, these monopoles are not in the case. But he needs to work it out with the DOC.

The petitioners brought this case. Now they want to work out scope issues in a "complete comprehensive and careful way". Late arriving and late arising scope issues is one thing. This is quite another. So as a matter of good faith and fairness, we ask the petitioners to confirm in their post-hearing brief, if not before, that monopoles are not in this proceeding. Frankly, it shouldn't take them longer to figure out their own case.

STATEMENT OF DR. CARLOS H. RAMIREZ

DR. RAMIREZ: Good afternoon. My name is Carlos Ramirez. I am the Chairman of the Board of the parent company of Exportadora de Postes de Monclova and Exportadora de Postes Guadalajara, which submitted questionnaire responses to the Commission. We are here today because we should not be here, and I want to take this opportunity to explain why.

I have been working in this field for over 30 years. The only products my companies produce and distribute are transmission and distribution monopoles, like the kind you see holding electric lines on the side of the highway. We have prepared and distributed pictures so you can easily see what a monopole is.

Monopoles should not be included in this investigation. It is clear that the point of the petition is to cover structural steel products that are used to

support buildings or other construction projects. Transmission and distribution monopoles do not belong in this category. We do not believe that monopoles should be considered "like products," and they should not be included as subject imports for the Commission's analysis.

The Commission has classified the products under investigation as belonging to one of six product categories, based on their grade, weight and strength. Monopoles do not fall under any of these six categories. All products falling under these six categories exclusively serve to support buildings of various types.

Fabricated structural steel products, FSS products, are used only to support and erect buildings. In contrast, monopoles cannot be used to support or construct any buildings; they are used to hold and connect electricity cables.

Even the raw materials used for manufacturing are completely different. The primary steel types used to make monopoles are ASTM A572 steel with low silicon content, Grade 65, and ASTM A871. These types of steel cannot be used to make FSS products, which commonly use Grade 50 steel, as was clear from the products categorized under the questionnaire. In addition, monopoles are made from coil, while FSS products are made from angles, columns, beams and girders, as described in the petition.

Monopoles require unique production processes. There are eight main steps in the production of monopoles -- all of them are different from the production process of the FSS products. Of note, the equipment used to fabricate monopoles cannot be used to fabricate FSS structures. My company could not manufacture FSS products unless we built a new plant.

Going back to the applications of both products, monopoles cannot, under any circumstance, be used to build or support any type of building. Can you imagine using the same electricity poles you see when driving on a highway to hold a ten-level parking deck? To support heavy bleachers at a football stadium? Or to erect an office building? It would be unfeasible.

Monopoles also have different specifications and standards. Monopoles are certified under the ASCE 48 standard, while FSS products must be certified under different standards depending on their application, including ANSI/AISC 360. Furthermore, many FSS products, depending on their intended use, are required to adhere to seismic resistance and fireproofing requirements, which, for instance, may include certification under standards AWS D1.5 and AWS D1.8, standards that are not required to manufacture monopoles. In addition, all monopole customers are electric utilities. On the other hand, FSS products are

sold to construction companies and builders.

I have reviewed petitioner's letter from last Friday, where they submitted a list of FSS producers that are members of AISC. There were approximately 900 companies listed in that letter. To my knowledge, not a single one of those companies is a producer of monopoles.

I have never met a single customer who was initially looking to purchase monopoles and ultimately decided to purchase FSS products for the same intended purpose, or vice versa.

Thank you very much for your time. I am happy to answer any questions you may have for me.

MR. PERRY: My name is William Perry from the law firm of Harris Bricken. I am here representing several scaffold companies. Because of the limited amount of time here, I'm gonna ask Michael Doxey of Direct Scaffold Supply to speak.

STATEMENT OF MICHAEL J. DOXEY

MR. DOXEY: My name is Mike Doxey. I'm the CEO of Direct Scaffold Supply based in Houston, Texas. Our company's the leading distributor of scaffold equipment in North America. Direct Scaffold Supply was formed in the late 1990s. At that time, most of the scaffolding equipment used in the U.S. was made in Europe. The scaffold manufacturing in the U.S. was then, and still is, very

limited in scope and only produces a few specialty products for the market.

DSS saw an opportunity to develop manufacturing of these products in lower-cost countries, particularly China. Scaffolding is a key part of any construction project, and in many large industrial and commercial projects is a significant part of both the cost and even more importantly, the safety management on these projects. Simply put, we're in the business of making sure that construction workers go home safely every day.

Our products are not purchased for any particular project. Our customers typically rent DSS equipment to contractors actually performing the work. The equipment does not become part of the final structure, but is dismantled when the work is complete. As an example, equipment used on the Capitol dome refurbishment project is being used again on other building projects in the area.

After reviewing the petition, it seemed obvious that the scope of the petition is directed at fabricated structural steel for buildings, which is part of a permanent structure and custom for a particular project. However, as part of the petition, the HTS codes listed in the petition, includes 7308.40.000. This tariff code is specifically for scaffolding. Shuttering, which is another term for concrete forming, props, which is posts used to support concrete

forming, typically, and pit props, which are columns typically used in mining applications for temporary support.

If FSS is being imported using this tariff code, it's either an error or its in fraud. Although it seems obvious that our products are not part of this petition, despite the use of the HTS code, we're seeking a ruling as soon as possible to avoid a similar situation that happened a few years ago in the aluminum extrusions from China case. At that time, it seemed obvious to us that our imports of aluminum scaffold planks and other finished goods were outside the scope.

Customs disagreed. At one time I was personally dealing with twenty-five Customs requests for information at one time. We finally received an answer from Commerce in 2014 for imports going all the way back to 2010, confirming that our scaffold was excluded based on the finished good exception in the aluminum extrusion's order.

The scope in this case has no such exception. We're requesting that this tariff code be taken out now with a clear ruling, so that we'll not be blindsided by a lack of clarity in scope later on if this petition is granted. If the Commerce Department petitioners, the names which are confidential, do not grant us an exclusion, then we request that the domestic scaffolding producers be included in the

domestic industry.

Although the petition claims that the written description of products is dispositive, and it's our opinion that the description is sufficiently broad in certain circumstances that our products could be construed to have common characteristics with FSS. For example, the parts and pieces for various scaffold systems are made from steel tube. They're welded to form the different configurations.

And they definitely serve a structural purpose, although the structures are temporary, not permanent. This fact, combined with the listing of the scaffold tariff code in the document creates the possibility of a similar situation as previously occurred in the extrusion's case. We do not understand why the HTS code mentioned would be included in this petition, since this HTS code, unlike a lot of them, is very specific to the products and are not fabricated structural steel as defined in the petition's scope.

For this reason, we're requesting that the references to the tariff code in the document be removed, or that the ITC express its opinion as to whether scaffolding is in the scope of the merchandise and the Commerce Department issue a ruling specifically excluding products imported under the tariff code. From the scope of this position, we should not have to wait for a scope process to

be completed to get this done.

MR. PERRY: We have one other witness with a very, very short statement.

STATEMENT OF CHARLES WEISS

MR. WEISS: My name is Charlie Weiss, and I'm the majority owner of Scaffold Resource, a Washington, Baltimore, Metro area scaffold subcontractor. We are also a DSS customer. We provide scaffold rentals, engineering and labor to install scaffolding for general and subcontractors. Scaffold Resource has performed work at the U.S. Capitol, Supreme Court, Lincoln Memorial, Reagan National and multiple other sites within walking distance from the building where we gather now. I also have a proud moment that I look out the window and also see our scaffolding from the hearing room right now.

We currently have a $20 million backlog of projects to include National Air & Space Museum, National Zoo, Jefferson Memorial and Reagan National Airport. The proposed anti-dumping and countervailing duty order will impact our company severely. We already have bids in projects based upon the prices and delivery schedule we have from DSS. Proposed anti-dumping fees will cause significant financial losses.

We will be unable to acquire equipment in a timely manner. U.S. manufacturing is almost nonexistent.

Based on my guesstimate, I can order $75 million of subbuck country product sitting on the ground in the U.S. right now. I would be hard-pressed to find $5 million of U.S. manufactured product for our current needs.

MR. PERRY: This is William Perry from Harris Bricken. Just would mention quickly that StepUp Scaffold has a representative here today, Stacey Forbes. And they're supporting the witnesses here at this hearing. Thank you.

MS. CHRIST: Thank you to the many and diverse witnesses. I appreciate the time that you've taken to come here. We will now turn to staff questions and start with the Senior Investigator, Mary Messer.

MS. MESSER: Thank you. Mary Messer, Office of Investigations. I appreciate the entire Panel that has come to present testimony. It's been very helpful for us. I hardly know where to start.

I guess I will start going backwards with the scaffolding questions first. You indicated that if scaffolding is included in the scope and correct me if I'm wrong, that you'd argue that scaffolding producers should be part of the Domestic Industry. What is your domestic like product? If it's part of the domestic like product do you argue that there is a one-to-one product?

MR. PERRY: We would argue that we would be a separate like product. We understand that there are a few -

- this is William Perry from the Law Firm of Harris Bricken. We understand that there are a few scaffolding producers in the U.S. Most of them do imports at the same time but there are some here. We obviously would want them in.

I mean, we have to look at something like aluminum extrusions. After the order issued, literally over a hundred products were shoved into that order. I'm pretty sure the Commission did not send out questionnaires to all those producers. I believe firmly if a product is included in the scope then the Domestic Producers have to get a questionnaire. Thank you very much.

MS. MESSER: Thank you. If in fact it is included in the scope will you please, in your post-conference brief go through the six domestic like product factors.

MR. PERRY: Yes, I will put in an argument on domestic like product in the post-conference brief.

MS. MESSER: Thank you very much. Then I will go to Mr. Salas and Mr. McKinney. It indicated that most of the items brought in under the three primary HTS codes are mostly out of scope. You estimated that it was less than three percent that was in scope. Is that correct?

MR. SALAS: This is Javier Salas. That is correct considering the common thread we have being an AISE certified company. So out of the list of exporters from

Mexico into the U.S. only three companies showed up in 2018. We are the largest one with two other ones being very small.

The larger exporters using the HTS scopes that the Petitioners included are like Polesa Transmission Poles, Transmission Towers. Metal buildings we have Butler, Mexico and we have Turnium that are large producers. Those are specifically excluded from the scope. We have manufacturer of highway guardrails. We have shelf producers that export under the HTS codes.

MR. MCKINNEY: Sheridan McKinney. There was a bit of guesswork that we worked on that we based the submission on here but in the confidential submission we can actually build out that explanation.

MS. MESSER: Okay, I'd appreciated that and in doing that if you could, you probably have already done this, list the companies and manufacturers in Mexico that you believe are producing the in scope and as you are going through that I appreciate also a listing of the companies that are out of scope and if you'd list the types of products that they are producing and why they'd be out of scope products.

MR. SALAS: Sure, there's 232 companies that exported using those HTS codes. I'll be happy to include all of them but --

MS. MESSER: We will concentrate on the largest

ones, if you wouldn't mind. (Laughing)

Okay, so then looking at the questionnaire coverage that we have for the Foreign Producers I'd like to look at I guess Mr. Dugan you'd indicated that we had poor coverage of the Domestic Industry data. I'm interested in and I've got some information on Mexico. I'd like to hear what you're view is on the coverage that we have for China and Canada.

MR. DOUGAN: Jim Dougan, ECS. We've spoken a bit to the CISC folks and we think that the coverage for Canada is pretty good but we can address that more in post-conference. For China, I frankly don't think we have very good coverage. We don't have it.

There may be similar issues with the HTS data for China that there are for Mexico and Canada potentially but we have not had the privilege of speaking to anyone who is representing the industry so we're just not sure but we know that just with the HTS as the denominator, what we have from Foreign Producers is not very good coverage, but for Canada we think it is pretty good.

MS. MESSER: Okay.

MR. NOLAN: Just a couple of quick comments. This is Matt Nolan for Arent Fox for the Canadian Group. The Petitioners this morning talked a lot about how small producers and how it's hard to corral all the troops and

it's very fragmented. It took me 30 seconds on a Google search to find a company called Schuff Industries which reportedly has 300 plus thousand tons of capacity in the fabricated steel industry. They're a super-big U.S. producer and as far as I know they're not at the table today and they didn't file anything. It's hard for me to believe that they could not file a questionnaire response given the time permitted. That either means they don't care or they don't want to answer.

Either way it's not good for what the Commission has to get done here. This is a bit of a mess and it's been created by the Petitioners themselves. The scope issues, the definitional issues. They are responsible for defining the scope and they put you all in an untenable position that verges on the absurd in my opinion. That should be held against them, quite frankly.

