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Good afternoon,

My name is Jeff Sterner and I am President and Chief Operating Officer of High Industries based in Lancaster, Pennsylvania. High is one of the largest fabricators of steel bridges in the United States, and as a member of the board of directors of the American Institute of Steel Construction, I am here to request that the Administration add the principal HTS codes for fabricated structural steel, 730810 and 730890, to the Section 301 tariff list.

Steel assemblies that fall under these two codes represented $831 million of imports in 2017, or nearly 2% of the Section 301 target value. Adding these codes is critically important because the U.S. structural steel supply chain currently suffers from the effects of unfair Chinese industrial policies related to steel production and fabrication.

Because our nation has ample domestic capacity to meet the nation's demand for fabricated structural steel, including fabricated structural steel on the 301 tariff list would cause minimal consumer impact and no greater disruption to the U.S. economy than the tariffs already applied to imported mill steel under Section 232 and various other trade orders. The tariffs would also have little impact on U.S. consumers because fabricated structural steel is not a consumer-oriented product.

Offshore Fabricated Steel Imports Have More Than Doubled in 5 years

Structural steel fabricators are the manufacturers in the supply chain who cut, drill, bolt, and weld the steel shapes and plate produced by steel mills to create the actual bridges, buildings, and infrastructure projects that use structural steel. While major steel projects have historically been fabricated in American plants, our trade policies have made the American construction market a rich target for foreign steel interests. They have expanded from just exporting mill steel, to exporting fabricated steel to evade and dilute the effect of tariffs.

In the past five years, imported fabricated structural steel has increased by 136% -- far exceeding the growth of the U.S. construction market.

The U.S. structural steel fabrication industry is running at a 63% capacity utilization rate. There is nearly 4 million tons of excess capacity in place to meet current domestic demand for fabricated structural steel. In fact, there is enough capacity to meet any increase in demand

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that results from additional investment in infrastructure projects and projected increases in private construction activity.

Structural Steel Supply Chain Left Unprotected by the Section 232 Order

Structural steel is the backbone of our nation's infrastructure system. It includes buildings, bridges, power, water and other public projects. By excluding tariffs on fabricated structural steel under the Section 232 Order, a major portion of the structural steel supply chain was left unprotected, allowing China to circumvent the mill steel tariffs.

Including fabricated steel assemblies in any action taken under Section 301 would close the 232 circumvention loophole and protect U.S. businesses in the design and construction industries.

The value of the current list of products benefitting from Chinese industrial policies is roughly $50 billion. In 2017, nearly 500,000 tons of fabricated structural steel were imported into the United States from China, valued by U.S. Customs at over $831 million. AISC believes these import values are conservative because they do not take into account fabricated steel that is rolled in China and then transhipped into the United States through other countries not subject to tariffs.

The problem is much greater than this snapshot of 2017 data. Since 2010, imports of Chinese fabricated structural steel have increased by 290% and now represent more than 30% of the world's fabricated structural steel imported into this country. In fact, of all the fabricated steel imported into the U.S., China's share has more than doubled in the last decade and will continue to increase unless action is taken. Over the past decade, China has been subject to anti-dumping and other trade remedies on raw steel products. In response and in an effort to evade those U.S. trade actions and grow the market for its steel, China retooled its subsidized manufacturing apparatus to produce more downstream fabricated products which are not subject to existing trade remedies.

Examples of Effect of Imported Fabricated Steel along the Gulf Coast

Over the last 10 years, foreign steel fabricators have steadily increased imports to harmful levels, specifically affecting mega projects in the industrial and power markets along the Gulf Coast.

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In 2014 and 2015, one AISC member fabricated over 14,000 tons of structural steel for a chemical plant in South Texas. The next phase of this project is currently under construction totaling over 40,000 tons of fabricated structural steel modules, all imported tariff-free from foreign fabricators, not from an American fabricator.

In 2016, the same company fabricated 10,000 tons for a chemical plant in Louisiana. The scope was an early work phase, and the remaining 50,000 tons for the project were imported from international fabricators well below cost.

This is a trend that will continue on projects such as Driftwood LNG, Exxon Mobil/Sabic, Lake Charles Methanol and Lake Charles LNG just to name a few. These projects represent more than $40 billion in total investment where the vast majority of fabricated structural steel will be imported from cheap foreign fabricators without penalty. There is another 250,000 tons of structural steel fabrication on the line for fabricators in the Gulf Coast alone as more industrial projects begin to bid. AISC is calling for tariffs on imported fabricated steel to ensure all these requirements do not follow the recent pattern and go to foreign fabricators.

The current Section 301 schedule already includes 132 HTS codes related to steel, many of which represent products used in the construction industry. However, it does not close the circumvention loophole left open by Section 232 order because it does not currently include the codes for fabricated steel assemblies.

Adding fabricated steel assemblies under HTS codes 730810 and 730890 would be a logical extension of other tariffs already in the proposed Section 301 schedule in addition to those in the Section 232 Order. It will add real teeth to the effort to curb China's policies and practices that adversely impact domestic steel fabrication and production.

Established in 1921 and based in Chicago, AISC is a national non-profit, non-partisan trade association and technical institute serving the structural steel design and construction industries. AISC and its steel bridge division, the National Steel Bridge Alliance (NSBA) represent nearly 1,000 U.S. businesses that fabricate and install the structural steel that makes up America's bridges, infrastructure, and skylines. AISC also represents more than 40,000 structural engineers, architects, steel erectors, general contractors, and students. Our broad membership works collaboratively on specification and code development, research, education, technical assistance, quality certification, and standardization to support safe and economic steel building and bridge design and construction.