



**Testimony before the U.S. Senate Committee on Appropriations
Subcommittee on Homeland Security
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Chairman Landrieu and Ranking Member Coats, thank you for this opportunity to testify before you today. I am Rick Blume, General Manager of Commercial Steelmaking for Nucor Corporation. Nucor is the largest steel producer in the United States, and is also North America's largest recycler. Nucor has more than 200 operating facilities throughout North America and employs over 22,000 teammates, including about 200 in Louisiana and nearly 1,400 in Indiana.

Nucor relies on trade remedy laws to combat the unfair trade practices of our foreign competitors, but we face many challenges in using these laws.

First, we have to file and win a trade case. This is no easy task as cases are complex, burdensome, and notoriously slow. By the time a final determination is reached, the damage to a U.S. industry and its workers can be irreversible.

More troubling, even when dumped or subsidized imports are surging into the U.S. market – which is occurring today across many of our product lines – our government agencies do not always respond adequately. For example, in the current case against steel rebar from Turkey and Mexico, the Commerce Department found that the Turkish government was giving its producers energy subsidies, but then concluded that these subsidies had no value. This makes no sense, given the energy-intensive nature of steelmaking. We disagree with this finding and several of Commerce's other preliminary decisions, and we are urging the agency to correct them in the final determination.

Even when we win a case, too often the dumped products keep pouring in and causing further injury. After trade relief was granted on oil country tubular goods ("OCTG") from China in 2010, Chinese producers shifted minor finishing operations to other countries such as Indonesia to evade the dumping duties. U.S. pipe producers and their workers suffered as a result – but so did Nucor Steel Indiana in Crawfordsville, and our teammates there – because we supply steel to the pipe and

tube industry. At the request of the U.S. industry, the Commerce Department closed this loophole, but it took 18 months! We should do better. We have seen this same kind of cheating on everything from bar grating to mattress springs. Chinese steel producers also routinely manipulate the chemistry of their steel to evade duties, by adding boron and other alloys to hot-rolled steel and plate. We can challenge this circumvention, but the process takes years. U.S. companies and workers deserve to see meaningful relief when they finally win a lengthy trade case.

We recognize that Customs has taken steps to strengthen its trade law enforcement, and we appreciate these efforts. There is a greater emphasis on enforcement today. The steel industry actively partners with Customs to teach U.S. port inspectors about steel and trade enforcement. We travel to four to six port cities a year to teach these two-day steel seminars. In 2014, we've already been to New Orleans, Miami, Laredo, and Newark, and we will go to Long Beach later this year. We also presented a NAFTA-wide steel fraud and enforcement seminar here in Washington in April for more than 150 government and industry officials from Canada, Mexico, and the United States. Nucor and other U.S. producers have spent millions of dollars of our own money to help strengthen enforcement.

Despite these efforts, our trade law agencies can do more to address evasion and circumvention. Nucor strongly supports legislation sponsored by Chairman Wyden contained in the Senate Customs reauthorization bill, S. 662. This legislation has broad bipartisan support and would require Customs to investigate industry allegations of evasion, establish reasonable timelines for action, and issue regular public reports disclosing results.

Customs has suggested that changing our duty collection system may also help. We agree with some efforts, such as Chairman Landrieu's proposal to increase bonding requirements on importers. However, we do not believe replacing the current "retrospective" system with a so-called "prospective" system would improve enforcement. The current retrospective system is the only accurate way to measure the actual amount of unfair trade and determine the appropriate relief. In contrast, a prospective system would allow abuse on a massive scale and weaken trade enforcement.

I want to close by emphasizing that Nucor is betting on the American economy for the long term. Since 2008, Nucor has invested nearly \$8 billion in new and existing U.S. facilities in order to better serve our customers and the market. These investments include our new \$820 million direct reduced iron facility in St. James Parish, Louisiana that started up in December. Nucor is doing its part to expand the economy and create jobs. We are relying on our government to back us up with strong trade enforcement. Thank you.