MS. MESSER: Okay, so thank you for that Mr. Nolan. I appreciate that. Just to circle back to you, Mr. Dougan and I want to make sure I'm understood, how do you view the three primary HTS numbers with regard to Canada? Do you believe that those numbers are covering FSS appropriately or do you believe that they are overstated as Mr. Salas and Mr. McKinney have said for Mexico.

MR. DOUGAN: Based on our conversations with the folks here of the industry, the Canadian Industry

Representatives, we do believe that the HTS codes are overly inclusive. There probably is a little room between what we currently have in coverage from Canadian Foreign Producers and the total of everything that's in-scope but it's not as wide of a gap as the HTS data would suggest.

I don't know if anyone else here, we'll address that more in post-conference unless anyone else has something to add to that here.

MS. MESSER: Yes?

MR. PIMIENTA: My name is Arturo Pimienta and I'm a U.S. Licensed Customs Broker. It is my opinion that the HTS that are mentioned in the Petition are just brought because they just cover pretty much some of the specifications that are under a chapter and subchapter and then the others. So it's just impossible to use the HTS objectively into this subject.

MS. MESSER: I want to make sure we are talking about the three primary HTS codes.

MR. PIMIENTA: Yes.

MS. MESSER: Correctly.

MR. PIIENTA: In particular, in this case, 73089590, it's the broadest one which is the structures for other, other, other uses and that is where the monopoles fall in.

MS. MESSER: Okay, thank you very much.

Appreciate that. Do we have anybody here from China? Okay.

MR. PERRY: We have one person here from Direct Scaffold Supply, Gary Weiss. He works directly with Chinese Producers but it is in the scaffolding issues.

MS. MESSER: Could you please just state your name?

MR. PERRY: William Perry from the Law Firm of Harris Bricken. Gary Weiss from Direct Scaffold Supply works with Chinese companies but it's in the scaffolding issue. Not fabricated steel.

MS. MESSER: I'm sorry, who is this. I don't see a name tag? Okay, so since you are our only Chinese connection, I'm going to pick on you. In your post-conference submission if you could also discuss our coverage that we would have in our questionnaire responses from the other Chinese companies and whether or not those three HTS codes are appropriately represent the subject merchandise from China.

MR. DAVIS: So for us, we're all scaffold manufacturers. Gary Davis with Direct Scaffold Supply. We're strictly a scaffold manufacturer making production of the same parts over and over, nothing to do with FSS.

MR. PERRY: Could I add one thing? I was talking to the Petitioners' lawyer about this but 7308.4 which is scaffolding, they said it could be coming for that as Mike

was saying this is clear as a bell and there's somebody here who knows this in your agency. Talk to the Office of Tariff Affairs.

From what we're being told that's 7308.4 is literally a clear dividing line. So you can't put fabricated structural steel in that number. If you do, you're committing fraud or just negligent.

MS. MESSER: And you're William Perry?

MR. PERRY: Yes, William Perry.

MS. MESSER: Yes?

MR. WHALEN: Ed Whalen, Canadian Steel Construction. I'm going to help these folks out. We're obviously the Canadian Industry. We write the Canadian Structural Steel Code. I'm in the working group of ISO TC 67 and related to fabricated structural steel internationally and in both cases, both in Canada and in the ISO world we would not classify scaffolding as fabricated structural steel.

MS. MESSER: Thank you very much. Appreciate that. With that, I think I have no further questions.

MS. CHRIST: Thank you. We'll move on to the Investigator Eric Daughtery.

MR. DAUGHTERY: No questions at this time.

MR. CORKRAN: This is Doug Corkran of the Office of Investigations and I just wanted to ask one question

because I was thinking about it in terms of all the testimony. If you were looking at a listing of firms exporting under the relevant HTS numbers, would those companies have to have an AISC certification in order to be exporting subject merchandise, FSS, into the United States?

MR. WHELAN: Ed Whelan, Canadian Institute for Steel Construction. The answer would be yes.

MR. CORKRAN: Thank you.

MR. SALAS: Javier Salas. The answer is yes.

MR. CORKRAN: Thank you very much.

MS. CHRIST: Thank you, we will turn to the attorney John Henderson.

MR. HENDERSON: Thank you. Of course we are waiting for the decision of the Department of Commerce on whether to institute these investigations and what the scope of any such investigations will be and we at the ITC will of course have to take Commerce's scope as they give it to us.

But with respect to the domestic like product we've heard the issue that Mr. Perry and Mr. Daughtery has raised with respect to the scaffolding and the issue with respect to monopoles that Dr. Ramirez and Mr. Altschuler have raised is now you folks have a position as to if in fact monopoles are determined to be within the scope of the investigation, whether the Commission should include that as part of a single like product or whether that should be a

separate domestic like product?

MR. ALTSCHULER: Well, Mr. Henderson. Irwin Altschuler from Greenberg. We reviewed the monopoles in terms of the criteria for domestic like product in Mr. Ramirez's testimony so on that basis I would say we do not think it is all part of a single domestic like product but we'll go over it a bit more in detail in our posthearing.

MR. HENDERSON: Thank you.

MR. PERRY: I'd like to add something. This is William Perry at the Law Firm of Harris Bricken. Yes, we would call it a separate like product. I mean, one of the things to keep in mind is that scaffolding producers in the United States may not care at all about this case.

MR. NOLAN: Just for Canada and I'm going to let our guys weigh in on this for a little bit. You know, for Canada you're looking at non-residential construction. Matt Nolan for Arent Fox, sorry about that. For Canada most of it is going to be on the non-residential construction fabricated steel or light industrial, right? They also make bridges but that's out of scope.

The Petitioners this morning were almost all non-residential construction. I guess there was a little industrial going on in there but it was mostly non-residential construction which begs the question, why is all the rest of this junk in this case? Isn't this a

non-residential construction case and an industrial case, right? And are those two separate like products because you never see stainless structural steel for structures.

You would use it in industrial as far as I know. You'd never use it in the other capacity. Would you ever use an industrial plant to make structural steel for a building? They themselves said they don't put it on the same lines or in the same facilities and neither do our guys.

So there are natural dividing lines here. We will address this in the post-conference brief but clearly we're talking about non-residential construction. There's a 900-pound gorilla in here and industrial seems to be a totally separate item to be considered both by a country basis because I don't think China produces a whole lot outside of that scope, maybe with some of the stadiums but mostly I think it's an industrial product.

MR. WHALEN: Ed Whalen, Canadian Institute of Steel Construction. I would agree with the last statement. It appears from the scope that at the last brush the steel mills in the U.S. got their hands on this and threw everything that they could think of in here. Stainless steel, as a welding engineer you would never put stainless steel down the same line as a carbon steel fabricated product for corrosion, contamination purposes. So that's

definitely not like-goods.

In Canada, we ran a trade case on dumped and subsidized steel, which included a number of countries, one being China, South Korea, and Spain, and we came to the determination that fabricated structural steel for industrial was unlike fabrication for commercial, and was unlike fabrication for bridges. And for that reason we didn't roll everything in together. And for many reasons, because many of those other industries were not affected, that we decided not to get greedy and stuck to what our real pain was all about.

This particular case, by way of definition, we see some reference standards for the exclusions, but I don't see reference standards, design standards, building code standards used to help define the scope. And I think that's there for a reason.

You know, you can win a trade case and then lo and behold everything else gets rolled in after that. You know, and I'm hearing the industry's support from the U.S. side. I'm sure that if you polled the USAISC members, how many of them do stainless steel, I don't know whether there would be many, since that is the organization bringing forward the complaint.

And it's interesting. We hear about AISC and the scope and how much everything is like-goods, and why the

industry needs to stick together within the U.S., but there is--interesting that we heard that the Canadian companies are actually sharing, and we're getting a lot of help from the U.S. companies. But it seems to be just us that are the problem.

I've got an email from one of our producers in Canada that has actually a plant in the U.S. And in October they were given about 4,000 tons, and the size is growing, from a producer here in the U.S. because, for reasons that we all know and we've heard repeated times this morning, that schedule creep is a problem. So this isn't a commodity thing you can just kind of pump out more things. Schedule creep is a problem. You need extra resources, and for a particular project at the Newark Airport Expansion. This particular company got a little behind and went to our, one of the Canadian producers.

Now if we're knowing and hearing that there's so much excess capacity that's not being utilized in the U.S., why would this particular company come to a Canadian company? And interestingly enough, the Canadian company says, listen, I can't give you a lump sum price on this. I'm going to do it for cost-plus. In other words, you pay me per the hour. You pay me for my costs.

So that's obviously for not reasons of it being low cost. In addition to that, they said, well, I don't

know whether we have any--this is the Canadian producer--I don't know whether we have enough time to paint it all. So can I send it back down to you to do the coating? So, no, no, we don't have time to do the coating. Can you find somebody to do that for you?

Okay, so that company was able to find another painting contractor in Canada to do that for them. And then they said, well, since this may be running into the tariff--provisional tariff period, the Canadian producer says we're not going to be responsible for that.

And they said, no, don't worry about it, we'll take care of the tariffs ourselves. Now interestingly enough, that company is Owens Steel. And you heard from Owens Steel this morning, who just happens to be the Chair of AISC. So what is going on here?

You've got the AISC themselves subcontracting to their own people, but they're bringing a case up against Canada? That is a sham.

MR. HENDERSON: Thank you, Mr. Whalen. And obviously I would ask any party that has like-product arguments to make them in the postconference brief. We all realize that the arguments will be much more focused when we see what the Department of Commerce actually does.

Then turning to domestic industry, the Petitioner's counsel referred this morning to possible

issues of related parties and whether any domestic producers should be excluded as related parties. I would encourage Respondents to address the same issue in their postconference briefs.

MR. NOLAN: We will do so. I would comment, though, that the affiliate to some of the Canadian producers are--it's Matt Nolan again--are very significant U.S. producers with multiple fabrication facilities in a half a dozen or a dozen states in the U.S. This is not an us-versus-them situation.

This market is completely integrated on the northern side of the border, right? Canadian fabricators have U.S. operations. U.S. guys ship fabrication up to Canada. You're wanting to create this barrier with this case which hasn't existed ever. And it's been fostered for 15, 20 years of NAFTA.

They are trying to take us backwards here, and it strikes us as very odd that this case comes right on the heels of the 232 and the other trade cases, because obviously let's keep putting walls up to make it more and more difficult. And does this make a whole lot of sense?

And what are we going to do to the U.S. development, real estate development industry as a result of this? What if they start cancelling some of these projects because of all this? How many thousand union jobs are at

stake on the other side of this equation? This is not so simple as a few fabricators in the U.S. about saving their union jobs. There's a lot of union jobs in the erection side which may not be here if they stop building buildings in New York and Massachusetts because the ROI goes down the tubes.

MS. NOONAN: Nancy Noonan from Arent Fox. Just to add on, I believe the Chairman has received a letter from a union in opposition to the duties against Canada. I mean as far as I am concerned that's the first time I've ever seen anything like that.

So this again just goes to the integration of Canada and the United States. Again, the labor standards are the same in Canada as in the United States. So therefore the union is opposing this case.

MR. HENDERSON: Thank you. Then to Mr. McKinney and Mr. Salas, the issue has been raised regarding whether imports from--subject imports from Mexico would be negligible depending on what imports belong within the scope and what don't. And of course we'll want to see what the final scope is--what the scope is from the Department of Commerce. But I would encourage you folks in the postconference brief to address that issue, both in terms of antidumping standards, the countervailing duty standard, and to the extent it may be relevant, the standard, to the

extent it's different, for threat of material injury as well as present material injury.

MR. SALAS: Yes, Javier Salas. Yes, we will.

MR. HENDERSON: Thank you. And then we haven't heard anything about cumulation this afternoon, but obviously this might be a different case if imports from Canada are treated alone versus if they're cumulated with imports from China--I mean, Mexico. Obviously the negligibility issue will affect whether they are eligible for cumulation. But do the Canadian Respondents contest cumulation with the other two subject countries?

MR. NOLAN: We are going to address cumulation in our brief. There are some dividing lines here. You know, it's not as pure as anybody would like, but obviously the Canadians tend to focus in the northeast corridor and on the West Coast. I think there's some material that goes straight down to Florida, but it kind of goes all the way down to south Florida, and then their market is in mostly the Northeast. You know, it's New York, Boston, Philly, Washington, D.C., and that area where you're going to get a lot of the competition. Very similar to what was found in the 1988 case, right? A lot of the competition was in the Northeast, which is what you would expect.

There is one of the producers here at the table fro Canada who is a Western producer. And they testified

that there is an acute shortage of fabrication capacity in the West Coast.

So the focus on certain geographic areas, they also focus more on the ground residential construction, and I'd say light industrial areas. They don't do heavy industrial. They don't do things like drilling rigs, offshore drilling platforms, that sort of stuff, which is theoretically in scope, because I'm getting calls from the energy industry now about this case.

MS. NOONAN: Nancy Noonan, just to add on, we definitely think we are--should not be cumulated with China. They're more in the industrial space. They compete differently. We don't think there's an overlap in competition with China.

And if we move into a threat scenario, we definitely don't think the Canadian industry is a threat to the U.S. industry and we should be decumulated for purposes of a threat decision.

MR. HENDERSON: Thank you. And if the--oh.

MR. WHALEN: Ed Whalen, CISC, Canadian Institute for Steel Construction. Just another node on the industrial space. Prior to about 2016, Canada had a robust heavy industrial market. For reasons that Canada has lots of rocks and we kind of like digging them up, and oil and gas, and interesting enough the U.S. fabricators had about 30 to

35 percent of our market. And when we ran the trade case, the certainly had the option of trying to roll in and cast a net on the U.S. as well, but we didn't because we felt that in many cases we bid and our prices were quite alike.

I think one of the things that hasn't been brought up here in the overall scope of injury is--and we've seen it in Canada--is our volume and the amount of projects in heavy industrial has just about stopped in Canada. So that is having a negative impact not only on the Canadian producers but on the 30 to 40 percent that the American industrial users had in our market space.

So their market, which many of them believed was their own domestic market--I mean we used to kind of laugh about that; some of the American fabricators said, well, you know, Canada is my domestic market, you know, we play together and we compete together. And in many cases we joint venture together.

That work in Canada has basically dried up, for various economic reasons. We hope that that is going to turn around, but I believe that in some of your economic numbers that you're going to be looking at, you'd better take that into consideration because that's definitely harmed them. Our lack of market has harmed them. Thank you.

MR. HENDERSON: And with respect to cumulation,

I've already raised the question about the negligibility with respect to imports from Mexico, and I'm sure I don't have to encourage the Petitioners to address that in their postconference brief as well, but obviously if the Commission does not find that the subject imports from Mexico are negligible, both Mexican parties and Canadian parties will want to address the issue of cumulation between imports from Mexico, Canada, and China as well.

Now one other point. Since many of the arguments that the Canadian Respondents here have been making have addressed specifically the nature of the integrated market as we've heard between Canada and the United States, and what the Canadian producers have been doing, but obviously if the Commission decides that it's appropriate to cumulate imports from Canada with imports from China and perhaps imports from Mexico, then the Commission will be conducting a cumulated analysis and the specific issues only with respect to Canada will have a lesser role.

And I would note, and Mr. Whalen's been discussing the Canadian antidumping investigation involving imports from China, with presumably a somewhat different scope, but to what extent is what the CITT, the Canadian authority did in that case with respect to its analysis of imports from China, to what extent will that be relevant to the Commission's analysis in this investigation?

MR. NOLAN: I'll start off and then Ed can chime in. Actually, just for starters, the scope definition for the Canadians was quite a bit clearer than the one -- oh Matt Nolan, I'm sorry to answer your question, I've got to get over this.

I know, I'm looking at you, I'll keep going. The -- I think the scope definition in the Canadian case was quite a bit clearer than what we have here and quite a bit narrower which made the lives of the authorities quite a bit easier in figuring out whether there was an injury case and how it would work and what the scope was.

And all I could say is I apologize that you guys got to go through this because this case could have been simpler. In terms of the way the Chinese are -- yes, the Chinese, you know, I think the Canadian industry would say the Chinese are an issue -- they brought a case to restrict Chinese access to the market and I think that was predominantly what in the industrial space for the most part?

And so, we're not going to say that the Chinese haven't been, you know, missed grants to some extend in some parts of fair-trade patterns. Of course, we have a 301-case going and a major negotiation going on with them right now because of all the behavior in the past.

So, I don't think you're going to find

disagreement on the Canadian side, but that's a different you know, different geographic limitation, different product area -- there's a lot of differentiating factors and the behavior of Canada versus China will be quite different in a lot of ways. Now, Mr. Dougan already said that how Chinese imports have dropped precipitously, but there's something else to think about -- Canada has been in the U.S. market for like 50-60 years or more.

This is not a fair-weather friend, this is not a tsunami of material coming into the U.S. market suddenly. Canada has been present in this market since before 1984 which is the first time the Commission actually looked at this issue that I have in my history books.

It was investigated -- it was checked in '84, it was investigated in '88. Guess what -- you found no injury, no threat. There was a 201, guess what -- you found no injury and to warrant imposing steel duties in 2001. We'd kind of like to keep that trend going.

But as far as the Chinese go, we've separated ourselves from them, and I think you have good grounds to do so as well.

MR. DOUGAN: Jim Dougan from ECS, and you'll note that in the -- I mean I was being somewhat purposefully vague in addressing the record in this case one -- because it's kind of insufficient and also because it's incomplete,

we're likely to get a little bit more, so.

But all of my discussion of the condition of the industry and why I believe it doesn't really demonstrate injury isn't restricted to any one source of subject import, so it was basically accumulated injury analysis and I don't think the record supports it, whether you accumulate or decumulate subject imports for purposes of current material injury.

And it's an even weaker case on the threat side, not only because of what's going on in Canada and how they would be different if treated separately, but also because of what's going on with China and it being subject to the 301 tariffs.

MR. WHALEN: The trade case that we -- Ed Whalen, Canadian Institute for Steel Construction. The trade case we brought -- and this kind of comes back to the whole suite of the kitchen sink that's been thrown in here, the like goods -- we kind of use that terminology in Canada.

And I argue that the industrial type of product is quite unique. You won't get -- I mean we heard testimony from a fabricator this morning that did like schools, and that kind of size of things. That company would never bid an industrial project, ever.

The requirement for safety and quality control, the infrastructure, the processes that company would need,

or the series of company are totally distinct. Now sometimes really large companies that may do some heavy industrial, could sneak down or try to sneak down, but you'll find that most of those guys and gals are not competitive, because their overheads are so high.

So, I think that you can see -- is you can see behavior in our trade. If you're going to use anything from our trade case, just look at the behavior from the particular countries that we filed the case against. We didn't know when we filed this case if we were right or wrong, we just saw the prices in the industrial space -- 50% of ours, and I think you've heard that.

And what I'm hearing -- I think I'm hearing from earlier this morning is you're hearing that from the Chinese fabricators in industrial here. We saw the same thing. You're not going to find that. Most of these Canadian companies -- if their sales force left 50% on the table on a consistent basis, that salesman would be fired, but that's not the practice of the Chinese, they have other reasons why they want to go in and undercut the market.

So, what we're saying here, the difference here is that our product and our trade case for industrial is pretty unique. They're a smaller segment of the market, uniquely playing an industrial type of applications -- oil and gas.

And in our trade case we put a really tight box around things. We said its oil and gas. We had a list of about seven different types of buildings and structures, and we made sure that it was very clear what was excluded, so we excluded transmission towers because we knew that we were in that space in Canada.

We had lost that space years earlier. If we had run maybe something specific to towers earlier, maybe we would be able to get that back. But because we we're there, we were trying to get at that -- we wanted to make sure we won. We wanted to make sure we could show harm. This particular petition -- it looks like they want everything.

And I just want to stress that the -- there is, there is differences in goods here and we haven't talked about tanks, that's in here. A company that's going to fabricate tanks is not going to do a beam column job. They're not going to have the same automation equipment, though some of it may be the same, but they're not going to fill the whole shop of automation equipment because they need space and lifting equipment for heavy tanks.

So, their shop is going to be one big open shell where they're going to be fabricating large tanks -- and that's a specialty type of product, and specialty type of people and equipment to roll the plates and to fabricate that stuff.

So, I think with our trade case it shows or should show you, that -- and by the way we were the first country in the world to ever successfully get through a trade case column through the other end, so it's groundbreaking and we're quite proud of that.

But it shows that you can't look at everything as one big product. And it's not interchangeable and there's differences in engineering and design for every single thing. My engineers are going to be different doing a tank, the product codes are going to be different. By the way, I don't see any product codes.

Where's the tank codes? Where's the structural steel codes? They're not mentioned in here, they're silent. We made sure that when we ran ours it was pretty clear.

MR. POSTERARO: Joe Posteraro, Canatal. I wanted to talk about something that also stresses the difference between Canada and China and in doing so I would like to explain what the breakdown of a contract price -- when we have a contract, or a general contractor, the breakdown of that price and how it would be different than what with China.

So, in an FSS project, the raw material costs and I think the fabricators on this side and similar numbers, but I'm speaking for Canatal precise numbers. The raw material is 30% of the contract and for us and similarly for

the fabricators here, 60% of that raw material is purchased in the U.S.A.

The installation of the FSS is between 35 to 40% of the contract. Its part of our business. Most of the installation are all from American companies. Deck and joists, which is about 20% of a contract value -- mostly all purchased in the U.S.A.

The only part that we as Canadians control the labor cost, is for the fabrication, the detailing, the shop drawings and engineering. The labor cost for fabrication is 9% of the contract. That's what we control. And the detailing and engineering is about 5% of the contract.

So, labor and detailing and engineering would be about 14% of a contract value. Everything else is subcontracted out and mostly purchased in the U.S.A. So, that's a difference with China and I would like to stress one more time that the erection portion of a contract is extremely important in a general contractor or an owner giving us the contract.

It's not going to say well, your fabrication price is very good, so I'll give it to you, but your erection price is extremely high -- it's part of the total package. The erection has to be part of an FSS product that we provide and it's 40% of the contract.

And when we do our detailing and engineering

in-house, we have 120 detailers in-house, we don't subcontract it out. That gives us much flexibility and in the engineering and detailing, the way we could propose something, assemble something -- it's not that we're -- we have more tricks or more engineering capacity than anyone else, but for every project certain fabricators have an expertise so we learn from our previous projects and we can propose different things which would eventually lower the cost of the installation and that's how we obtain a lot of contracts because the installation is 40% of the value, so I just wanted to say that's one of the differences, thank you.

MR. GUILE: Hi, Kevin Guile from Supreme Group. So, Supreme is very heavily invested in the energy sector in Alberta, which we would constitute as part of industrial fabrication work. So, there's been some -- a lot of discussion this morning, this afternoon really about pricing and costs and so forth.

But I think it's important for the Commission to understand that really as fabricators, we're also erectors and at the end of the day what really matters to our clients is lowest total installed cost. That is the determining factor with respect to price, there are other considerations such as schedule and what not, but it's lowest total installed cost.

So, that is the blend of the fabrication work,

the logistics and the on-site work. So, as fabricator erectors, we're always looking for the innovation around what do you fabricate -- maybe put more hours in the shop so you reduce the cost burden in the field because the cost burden in the field is really significant -- the cost of cranes, and field labor and what not is more significant than what it is in the shop.

Now with respect to China, and why the Canadian industry went after the industrial part of China, is a lot of the procurement on industrial steel is by global EPC companies -- engineering procurement construction companies that have so-called global reach.

And they would procure fabricated steel from say China, and that fabricated steel would be built in essentially sticks -- very, very simple construction, fabricated work. So, if it fits in a seed container, it's all the individual elements, it's a cheap initial buy price and that's what the global EPC was selling to the owner.

But at the end of the day, when you shake those seed containers out and you end up with this whole mechano-set that you've got to put together, it elevates the total installed cost. So, the owner group for many industrial projects, they do not actually procure lowest TIC as they would in institutional-type jobs or commercial-type jobs. They buy the commodity from their perspective which

is stick steel in a seed container and then they do the on-site contract.

So, as steel fabricator erectors competing in that market, we essentially are only competing in the fabrication work because guess who does the erection? The global EPC on a cost reimbursable basis.

So, if there's more dollars to shake out and install on-site, they're getting compensated for that, it's not in their best interest to deliver the lowest total TIC.

MR. NOLAN: Yeah just to reiterate because Joe and Kevin -- this is Matt Nolan again, made some very, very critical points here. It's a service industry, right? This isn't a commodity steel product we're talking about. We're talking about a great deal of intellectual capacity, engineering skill, design skill, installation skill, being put to bear to create the best cost-effective measure for the developer that's putting the building up on schedule, right?

And for example, Henry will tell you the cost for labor -- New York labor for erecting a building is what -- over $100 an hour, over $100 an hour. So, you want the pieces to fit together like a glove when they get to the site, right? You don't want to have to drill new holes in it, you don't want to have to play with it and manipulate it.

He wants that building to go up immediately based on what the fabricated steel guys and the engineers have designed and put together for them and that's how they make their business model.

So, to say that you're going to look at the fabricated steel and ignore the erection part of it, or ignore the fake -- the intellectual capacity, extra skills and services that go in is a misnomer because you can't compare that, right? This is the same issue you had in the 1988 case -- all the services that went in made the price series irrelevant.

We've got the same dynamic here as we did back in 1988 and you found it then and you should find it again now.

MR. POSTERARO: Joe Posteraro, Canatal, sorry, I wanted to add on to what Mr. Nolan said. Almost all of our contracts have a clause saying "time is of the essence," and all the developers and contractors will tell you that "time is money," and there's always, most of the time -- I shouldn't say always, a penalty clause -- if you delay deliveries, delay the installation or liquidate damages -- consequential damages, it's a big part of our service and our business and so in the construction industry, when we bid a project at the beginning, the drawings are often incomplete and there's coordination to be done throughout the process.

And if you have the capacity of having inside detailers and engineering to be flexible to make these changes without causing too much delay, that's what the owners want. They know -- everyone knows there's always going to be changes, but they don't want to delay their project because they have tenant.

Time is money and the general conditions -- it could be millions of dollars per month, so that's a big factor in awarding us the contact. Every time I go to a bid contract meeting, the first thing the owner doesn't say is, "Hey, your price is 5 million, can you do it for 4.9?" That's not the first thing they say.

We spend hours, if not days discussing the scope of work, the method of work, the logistics, the schedule -- price is the last thing we talk about.

MR. KELLY: Sorry, John Kelly with Related Companies, but just to briefly add to that -- the penalties, as a developer, that we can sometimes incur or be responsible for with a tenant will sort of outweigh, even on a monthly basis, the difference between a first, second, third, fourth place bidder on a typical structural steel package.

MR. WHALEN: Ed Whalen, Canadian Institute for Steel Construction -- just a quick thing to add to that coming back to the design. I think we were kind of -- you

were kind of maybe advised this morning or stated this morning, or some people stated this morning that everything is all design from the engineer, just push it out and just take it and just build it.

It's not actually the case. The fabricators are responsible for the connection design, alright, so how you weld it, how you bolt it, the combination thereof -- the way that you end up there could be thousands of different permutations and combinations of how actually I can connect that beam to that column.

That's up to the engineering and innovation and knowledge and experience of the fabricator. Each company does it differently. There is no standard one-way, only-way of connecting a beam to a column or welding or bolting. So, that can make a difference not only in the cost of the connection, but it can even make a dramatic difference in the cost of erection, thank you.

MR. HENDERSON: Thank you, I have no more questions.

MS. CHRIST: Okay, we will need to move on, I'm sure that some of your information will be integrated in some of the other answers as we move forward. Okay, we will move to -- oh, okay, we will move to Joanna Lo, the Auditor.

MS. LO: Hi, thank you so much for helping me understand. They're quite a few U.S. producers in this

panel, right? I got that right, okay great. I'm just going to do a quick follow-up to John's question on Mr. Whalen's response, I think some others have responded.

The design can't be patented or is it proprietary? Is there any kind of distinction in the domestic-like product based on patented or proprietary connection modules or I don't know what the right term here is.

MR. KOPPELAAR: Walter Kopelaar, Walter's Group, there's nothing -- there's very few things in our industry that are patented, but there's certainly a lot of proprietary technology in terms of -- are they available in the public realm? They are if somebody goes and studies what we do from one purchase to the next and tries to reverse engineer what we do, but certainly there's a lot of processes and sequencing that we do in our company that would be unique to just our company.

And therein lies a large part of the value proposition. We don't sell a load of fabricated steel -- we sell a standing structure within a timeframe that's negotiated. So, the price of fabrication, other than being used for an accounting breakdown for billing purposes, has never been a discussion on any major project that I can recall.

MS. LO: Okay related to the -- this is the core

of my questions for my purposes. For the financial data reported by U.S. producers, first I would ask that parties in their briefs to note which questionnaires are being used because I'm not clear on Mr. Dougan's slides which ones he picked out or which ones are included and related to that.

For the folks here that are producers could you -- U.S. producers, could you confirm in your questionnaires that you only included the end scope items, no erection, no installation, no upstream architects or engineering before the fabricators did the -- I believe there's some engineering design that's in scope and not the blueprints, I guess would be the better way.

And to make sure that in fact that installation is excluded from the data set you submitted?

MR. NOLAN: We could discuss that and try to get you data, but I mean you've got to understand that they don't treat these projects separate from the erection phase. You're asking to pull a big chunk of what the value proposition out and only look at half or two-thirds of it.

MS. LO: So that, related to that, how many -- just approximately if you have that in your forefront thinking, how many AISC's certified and/or paying members are both fabricators and installers -- most of them? Or do they subcontract that piece out in a bid?

MR. NOLAN: Not sure we can answer that around

this table.

MS. LO: How about for the folks here, yeah?

MR. POSTERARO: Okay, I don't know the exact numbers, what I can tell you is that sometimes in the contract specifications, they request that an erector be AISC certified. It would have to be particularly requested in the documents.

But not all erectors are AISC certified, but they are all subcontracted and workers from the U.S.A. But sometimes they request that the erector is an AISC certified.

MS. CHRIST: Could you just give me your name quickly for the court reporter?

MR. POSTERARO: Sorry, Joe Posteraro, Canatal.

MS. LO: So, related to that, not the erection piece, but Doug's question about AISC certifications -- are all subcontractors just the fabrication piece? Are they also required to be AISC certified for U.S. bids?

MR. ROONEY: Yes, for most projects are, sorry Dan Rooney with ADF International. Most U.S. projects, AISC certification is required and you asked the question about fabricator erector -- ADF is a fabricator erector on certain projects and at other times sub's out that erection as well, so it's a complicated question that you ask.

I just want to follow-up to one other question

that you asked -- are there any patents out there? We work in a high-seismic area on the west coast and there are seismic connections that are patented, but in general it's not, it's done by each company in the connection engineering design phase and they're all responsible for that and yes, we port those connections generally, to some of the processes and experience that we have.

But also I would tell you today that drawings that are put out -- their contract documents that are put out are today, many times incomplete and so companies such as ADF goes in there with an engineering team and looks at other ways in which we can build the product -- project, that some other companies may not and we feel that gives us an advantage when we look from all the -- from bid and section all the way to project installation as well when we look at it from top to bottom that way.

MS. KANNER: Sabrina Kanner, Brookfield Properties. I have to take exception with my colleague's statements that drawings are incomplete. They're incomplete by design. We've taken the trouble and the money has been spent to bring documents to a certain level in years past, only to find that the final engineering is completed to a better degree frankly, by the vendors -- by our subcontractors.

And so, we bring our documents to market earlier

to make up that time frankly, and to allow for the final engineering and the value added to take place. I would also add that we never procure steel without installation and so that may happen within the same shop as the fabrication or that fabricator may have a liaison, but we never procure one without the other, thank you.

MR. DOUGAN: Ms. Lo, just if anyone has to add to that go ahead, I was going to address her first question or request.

MR. SALAS: So, this is Javier Salas. I'd like to add, you know a lot of small jobs in the U.S. do not require AISC certification though. Most medium and large projects will, the engineer of record will require that and that's what makes this almost impossible to what is the size of the fabricator's structural steel market in the U.S.? I don't know.

MR. GUILE: Kevin Guile with the Supreme Group. With respect to AISC certification, just so you're aware what that entails, every plant that a company has requires separate certification. So, that involves the AISC audit team coming to the facility. In our case there's four of them in Canada.

They come to the facility, they sit down with our different leaders and managers, they go through their processes, they ensure that we're conforming to what we say

we're doing. They go to the shop floor, they do those inspections, they take all of that information away and they make an assessment whether or not we meet the AISC quality certification.

And then from there we would receive the certification.

MR. SALAS: Again, I'm sorry, I'm going to add a little bit on that. We, Javier Salas -- we're also AISC certified. And the reason you would find that there is 18 AISC companies certified in Mexico and only three export to the U.S. is the reach, the quality program from AISC is having all over.

Mexican projects -- the large projects, especially those that include an international component now require AISC certification, even for in-country, even for projects within Mexico. That is why you have 15 companies in Mexico that have the certification and never export to the U.S.

MR. WHALEN: Ed Whalen, Canadian Institute for Steel Construction. Back to your standards or design-related question, there are what I call general industry standards in the U.S. There's a welding standard under AWS, D1.1. That gives you general design and fabrication, I guess if you will, practices and equations on how you design a weld. And there is also other standards as

far as for bolts and connections and that type of thing.

How you go about doing that can make a major difference in the overall cost. For example, in welding if I have a large weld to do and I do a whole bunch of small little welds with a one process, and I can do the same size of weld with a different process, I can cut the time down per foot in half or a fraction of that time.

Not every company in their shop have those different pro--those types of equipment and different types of machines, or the expertise. In addition to that, both standards allow you to go down the proprietary route.

For example, in Canada if you want to innovate and actually design your own type of weld, or weld design, you can do that. We encourage that kind of thing. It gives companies a little bit of competitive edge. So rather than using a standard fillet weld, I can come up and create my own joint geometry and my own weld parameters to improve or make myself more competitive.

So a weld is not a weld is not a weld. The final size of the weld may be the same, but how you get there can be dramatic in price.

MR. SALAS: Javier Salas again, sorry. That also has to do not only with the equipment but also with the raw material, right? In the few projects--at Hudson Yards, we have laminated columns that were 40 inches by 40 inches,

solid steel. Meaning, the original design was 10 plates of 4-inch each because of the grade of the plate.

We were able to source and procure 6-inch plate in that grade, which reduced the amount of weld. It improved schedules and we were able to meet the schedule. As I said in my statement, those materials were not available from U.S. sources at that time. That included not only the large plate, but also the jumbos white flinch beams. A lot of the beams were in grade 65, sort of jumbos in the U.S. only produce up to grade 50 back then. They started producing grade 65 last year.

We, by the way, were the first customer in Mexico to get those large beams in grade 65.

MR. GRILLO: Mel Grillo, Canatal Steel. I just wanted to address--this morning we heard from the American fabricators that they seemed to give the indication that they were losing every job to Canatal and to the Canadian fabricators.

I handle sales in the New York, New Jersey, Pennsylvania market, and I can tell you firsthand that my batting average is typical of the last five years, if I bid 10 jobs, if I get one or two I'm okay. I haven't seen that increase dramatically whatsoever. I haven't seen any trending with that.

There's many variables to winning a job. A lot

of it has to do with the erection, which the American fabricators, I didn't hear one word about the erectors. So if you have $100 million worth of work a year and $35- or $40 million has to do with the erector and the erection partners and how much faith they have in you and the ability to work with them and to trust each other, it may be losing work on that basis, or maybe winning work on that basis, but I get feedback from all the major general contractors. We worth with the Skanskas, the Turners, the Lend-Leases, and usually the group is very tight. And sometimes I win over Berlin, and sometimes Berlin beats us. Cives, we go back and forth.

So we're not getting everything we bid. We're not getting close to everything we bid. We do have spots of availability in our shops at certain times. Maybe we have a spot in August open. I'm not sure if anybody's at 110 percent capacity, but Canatal is not, and I guess you'll see that people stop bidding completely, you know, and then everybody is at capacity. But people are bidding for work six months, a year, a year-and-a-half down the road. So, you know, I think the important thing that Joe brought up before is you have to look at a package. You have to look at it as the industry. And the erectors are a large part of the industry.

We don't have an in-house erecting company. We

have half a dozen union erectors that we work with on a regular basis. We have good relationships with them. But that's part of the package. We're responsible for drivers' schedule and the detailing, the fabrication. We're responsible to manage the erection, okay, where we have people on site and we help manage the erection. And if the erectors don't finish on time, then we get the liquidated damage. We're the lead bidder. We're the fabricator.

We can try to chase our erector, but typically they're labor intensive; we're capital intensive. We have inventory. We have facilities. We have trucks. So the deep pocket is the fabricator. The erector is the lighter pocket. So the developers are all sophisticated and they're not going to, topically, they don't make the erector the lead subcontractor. They make the fabricator the lead subcontractor.

So I just wanted to just push back a little bit on that because, you know, I heard the story this morning, I think it was from Novel, they said they were given last look on a project and they couldn't move it down because it was X dollars too low. That happens to me on a regular basis. A month ago I lost--I was given last look with one of my regular clients, and we were two or three hundred thousand dollars high. I couldn't come down. I went back and went through all the numbers. We looked at it and we couldn't

get there. You know, you win some and you lose some.

There's no big advantage here that Canada has. And as Joe pointed out, the only thing we control is 13 or 14 percent of the labor. And that's not and advantage. It might be an advantage with other subject countries, but with our country, the Canadian engineers and the detailers get very similar packages to the Americans in pay raise, and our shop people get very similar--Canadian shop people get the same as the American shops.

So there's no distinct advantage. So over and over this morning I heard the bumping, the dumping, big advantage, we're losing money. I don't see it. To me there's no evidence to show it. I've experienced it, because I'm chasing work on a regular basis. I don't see this. And I think you have to--you know, that's why we're having the afternoon session, to balance everything out, but I think you have to look at the whole situation. So I just wanted to say that. Thank you.

`MR. DOUGAN: Ms. Lo, Jim Dougan, ECS. I just want to sort of--this is a big of, were jumping back in time here, but I wanted to address your first request, which was that when we present data for the postconference brief, that we're specific about what's included and excluded and how we're treating particularly domestic producer data that's incomplete or flawed in some way.

We usually do. We do our best to make sense of it, and if there's information from one part of the questionnaire we can use and the other part of the questionnaire and be consistent and reasonable, we'll do that. If we can't make sense of it or if the data are too flawed, then we kick them out. But we will be clear about what's included so that you can judge our analysis on that basis.

MS. LO: Great. Thanks. And related to that, Mr. Nolan, you had mentioned that to John's question about a domestic like product, that you think the key--I'll wait to read your brief, but if you could, if there's a distinction between industrial/commercial versus residential, but also keep in mind the mixed use like highrises. Also, there's some discussion about machine hours versus man hours. Would tonnage be a distinction? Would capital expenditure be an extension?

I'm just trying to understand, if we were to look at the data set, there's no way for us to understand how you're carving out. Just help us understand how domestic like product would be carved out based on responses. Like how would we be able to tell from producer questionnaire responses who is doing what?

I mean, there are a few that cite what they're doing, but--

MR. NOLAN: No, I hear what you're saying, and I'm struggling to find an answer. Because the way this thing was designed, did make it difficult to do exactly what you're asking us to do.

And I'm reminded of something, I think it was Don Cameron used to say this, you know, this is a preliminary to determine whether there's a reasonable indication of injury not a reasonable indication of further inquiry by the Commission. And so you've got to look at the facts as they are. And if the facts are incomplete, and if the facts are so muddled and muddied on purpose, or the way this was designed coming in, I think you guys need to think about that as a factor in this case, and whether or not there couldn't be a finding of a reasonable indication of injury, given the disparate amount of data that's being generated and incomplete data.

We have questionnaire responses that are incomplete, that aren't consistent, because people are interpreting. You're making a good point. Man hours, right? If you ask the people around this table on the Canadian side how they value this product, they look at it in terms of the number of hours it takes to produce stuff. Right? They don't look at it on a ton basis. Because one ton of steel can cost 10 hours to make or 1,000 hours to make, depending on how exquisite it is.

If you're making a curved piece for the Hudson Yards Project that does this, and has a fan assembly, or if the Mercedes Benz Stadium--have you seen that new stadium where they had this fan design for the roof going up? Do you know how much engineering work went into making that thing do that? As opposed to a 20 x 20 foot warehouse where you've just got a bunch of things going across as a girder, right? There's a big difference in the amount of time it takes to make that.

And so I'm struggling--we're all struggling with this. I wish I could give you an answer, and we'll think about it and try, but I've got to tell you, I'm not sure it's possible, given the way that the data is being produced, or the way they've got you collecting it. And I just caution you not to say to yourselves we have to punt because we don't have enough data.

They set it up this way, not us.

MS. NOONAN: This is Nancy Noonan from Arent Fox. Just to add on, the legal standard is that the Commission will determine based on the information available to it at the time of the determination.

So I mean based on the information available at this time, we've made the case that there is no injury. We don't have a bunch of U.S. producers showing up to say that they are being injured. We've got opposition to the

Petition. So, you know, game over. Negative determination.

MS. LO: And related to the machine hours, I think Mr. Dougan mentioned an IOC White Paper that measured machine hours. Would you please provide that, if you could? Or maybe IOC will give it to us.

MR. DOUGAN: Sure. No, it's on the website, but I can just--we can include it as an attachment to our brief. And they mention that a typical project is 15 to 30 man hours per ton of steel.

MS. LO: Machine hours, right? Because I think this morning they were discussing man hours, and then you mentioned machine hours.

MR. DOUGAN: I will quote it to you directly.

MS. LO: Sorry.

MR. DOUGAN: This is page 4 of a October 2018, I believe it's October 2018? August 2018, sorry, August 2018 White Paper from OIC, page 4: A typical fabrication project will require between 15 and 30 hours of shop time--excuse me--shop time per ton of fabricated steel.

MS. LO: Okay, I think that's all I have. I look forward to your briefs. And for helping me decipher which U.S. producer questionnaires we would best--best we can fix. But to that end, I hope the parties know that we're in the process of getting more revisions. So you should see more, not perfect but, you know, we're trying.

But tomorrow is the relief, and that's all I have. Thank you very much.

MR. DOUGAN: Thank you. Appreciate that.

MS. CHRIST: Thank you. Now we will turn to the industry analyst Karl Tsuji--

MS. PREECE: I had--

MS. CHRIST: Sorry, I thought she had everything answered for her. We're going to backpedal. Amelia Preece?

MS. PREECE: Sorry--get the questions in early, so I was kind to her and let her go. See, she's thanking me.

Okay, it was really interesting. Thank you very much. It's been very helpful. I asked the U.S. producer panel about these repeated bids, or whatever they are--multiple rounds of bidding, that's it--multiple rounds of bidding on a contract. And I'd like to see, or I'd like to hear from you if you think how they explained it is correct? And if you don't see it--if you don't agree with how they explained it, then if you could please explain it to me. And that would be very helpful. Thank you.

MR. CASO: Henry Caso with the Brookfield Properties. So when we receive what we refer to as an initial bid, there are still a lot of questions to clarify with regard to what's in the scope and what's not in the scope.

A typical--depending on the complexity of the project, at the scale of the projects that we're working with at Manhattan West, a leveling sheet, as we call it, could have 350 items that we need to go through on an item-by-item basis to determine whether the contractor has incorporated that in his bid, or has not incorporated that in that bid.

There's also a number of alternates, voluntary and otherwise, which we go through through the bid process to determine alternates, or accessory items that we might purchase, you know, after the fact, or changes that we might look forward to in the future, all of that happens through the multiple rounds of leveling, as we refer to it, of a bid.

And sometimes contractors will provide voluntary alternates saying, well, if you look at this a little bit differently, we could reduce our number by X, and offer suggestions on either improving schedule, or improving our cost.

Another item that, you know, we go through as part of these leveling processes, is the logistics. You know, how exactly do they plan on setting up the project? Where will the cranes be? How long will the cranes be there? And sometimes those logistics are meaningful to us because it allows us to identify what areas of the project

we could deliver earlier versus later. And the approach could be very different from bidder to bidder, and matter with regards to our consideration of award.

MS. PREECE: Thank you. That's really helpful. Can you, I mean, so how many rounds of bidding would you usually go through?

MR. CASO: I would say on average there's probably two or three rounds of bidding.

MS. PREECE: Okay, and in the last one, is it price that's gonna be the determining factor? How often is it price? How different are the prices? What's -- have you gotten rid of some people? You just say, oh, that's not, you know, you're doing it differently than, you know, this is how we're gonna -- we like the way that somebody's done it, so these three who are able to do it this way --

MR. CASO: I would first say, rounds of bids, you know, would almost indicate that we're taking numbers several times. Usually, you know, we have an initial bid. There's a clarification period and then we receive what's called the best and final offer, once we've determined that the scope is leveled between all of the different bidders.

So I would say we probably don't take more than two numbers past the initial bid. That would be kind of unlikely, you know, for it to extend that long. The costs, obviously, we're trying to hit a budget, and is always of

concern.

But when, as the panel has mentioned, when schedule is as critical as it is, we first wanna determine that that particular bidder can deliver the project on time and within the project requirements. So that becomes a very highly weighed-on factor.

And sometimes could be above price. In the case of the Northeast Tower, the bids were very, extremely close. 0.7% between the foreign fabricators and domestic fabricator. And we actually eliminated one of the foreign producers because they didn't have a viable erection piece. Or we didn't feel comfortable that they could erect the building within that time.

And the same for one of the domestic providers, right? We said, well, they're really busy. It's gonna be very challenging to deliver not one, but three high-rises in Manhattan with one group of individuals. And so we geared our attention to a vendor that had capacity, you know, to provide both the fabrication and erection piece to meet the project requirements.

MR. POSTERARO: I just wanted to add to -- the fact that we had mentioned that all contracts, the drawings at bid time are incomplete. The reasons why they're incomplete we won't argue today, but everybody agrees that they are incomplete. And the reason why they're incomplete,

the coordination with some other trades like the mechanical trades or the fa ade people that have the stone or glass on the walls.

They're not chosen yet, the subcontractors, so you don't know what type of connection and how many connections they will need to attach their production our steel. So often, the contract has a certain value, but there's either unit price for certain type of connections or there's an allowance for certain type of connections. So even the contract value sometimes is not final, even when it's awarded.

So when -- another fabricator who lost the job says, "Oh, well, he asked me to lower the price by 200,000," well, you have to compare apples with apples. Maybe it wasn't 200,000. How do you know that he was not just trying to get a lower price? Maybe that wasn't the price. It was just an offer. And the contract could have allowances, unit prices, alternate prices, so it's not even final when the contract is awarded.

So you can't really -- the only time you could really compare, if you had to compare, if there's unfair trading going on, is you have to take all the bidders' prices, interview every one. "Why is your material cost this much lower?" "Why is the erections higher?" "Why do you estimate 10,000 hours of fabrication?" "Why do you have

15,000 hours of fabrication?"

There's a whole process and many times the explanation will be, "Well, we're gonna assemble this piece in our shop," and instead of doing twenty lifts in the field, the erector has one lift with the crane. Because we assembled it in the shop at a rate of $60 an hour, where the erector is at $120 an hour. So there's strategies. It's not that we're always got the right strategy, but sometimes we win, sometimes other people win. Everybody has their own strategy for every project. That's the fact of our business.

MR. GRILLO: I think the implication was, this morning when they go through these multiple rounds, the Canadians are at an advantage and someone said, I think this afternoon, if there's six erectors or six fabricators, whether they're the Canadian, Mexican, Americans, it doesn't matter. The GCs, the CMs and the developers, they go through this process all the time and the process, it's getting worse from our end. They're going through many more rounds.

It used to be one or two. I just finished the job that we lost. It was up to the sixth round. It went, like, seven months. And they just, it's just the, you know, it's the nature of the beast. But it's applied to all the fabricators equally. They're not picking and choosing, and

there's no disadvantage to the American fabricators in this process. And for them to -- there is not, period. You know, it's very straight out. Thank you.

MS. PREECE: Thank you. What you spoke about, Joe Pos-, oh, all right, sorry. Anyways --

MR. POSTERARO: I can say my name many times. So Joe Posteraro.

MS. PREECE: Posteraro. Thank you. I'm very bad. Thank you. What you were talking about with bidding is sort of where I always find collecting bidding, price is a problem because you get five different bids and they all have something different about them, and I'm not sure whether -- it seems like erection is not included in the products that they're talking about? So we'd have to take erection out, but then we have this problem that you may include something in your production that's not in the erection. Anyway. I'd like you to talk more about that, just a little bit. Thank you.

MR. POSTERARO: Almost all contracts, emphasis contracts, have the installation included. Including the petitioners. Installation is 40% the contract value. And it is one of the key differences in the methods of installing. And it starts with the design of the connections as Ed was saying, and that can affect the installation in the field, how we assemble it in the shops.

At bid time, installation is 99% included, all the time. Then you go to a scope review meeting and then you see if you included -- sometimes there's miscellaneous, little -- the owner or the general contractor wants to make sure you got all the little aspects. Sometimes it's not clear if some steel is painted or if it's galvanized. You have to clarify that.

Then the schedule is extremely important, one of the top topics all the time. "How will you maintain the schedule?" "How will you feed the two cranes or the three cranes or the six cranes that are on site?" You cannot delay. Then they want to make sure that the erector has enough men on the time that they're supposed to install to maintain the schedule. So the erection is always part of the first bid, the second bid, the third bid, all the time.

I was trying to say that in the end, when the contract is awarded, the final, final, final price is not necessarily determined. Because there's allowances, unit prices, alternate prices, and ultimately, there's some change orders.

But the client also, I think, wants to feel comfortable with the fabricator that when there's changes, the job is not delayed for every single small change that they make. They wanna have the smooth flow, and there's always changes. So that's what the meetings are about, the

first time, second time and third time.

MR. DOUGAN: Ms. Preece, and the industry folks can speak to this more. This is Jim Dougan from ECS. But I mean I think what we're hearing is that the reality of the conditions of competition in this market place and the dynamics that determine whether a bid is won or lost, are so much more complex and comprehensive than the comparison of the dollar per ton price of the material, that doing so as evidence of price effects or the ability to penetrate the market is ill-conceived and not consistent with the market experience of these folks, or how business is done.

MR. GUILE: If I could just expand on the contracting methodologies, it's very seldom that we will provide a price that is a fully compliant proposal. In other words, it's very seldom that an owner or developer or general contract has fully formed documents and all you do is you put a price on the bottom and you say, "Here you go. I comply with everything that you're asking."

They come out with either requests for proposal or request for quotation. Because they don't know how to get from A to B. So if they have four or five bidders on a job, what they're trying to do through these rounds of discussions is align the non-compliant bids that they've received from industry to see what's the best mix to deliver the end result.

So on a public works project, we might have what we call a Rip & Read, which means there are no qualifications, no clarifications, it's the final price and that's it. But those drawings are very, very, very well-developed. That's not necessarily indicative of what goes on in the industry.

So as Sabrina said, it's more about getting the right partner, the right subcontracting group on board to help you get to the end result. And that's where all these clarifications and qualifications get resolved through the multiple rounds of these discussions.

MR. WHELAN: One of the things I've been hearing internationally is completion of design drawings. And it's not that the consulting engineers that are doing the overall concept design want to send them out in a noncompleted state, but they typically are being pushed by the owner/developer to hurry up and get them out there. And then we'll worry about the change orders or changes as we go. Speed and speed and speed and speed are very, very important these days.

The unfortunate thing that many owners don't understand or realize is that the less completed a drawing is at the bid stage, that it's probably gonna cost them a whole lot more money and maybe more time at the end. And one of the big education pieces we're doing in Canada is

trying to educate the owners and just taking a little bit more time in your design and you'll get a more accurate end total end cost of each of the materials going into the project at the end.

But unfortunately that's kind of a difficult challenge at the moment because the timing seems to be, "Well, if we get it out there faster, and we'll just get them to do it and we'll worry about the cost at the end of it" seems to be kind of the mentality at the moment. So that's, sometimes we're even getting a download of risks where you get a drawing saying, okay, well, it may be 75% and then say, "Well, you have to give me the total price, even if there is changes." It's implied.

So, "What is your final price? You don't get any extra more money. Put in a price what you believe you need to fill in however much you need to fill in," because this is basically kind of what we want. And so there your price is all over the map. So it's basically who has the experience to kind of figure out what the engineer and architect want and who wants to assume the most amount of risk.

MS. PREECE: Okay. Since it seems like the U.S. petitioners are wanting to use, or at least I've asked them to explain the use of the bid data. I would also ask you to discuss whether or not we should use bid data. It does

sound like you think that's better than the price data we've got right now.

But also, I'd like you to provide us with some analysis of what problems there might be with the kind of bid data that we will get so that we can look at it more as well as we can. Because I've done cases where we've had bid data. And it was -- we had two people working on the case and one person worked on the bids and it was -- I felt like at the end it was a lot of work and totally useless. There you are. Totally useless.

So anyway, we may have to collect bid data, but I don't want to spend huge amounts of time and effort and then have everybody say, "Well, bid data's the best data there is, but, you know, it's totally useless," that may be. And we may have to collect it that way, but then I don't wanna have to be spending huge amounts of time making it useless, but making people happy about it being useless. So I'd like to get that.

MR. WHELAN: I'm gonna bring back to our particular trade case in the industrial, 99%, if not all of the industrial case projects and projects that we dealt with on our industrial FISC case involved supply only. And there were separate contracts for the erection. So they were separated. So it was a very easy thing to evaluate prices.

What you're looking at is an environment in North

America in the scope as it's currently defined, where you really tend to get more of a total installed cost type of evaluation. So it's, it's just not, just peel it out and look at what the fabric-, you've heard this already, it's not just the fabrication costs as far as bid prices. What is my total install cost?

And that's a little bit different than what the scope is here. And that's the challenge here about just now using bids. Make sure that you use the bid on what's total cost, because what you've heard, you've had, it's a project solution. Because the fabricator's responsible for the completed project.

In our industrial FISC case, fabricated industrial steel components, it was separated. And the erector didn't necessarily care and the fabricator didn't necessarily care. So that was -- there's the apples and oranges.

Here you've got most of the thing saying, "I'm responsible for the total building upon completion," and whether you like it or not, if you're going to do a true analysis, you're gonna have to look at total sold cost for the erection part of it.

MR. DOUGAN: Ms. Preece, if I can -- this is Jim Dougan from ECS. I've done cases with bid data too and I feel your pain. It can be a lot of work to clean the data

and to get things that you could even view as comparable.

But I think, you know, as I mentioned earlier and as I think these folks are saying, certainly with respect to non-residential construction and types of buildings and projects that we've been talking about most here, you know, that is how business is done.

I mean it is a complete package. It isn't in many -- in most cases a distinction between okay, there's going to a contract for erection, there's going to be a contract for the materials and for maybe the other components that go into the complete package.

So, to understand why a bid may have been won or lost, why that business may have gone to one bidder or another, you have to consider all of the factors. But then that raises an interesting question with regard to the law and the economic analysis because if somebody's better at the erection services or can meet the schedule, is that unfair trade by reason of pricing of the subject merchandise?

I mean I'm not an attorney but that just seems like if that's the competitive dynamic on the way that the business is done, and you can't -- and in fact the purchasers don't consider separately the raw material, if it's only 30% of the overall total installed cost -- how do you find injury price, you know average price affects by

reason of subject imports? I don't think you can.

MS. PREECE: Okay, one more question. I think I don't want you to answer it, but I think I heard somebody say 99% was -- of the contracts include installation. And so I want to make sure that's correct and then I want the U.S. producer Petitioners to indicate what they think percent of the contracts come with including installation just so that we have whether or not there's agreement.

And so, I don't -- I really don't want to have you tell me because I think that's a number and you can work it out yourselves and give me it in the -- in writing. Give it to me in writing.

MR. SALAS: So, Miss Preece, Javier Salas.

MS. PREECE: Yes.

MR. SALAS: I am the 1%.

MS. PREECE: You are the 1%?

MR. SALAS: Yes, related decided to split the fabrication and erection.

MS. PREECE: Okay.

MR. SALAS: So, for Hudson Yards, we only supply the steel. We supply the coordination services, and then a U.S. company erector our steel.

MS. PREECE: Okay, okay.

MR. POSTERARO: Joe Posteraro, Canatal. Just for the record I said the 99%. I was speaking for Canatal, so I

need other -- maybe other fabricators can --

MS. PREECE: Okay, well I would like -- I don't want you to tell me because that will take an hour, and we're already -- I want to go to the gym, I've got my exercise class begins. I mean, yeah, I don't look like it, I know that but -- yeah, I got to do it.

Okay, also I'd like you to do in your brief a discussion of substitutes, how good are these concrete rebar things that's right across the street. It may be subject, it may be not subject outside work of the -- where the catwalk, whatever that is, yeah that stuff -- scaffolding, that's it scaffolding construction that -- we've got a construction across the street so anyways.

So, what are the substitutes? And of course, it may make a difference whether or not scaffolding and mono poles are included in the product, but I don't know what they are so maybe you can tell me every six ways from Sunday to make this as clear as possible.

MR. KELLY: So, Miss Preece, John Kelly with Related. Just to briefly touch on your question regarding substitution of concrete for steel. Commercial high-rise buildings in Manhattan have traditionally always been steel. We did, however, recently construct two commercial high-rises out of concrete, totaling about 2 and million square feet of construction across two buildings and that

was driven by at the time, certain union considerations and also by economics.

MS. PREECE: Okay, thank you. That's very helpful and I would like more on that as from everybody but not in words -- not in words, but not oral.

MR. DAVIS: This is Gary Davis from Direct Scaffold Supply, in regard to the scaffold part.

MS. PREECE: Uh-huh.

MR. DAVIS: It's basically vertical and horizontal members that are repeatedly manufactured over and over that are put together for access -- to give you access to anything, whether it be a building, a refinery and it's taken down and moved to another project and we can give you catalogs and pictures and drawings or whatever you want to see how it's so different than FSS.

MS. PREECE: Okay, okay, thank you. I've asked a number of questions of the Petitioners. My brain is sort of stopping now, so if you can -- if you get, if you can answer them as well, I'd appreciate it. That's yeah, yeah, so let me shut up while I'm still here.

MS. CHRIST: Alright we will move on to International Trade Analyst, Karl Tsuji please?

MR. TSUJI: Thank you Miss Christ and thank you for the panel witnesses for being with us this afternoon and bearing with us through this staff conference. I only have

two questions for the witnesses, and I'll try to make them as concise as possible.

You heard this morning when I asked the Petitioners witnesses about the extent that Canadian and Mexican fabricated structural steel producers use the same fabricating processes mentioned in the revised scope and that -- do they produce the full range of fabricated structural steel products and would they be bidding on the same types of construction projects?

So, if anyone either wants to answer that orally or you can put that into your post-hearing brief, I would appreciate it, and then --

MR. SALAS: This is Javier Salas, Corey. We do participate in all segments of fabricated structural steel. We actually prefer bridge work, it's a lot more profitable, fewer producers, and it has a little more value added, typically as sophisticated paint as well.

In the U.S. we have not participated on bridges for a lot of reasons, but the Mexican market is very healthy, and we intend to continue concentrating on that.

MR. TSUJI: Yes, sir?

MR. WHALEN: Ed Whalen, Canadian Institute for Steel Construction. Briefly, as I alluded to earlier, there are fabricators that can do the whole suite of products or sectors, but the majority of them cannot for a number of

various reasons.

For example, a small medium to small company doesn't have the expertise or ability or capacity to do a high-rise. Many companies don't have the equipment or the ability or the need to do three plate girders. Many of them don't have the size of shop or the expertise to do tanks.

Almost all of them don't do stainless steel, though some of them do. So, I think to briefly answer this, it's a yes or no, very few of them do all of them well and efficiently and cost-effectively, but some of them can.

MR. SALAS: I would like to clarify that we do not do stainless steel. It's -- we do bridge work, we do commercial and sometimes industrial.

MR. DUSSAULT: Serge Dussault, Canam. We do fabricated structural steel in bridges, we do both -- both sides of the border -- Canada and the U.S. One project that was shown this morning the L.A stadium roof -- we've worked on it also. We would have liked to have it, but we didn't get it.

The roof part was more like a bridge portion, it's all assembled piece out of plate so the bridge is excluded from this petition, but one of the projects they use is more like a bridge-type fabrication and structural steel.

MR. TSUJI: Alright, thank you very much. My

final question again, the same one I asked of the Petitioner's witnesses this morning, is if you can comment in your post-hearing briefs about the potential impacts of the new United States Mexico Canada Agreement, USMCA, specifically the new rules of origin with the regional value requirements for use of steel in fabricated structures.

MR. NOLAN: We'll address that -- this is Matt Nolan, we'll address it in the post-conference. Of course USMCA has been signed, but not ratified by any of the parties and we've got a ways to go before the Congress gets to it, so, you know, we're not holding our breath -- at least me, as one of the people that was involved in negotiating the original NAFTA, we're not holding our breath on how quick this one is going to be put into force.

MR. SALAS: Javier Salas, I'll be a little more optimistic and I think it's going to be ratified, and I certainly hope soon. It is a big change -- regional content went from zero % to 70% by weight or 60% by volume. We welcome that move.

We prefer to source all of our material from North America and we welcome the move from nuclear matter to start producing grade 65 beams last year and we welcome their announcement to build the new plate mill that will produce up to 10 inches, so we're all for it.

MR. TSUJI: Yes, sir?

MR. WHALEN: Ed Whalen, Canadian Institute for Steel Construction, noting that for almost ever -- or just maybe to back up the Canadian steel mills in general do not roll construction-grade steels and our past practice -- I believe it's the American mills have at least 70% or higher market share in the Canadian marketplace, so therefore rules of origin, you know, bring it on.

We do that -- we purchase the majority of our steel from U.S. mills anyways.

MR. TSUJI: Okay, thank you very much for those responses and Miss Christ, I have no further questions.

MS. CHRIST: Thank you, we'll move on to industry analyst Pedro Cardenas.

MR. CARDENAS: Hi, good afternoon everybody. I have three very quick questions. One is specifically to the Mexican industry. Would you be able to submit contact information for the Mexican steel construction industry? I think you guys are the (Speaking Spanish).

MR. SALAS: Yes, we do have one however, we're not members for example.

MR. CARDENAS: You're not --

MR. SALAS: It's also very fragmented.

MR. CARDENAS: Okay.

MR. SALAS: We can definitely contact them, you now, the AISC lists the 18 companies certified by them. We

know of another maybe 10-12 fabricators, we can put together a list.

MR. CARDENAS: Yep, that would be perfect if it could be submitted in the after-conference brief. This is for both industries. Are you guys aware of any anti-dumping or countervailing orders in third countries such as Canadian anti-dumping duties in say the EU or Korea or anything of that nature?

MR. WHALEN: Ed Whalen, Canadian Institute of Steel Construction. Are we -- I guess the question is are we restricted in going anywhere?

MR. CARDENAS: In other countries, for example Korea?

MR. WHALEN: No, we're not, no.

MR. CARDENAS: Nothing?

MR. SALAS: Not that I'm aware of, no.

MR. CARDENAS: Okay, and lastly, would you both be able to provide some sort of market information such as possibly capacity, production, how much you export, domestic consumption -- things of that nature in the post-conference brief, would that be possible?

MR. SALAS: This is Javier Salas, there is possible with what I would assume is incomplete data right? We have -- and everybody here has access to the AISC presentations, you know from past years saying the size of

the market in the U.S. is close to 8 million tons and other things like that.

MR. CARDENAS: Right.

MR. SALAS: We can also include it from Mexico.

MR. CARDENAS: Right, that's what I'm asking for.

MR. SALAS: Oh, sure.

MR. CARDENAS: Particular countries, if you guys could provide some.

MR. SALAS: Sure.

MR. WHALEN: Ed Whalen, the Canadian Institute of Steel Construction. Unlike the U.S., Canada has very limited companies, organizations that collect data. Our organization doesn't collect any sort of tonnage information from our members unlike the American Institute of Steel Construction where actually their fees are based on a tonnage model, ours are not.

So, we kind of struggle. We're kind of envious in a little way about government doesn't seem to want to collect data, and there doesn't seem to be any third party and a majority of the fabricators keep that information as proprietary or not proprietary, but confidential.

So, we don't have you know, one of the biggest challenges we have is trying to show our market growth compared to other building materials like concrete and whatever and we struggle with that to be quite honest.

So, I have to admit that I wish I had the data. A lot of our members are trying to say well, what's the value of the organization if you can't prove where the market share is going, but unfortunately, we don't have that information.

MR. CARDENAS: Okay.

MR. WHALEN: So, whatever we've collected through these petitions and I don't want to speak for you folks, for everybody else, but I think that's probably the best data we have.

MR. CARDENAS: Okay.

MR. SALAS: And as clarification, I'm sorry -- Javier Salas, as clarification for that to that point. We will be able to provide that from Canacero, but I don't know how reliable that data would be, okay?

MR. CARDENAS: Okay, that works, no further questions.

MS. CHRIST: Thank you, we will now turn to the Supervisory Investigator Doug Corkran.

MR. CORKRAN: Thank you very much and thank you to the panel for your testimony this afternoon, it's been very helpful. I only have two questions and the first is essentially by order of summon up -- there's a three-day period we have before your briefs come in, so I want to be able to use that time.

Please feel free to correct me if I'm misstating the particular data issues that we'll be looking at. As I understand it, one argument regarding the domestic-like product is that if -- if scaffolding is included within the scope of the investigation, then it is arguably a separate domestic-like product.

Second, if mono poles are within the scope of the investigation, then they should be considered a separate domestic-like product.

Third, industrial and commercial fabricated structural steel should be considered a domestic-like product. Fourth, in terms of data, but of a little bit different nature, with respect to product originating in Mexico, if it is exported by a firm that is not AISC certified, it is unlikely to be fabricated structural steel.

Have I touched on the main products/data arguments?

MR. SALAS: Javier Salas, from our perspective, yes.

MR. NOLAN: And we'll be making additional arguments on the record as we have discussed -- this is Matt Nolan, earlier in the day about the incompleteness on the U.S. questionnaire responses, the incompleteness of the data that are in the responses that were submitted, the inconsistencies in the data that was submitted, and the

problems that's creating for you and for us to try to create a meaningful evaluation and argument in front of this Commission for the prelim.

So, you know, there are significant problems with the paucity of data submitted, with the quality of the data of the paucity being submitted, and the fact that major players such as Shuff, didn't bother submitting a questionnaire response even though they're not a mom and pop shop -- they're one of the biggest fabricators in the United States period.

MR. PERRY: But Doug, I would just make the -- we will be making the strong argument that scaffolding is not fabricated structural steel. We'll be mentioning that in the context of like-product. But also, more importantly, we're going to -- oh, okay my name is William Perry, from the law firm of Harris Bricken, and also making the point that it is so completely different and all the data coming from 7308.4 is scaffolding, it is not fabricated structural steel.

MR. CORKRAN: The last -- the last request I have is with respect specifically to the industrial versus commercial fabricated structural steel distinction that was raised this afternoon, could I please get a definition of what those terms would mean based on the current scope -- how the current scope would be differentiated by those two

terms?

That could be done now or if not, could I get that via email such that we could release it under APO so that everybody is at least working under the same definition of those two terms? Yes, sir?

MR. RAMIREZ: Carlos Ramirez, I am going back to your first question. My company's AISC certified, but I don't produce FSS products. Actually, my customers that are the utilities, they don't require that we have to be AISC certified. This is for mono poles, for the transmission poles.

The only reason that we got certified is because we like the procedures that they have for weldings, and stuff like that. It used to be more organized, but not because it's a requirement by my industry.

MR. SALAS: Javier Salas, also clarification of that point. Postus is certified as a component manufacturer, not as a building fabricator of structural steel.

MR. NOLAN: So, we'll -- this is Matt Nolan, we'll try to tackle this and try to get you a definition but what just strikes me, I guess, as we talk about this -- non-residential construction. It's building an office building or an apartment building or a skyscraper that people live in, work in, do things in, go to the mall in,

right?

Industrial -- it's a petrol chemical plant, that's a drilling rig, that's something -- a tank that you're building in a shop that's used in a cement plant, right? That's industrial, it's used for a purpose -- a structural vessel or a structural element that's used to hold things like a drilling rig, right?

The fundamental difference to me -- non-residential, you can look at non-residential construction, look it up. You think building, right? I think building. It's a pretty simple straight-forward distinction I would make and if you start talking now you can put a tower on top of a building and call that part of the building.

How often are we going to be doing this, right? How often is that kind of exception actually going to apply? Very, very rarely. So, let's try to keep it simple. Let's try to keep it clear for once and maybe you'll get some data that actually makes some sense.

MR. CORKRAN: Okay, thank you and with that I have no further questions.

MS. CHRIST: Thank you, before I continue let's see if there's any last questions?

MS. PREECE: Yeah, cost share of structural steel in the building -- we've got some people who actually do the

building's buildings. I don't want you to tell me now, I want it in the brief, so I mean yeah, I'm sorry it's past my bedtime, thank you.

MS. CHRIST: Alright, before -- I have just a few questions. The first one for post-conference briefs. If all parties including Petitioners, if you could provide a quantitative, cumulative estimate of the various tariffs that have so far been imposed, the 232, the 301, if you could identify the tariff on the input and the tariff on the subject product and if there's a way to provide a cumulative effect -- I think it was touched on briefly a little bit here in some of the opening comments, but it would be helpful to know how those have worked their way through from the tariffs to, sort of the final projects.

Particularly, if any of the projects are indexed or fixed to steel prices and how that plays through. The second question again if you have a brief response, it's great. If not, post-conference briefs are fine.

To the extent that you could explain the role that the size of a producer's network is taken into consideration during the bidding process -- some people mentioned the network that they bring to the table. If you could provide some comment on how that affects the bid process and the review of the bids?

MR. DUSSAULT: So, Serge Dussault, I can comment

on that. We have 8 fabrication shops in the U.S. and one in Canada. Additional to that we have bridge capability in Canada and in the U.S. so when we present to a client for a large project, I guess they feel more comfortable if we have large capacity internally than just a single shop.

MS. CHRIST: Thank you, and another question I --

MR. SALAS: Excuse me.

MS. CHRIST: Sorry.

MR. SALAS: Miss Christ, Javier Salas, also on that topic there was an earlier comment that for instance we got Hudson U.S., we had an office in New York to coordinate the project. As soon as Tower A got finished, we closed that office.

We don't have a sales office in New York.

MS. CHRIST: Thank you, I believe as Miss Kranner -- Kanner, sorry, you mentioned that there's I think, I believe high-rise structural steel market was the term you used, to the extent that there are specific sub-markets, if those could be identified and the differences delineated in any post-conference brief, just so I could understand.

It sounded like you were referring to high-rise structural steel market as a sub-market potentially with its own kind of characteristics. If that's true, if you could elaborate on what other kinds of sub-markets there might be in this area.

MS. KANNER: Sure, well we do consider high-rise structural steel as its own market within the structural steel industry. You've heard today about many other types of structural steel products that are produced and delivered and they're nothing like the high-rise structural steel project.

Very unto itself, its own characteristics, requires its own set of skills and engineering frankly, as well as production lines. Have I answered your question?

MS. CHRIST: Yes, thank you and if there are others, I think I've heard industrial and non-residential, but to the extent that those segments or sub-markets can be flushed out in the post-conference brief, that'd be helpful.

MR. ALTSCHULER: Excuse me, just one -- Irwin Altschuler, just one point of clarification. Since mono poles and my client's products are not involved in buildings, I don't want a non-response to be taken as unresponsive, so.

MS. CHRIST: Oh, that's okay, I use not-applicable all the time when I'm responding.

MR. ALTSCHULER: Okay, so you understand we'll just mark it that way, okay?

MS. CHRIST: Yeah.

MR. ALTSCHULER: Alright?

MS. CHRIST: Yeah.

MR. ALTSCHULER: Thanks.

MS. CHRIST: So, that's all the questions I have. I know we're getting a little bit late. Thank you very much for your patience as you can tell from the bouncing around and such, we were very eager to understand the industry and to get a broad and fulsome picture of what's going on in the fabricated structural steel market.

So, I appreciate the time that you've taken and the patience with our questions as we really try to understand all the aspects of this market, so I think we're done, and we can move to -- we can proceed to rebuttal and closing remarks.

MR. BURCH: Closing and rebuttal remarks on behalf of those in support of the imposition will be given by Alan H. Price and Christopher B. Weld of Wiley Rein, LLP. Gentlemen, you have 10 minutes.

MR. BURCH: Would the room please come to order? You can start when you're ready. Can you turn your microphone on?

CLOSING STATMENT OF SETH KAPLAN

MR. KAPLAN: This is Seth Kaplan from International Economic Research. I'm here to talk about two things. First, the data and then second, the effects of the absolute volume of imports.

With respect to the data, the Commission is

facing a situation of an industry with many, many producers. And even the largest of those producers don't have market shares which are consistent with the coverage the Commission gets in many cases with a few numbers of producers.

The Commission facing that to size the market, we put together a formula which we believe says how much domestic excess is produced. It's based on a similar type of situation to size the market in the original investigation.

We worked hard at that, we spoke to people in the industry and people in steel and we tried to give you the best formula we could, and we think it's reasonable and we think it's also consistent with what's finally going on in the construction industry from statistics by the government.

With respect to the collection of data, the Commission sent out -- I can't say how many, I think that's confidential, but an extraordinary number of questionnaires. And they sent it out to the large players and other players. We think the people that returned it were generally the larger among that group.

If you want to get the coverage that Mr. Dougan wants, figure about sending 500 more out. We think that the market is sized correctly with the formula and that the information in those questionnaires is generally consistent, and it gives you good information and a good sample for

profits and pricing.

So, the Commission's going to have to decide how many more questionnaires they want to send out. As I said, I did the cattle case -- there were a million ranchers, they didn't send out any, the government kept statistics on cattle.

Here we don't have those statistics and I think we're doing the best we can, and I think you're doing the best you can. We're happy to participate if you want to send out more questionnaires, but you know that as you move further and further, the size of anyone responding will be tiny.

With respect to profits we believe that the data you got back is consistent with what we've seen in AUV's, what we've heard from market participants, what we've heard from the Association and we think that some of the discrepancies you might see have to do with timing issues, about what inputs are purchased and when product is shipped.

To the extent that there are other issues, we said we'd be happy to work with you on that and we think the trends are consistent with what the market looks like. With respect to pricing, we chose pricing products in the industrial sector that are used heavily, we broke out structures on the commercial side in the same way the Association does.

The data showed significant underselling which was consistent with what we've heard from our clients in the industry and was not rebutted as -- in the afternoon that the imports are successfully bidding.

And in fact, it was said when they bid and when it's based on price. With respect to how prices are collected, people talked about and the units -- people talked about collecting total cost. That cannot be done because it includes non-subject product.

Your job is to measure the -- and our job is to measure the price of the fabricated steel, not with extraneous stuff, but just that. You will get it remanded in a tenth of a second -- I'm not a lawyer but I've seen these enough times.

You have to study and investigate the product under investigation. What I understand from the Petitioners is that they can break-out the fabricated steel component from the erection component in a total bid -- that is not hard for them to do, at least the larger ones I spoke to.

So, I think if you collect the data, you can collect it that way. You don't want to collect bid data that includes non-subject product and finally, in the case in chief, the volume of imports is significant in and of themselves. The multi-run bidding process produces lower prices and head-to-head competition. Without that volume of

imports here and without that bidding, the domestic industry would be much better off.

There'd be many more jobs, there have been material negative effects from the lost sales and lost revenues, given the way the market functions to create the lowest price for any particular project most of the time, thank you.

CLOSING STATEMENT OF ALAN H. PRICE

MR. PRICE: Thank you Seth, let me just hit a couple of quick points. I love Mr. Dougan's term on page 7, too bad he's plate, because in fact the principal cost component is going to end up being structural shapes -- structural shape prices, by the way, collapsed in the fourth quarter of 2017.

MR. BURCH: Okay, can you repeat that into the microphone?

MR. PRICE: Structural shaped prices collapsed in the fourth quarter of 2017. So -- as did most steel prices, and he cherry-picked something to create a trend there that was useful for him.

Let's move on to scope for a second. Scope covers fabricated structural steel, AICS certification is not --

MR. BURCH: Could you speak into the microphone please?

MR. PRICE: AICS certification is not a scope requirement regarding like product industrial, institutional, conventions, centers, stadiums, manufacturing plants, chemical plants are all part of a single product continuum.

There are no break-offs, there are no differences, those things are all part of what this scope is. So, it is far more than -- it is far more than industrial. It's far more than commercial. In fact, there's just a wide or high-rises, in fact there's a really wide range of products across the industry.

In terms of industry support I think what the Respondent's failed to tell you is of the questionnaire responses you received, they showed overwhelming support with the exception of those with -- who were essentially owned by the subject suppliers.

So, and the coverage I would say is close to that in the tomatoes case from Mexico for a prelim, the Commission has -- Mr. Kaplan pointed out, faced with a large number of people in this disparity and the industry did use a sampling technique here so again, that affects the sample size as Mr. Dougan would say.

I'll address negligibility in our post-conference brief. We fundamentally disagree with a number of the things the Mexicans are saying here, but we'll get to that.

And in terms of capacity and available and subcontracting and specific jobs for example that were lost, we fundamentally disagree with some of the anecdotal stories, and will address those again in detail in our post-conference brief.

Because in fact, if you listen to the Respondents, some how or other everything was about anything other than price. And that's just not the case in this industry whether multiple rounds of bidding and prices keep on getting driven down and indeed that is the entire purpose of the bidding process here.

And, I will say that not one developer or fabricator came in to say they got the job at a substantial premium, that's because the subject imports drive down prices, and that pricing information shapes the bidding process for the next job. And this is one continuous market that is tied together entirely.

So, thank you again for the hard work in this case. As you've heard this morning from the panel, the domestic industry badly needs relief from unfairly traded imports. The witnesses this morning are a good cross-section of the industry, both large and small, their testimony reflected in their preliminary questionnaire responses as well, confirm their testimony which was overwhelming support for the petitions.

The subject import volumes are significant. They're significant by trends, they're significant absolutely, no matter how you look at it. There were significant price effects as confirmed by the overwhelming pricing data that you received showing massive price underselling, the fact that prices are driven down by multiple rounds of bidding and that prices are obviously a key part of these bidding determinations that are out there and obviously critical.

In terms of impact the impact to the domestic industry is clear. The questionnaire responses show that there have been significant negative impacts, particularly in the financial areas as well as to individual plants, shutdowns, curtailments, et cetera.

In terms of threat, the domestic industry is clearly threatened with injury. In fact, the Canadians more or less conceded that in fact their market is weak now. We would provide more information about Mexico and certainly we know the Chinese construction market is also weak.

Industry is clearly threatened. The Mexicans also basically recognize that their imports will also imminently increase given the recent projects that are out there regarding threat. So, there's more than a reasonable indication of material injury, and it will only get worse without relief.

There's also a reasonable indication of threat of material injury from all three countries and the decision should be made on accumulated basis. The Respondents presented no credible basis to keep this investigation from proceeding, thank you.

MR. BURCH: Closing rebuttal remarks on behalf of those in opposition to the petition will be given by Matthew M. Nolan of Arent Fox. Mr. Nolan you have ten minutes.

MR. NOLAN: With the Commission staff's indulgence, I'm going to have Mr. Kaplan, or Mr. Dougan and Mr. McKinney with me because they want to make a quick statement, is that okay with you guys? Alright, Mr. Dougan will go first.

MR. DOUGAN: Jim Dougan from ECS. I'll try to keep this quick just to rebut a factual point or factual mischaracterization that Mr. Price made. First of all, with regard to the chart on -- I believe it's slide 7, with the plate prices. That is a relevant metric for the industry because the plate prices, according to the questionnaire data, account for maybe about 15% of raw material costs.

The Commission released these data from the American metal market, so you all clearly thought it was relevant to your consideration. And, I did acknowledge in my testimony that shapes were a key input in this, but those

data weren't as readily available.

And finally, if the shapes costs collapsed in the fourth quarter as Mr. Price says, perhaps he can explain how it is that the industry's unit raw material costs increased by 25% in the fourth quarter.

And if so, CCL's prices aren't relevant to -- and that spike in prices is not relevant to the Commission's consideration of injury and causation and if shapes drives everything, and those prices collapsed, then how did their raw material prices go up by 25% in the fourth quarter -- that would be an interesting explanation.

But anyway, we think that's all relevant to your consideration and I will turn it now to Mr. Nolan.

MR. MCKINNEY: Sheridan McKinney responding to just a couple comments that were made during the rebuttal. We brought witnesses here today that told you that when they bid and they win, they win on scheduling, they win on value engineering and they win on related services.

I also would like to note that if you read the staff report from 1988, they did collect bid data during the preliminary of 1988 case and we're happy to help participate in any way to help make that possible here, thank you.

CLOSING STATEMENT OF MATTHEW NOLAN

MR. NOLAN: Alright this is Matt Nolan, Arent Fox, I actually identified myself. Thank you all,

Commission staff members, for bearing with us for what was a long, long afternoon and I do feel the pain Miss Preece, because my wife if she missed her Zumba class at 5, she'd be a very unhappy person with me.

But it is what it is in the world we have to deal with these work environment issues. So, this case has a lot of moving parts -- a lot of strange moving parts to it. It's not a secret to you now that the Canadian industry is extremely exercised and interested in this case.

It should not come as a surprise that the U.S. real estate development industry is concerned about this case. It is going to impact a huge segment of the market and the way they have stylized this case, which they just sat up here and Mr. Price said the expanse of this case is mammoth, the way they're treating it.

Everything is included. You got structural steel for buildings, you've got structural steel for tanks, you've got structural steel potentially mono poles -- I don't even know how that could possibly be in or scaffolding. But there's a question mark that's been raised about whether it's in.

How could scaffolding every be considered part of the structural steel case? You were talking -- Miss Messer this morning was talking about milk rails for cows being included? Why are we having this discussion? The

Petitioners set this case up and this scope up to make it almost impossible to get good data.

However, having said that you, the Commission, are charged with making a decision based on the information available to the record, to you, at the time of making your decision. So, I caution about saying we have to go find further information unless based on the information in front of you right now, you can conclude there's a reasonable indication of injury under the standard of American Lab.

I submit there probably is not. Let's go to standing for a minute. The Petitioner or Petitioners, I guess is what they're saying now, betrayed themselves a little bit because when counsel opened the remarks this morning, they identified them as counsel for Petitioner -- one, AISC, which has since been amended because they have a problem withstanding in access to APO if they do it that way.

But there are issues withstanding and my colleague, Miss Noonan, has raised these issues. I won't have to belabor them too much but the AISC supposedly supported this case. If you look at the Board membership of AISC, it contains a number of non-fabrication companies -- NuCor is on the Board, or Dow is on the Board, Steel Dynamics is on the Board, Stupp Brothers is on the Board.

The last time I check Stupp Brothers is a pipe

producer and the others are steel companies, not fabricators. Who is running this show for the Petitioners? That's a question mark. The scope is so muddy and so ill-defined that it verges on the absurd and again, un-administrable from your standpoint.

I feel for you because you all have to sort this out and figure out how to make sense of this data. I'm not sure how to do it because there's so many different pieces to this and exceptions and exceptions to the exceptions that they've created, that it makes it almost impossible to get a useable dataset out of this.

I believe that that should be considered a factor in your deliberations. That a conscious effort to muddy the waters to make the data less analyzable should be viewed adversely to the party bringing that data -- the Petitioners in this case.

You talk about the idea that the datasets -- the comprehension of the datasets and how much data we have. We have incomplete data. My colleague, Mr. Dougan, has outlined very well the paucity of information on the record for the U.S. domestic producer questionnaires.

We have the very simple fact that the Petitioners had plenty of time to bring this case, had plenty of time to poll their members, to gather information to make sure they had the support, that they documented that support, that

they told their members, "Here's a sample questionnaire, you should get ready for it now."

We found out about the case around Christmastime, it was coming. We managed to contact these folks and we had questionnaire samples out to them to start working on -- even though we didn't have the official one, and we got ours in on time.

Why can't they get their own members who they claim approved this by a huge margin, to produce at least 50% coverage? Is it that hard? They're not all tiny operations. As I keep saying, Shupp is a very large producer.

There are other large U.S. fabricators out there. They're not appearing. Why not? I hope that they do produce questionnaire responses because we'd like to see that data too, and I'm sure the Commission would benefit from a more robust dataset.

Conditions of competition -- we've raised this and talked about it, ad nauseum during the course of the afternoon. This is not a simple steel case. We are not talking about hot roll that is running off a mill that keeps running the same piece off on and on and on and on, and you can do a nice simple, easy price analysis, cost analysis, all those things which we normally look at in the steel case that I'm used to looking at and you all are too.

This is an industry where customization is key, where every project is different, where every project is unique. Where a simple piece of steel that in one project may take 10 minutes to make, could take 10 hours to make in another project, depending on what's going on with that project.

A simple straight girder is nothing like what goes into Hudson Yards. The type of steel that you've got to use, the type of components that go in, the amount of fabrication work, the amount of engineering work -- it all varies from project to project.

Which then, I hate to say it, makes your lives more difficult because it's not simple. It's not a simple product to go at and using information like the pricing series they gave us, I find that to be almost completely useless for this because they're going off saying, well look it's massive underselling going on.

If you go behind the data and look at the individual responses without getting into APO, it's all over the map. There is no consistency, there is no way of showing a pattern here. And that calls into question the ability or the validity of that data to use in any form of underselling analysis. That then takes us to the bids, and the bids as Miss Preece so ably remarked, are a difficult thing to deal with, but that's the only thing that we have

to deal with in this case in terms of trying to get some comparability analysis.

And yes, I think it would be wise to try to get some measure of what goes into these bids so that you can at least decide oh, well this bid and this bid, but there were 15 add-ons in this bid, there were no add-ons in that bid, and try to get some comprehensiveness to it.

I'm not sure it's possible, but you have to try and using the price to price analysis that they've used for their underselling I find to be utterly useless. Volume effects -- we're talking about a 2% shift in market -- 2% is not a big number, especially when it looks like the U.S. industry actually increased sales during the POI, particularly on the back side.

Especially when U.S. prices went up during the POI, not down. How is that possibly considered injury, price suppression or price depression? Well, our prices could have gone up even higher -- that's a supposition without factual foundation. The fact of the matter is prices did go up, costs went up faster in a very short period of time and we believe we know the reason for that.

But when that happens, and you already have commitments on selling at a certain price in a contract -- you get caught in a cross-price squeeze. Temporary, but it's still there. That is not caused by imports, and it

should not be viewed as being a factor in your analysis in reasonable injury determination.

In the end, we feel strongly -- the Canadian industry, that they are a partner in this market, that they are an integrated part of the U.S. economy, of this business, of this industry, and that there is no way that they can be viewed as injuring, causing injury, or having any reasonable indication of showing injury to the U.S. market. They are part of this country's economic foundation, not a competitor from another border, thank you.

MS. CHRIST: Thank you. On behalf of the Commission and the staff, I would like to thank the witnesses who came here today as well as counsel for helping us to gain a better understanding of the product and the conditions of competition in the fabricated structural steel industry.

Before concluding, please let me mention a few days to keep in mind. The deadline for submission of corrections to the transcript and for submission of post-conference briefs, is Thursday, February 28th.

If briefs contain business proprietary information, a public version is due on Friday, March 1st. The Commission has tentatively scheduled it's vote on these investigations for Wednesday, March 20th, and it will report its determinations to the secretary of the Department of

Commerce on Thursday, March 21st.

Commissioner's opinions will be issued on Thursday, March 28th. Thank you all for coming, this conference is adjourned.

(Whereupon the hearing was adjourned at 5:34.)

CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Fabricated Structural Steel from Canada, China and Mexico

INVESTIGATION NOS.: 701-TA-615-617 and 731-TA-1432-1434

HEARING DATE: 2-25-19

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 2-25-19

SIGNED: Mark A. Jagan

Signature of the Contractor or the Authorized Contractor's Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Duane Rice
Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED: Gaynell Catherine
Court Reporter