



**Congressional Steel Caucus
Testimony of Chad Utermark
Executive Vice President, Nucor Corporation
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Chairman Murphy, Vice Chairman Visclosky, on behalf of our nearly 24,000 teammates, I would like to thank you for the opportunity to appear before you today. I am Chad Utermark, Executive Vice President of Nucor Corporation. With a production capacity of nearly 29 million tons, Nucor is the largest steel producer in the United States. We are also North America's largest recycler.

At Nucor, we like to say that we run towards challenges, not away from them. The American steel industry has endured a challenging period since the Great Recession, but we still firmly believe in the long-term prosperity of our industry. Nucor has acted on this belief by investing more than \$6 billion in capital projects and acquisitions since the downturn in the steel industry began in 2009. At Nucor, we are not waiting around simply hoping conditions in the industry improve, but are actively positioning ourselves to succeed in a changing steel market.

These investments are moving our company up the value chain into more specialized products, which enable us to expand our presence in existing markets and enter new ones. For example, a number of our investments have increased our product offerings to automotive customers. There was a time when EAF steelmakers, like Nucor, were unable to meet the demanding product specifications for a number of automotive products, including exposed applications. That is no longer the case as innovation has helped us overcome prior limitations. We are also providing steel for new and growing markets, such as wind towers – critical energy infrastructure that should be built using American-made steel.

Innovation in the face of competition is one of the hallmarks of a free-market economy. With the changes Nucor is making and our position as the low-cost steel producer, our company should be

thriving, especially given the relative strength of the U.S. economy. Instead, we find ourselves competing in a market overwhelmed by record levels of imports – imports that directly result from foreign government-supported production overcapacity.

Members of this caucus are well aware of the aggressive role some foreign governments have played in growing their steel industries and fueling excess capacity. From outright government ownership to a vast array of illegal subsidies, many foreign steel companies are shielded from the realities of the market. China is the prime example. Basically, the Chinese government is a company disguised as a country engaged in economic warfare. It is the major contributor to the capacity glut. China's economic slowdown, coupled with its estimated 425 million tons of excess capacity, has resulted in China flooding the global market with steel exports.

This market-distorting behavior is creating real harm for American steelworkers. At Nucor, our teammates' pay is tied directly to the number of quality tons, safely produced. With unfairly traded imports capturing greater market share, our production is down and so is teammate pay. At times last year, we idled as much as 35 percent of our production capacity. While we have continued our practice of not laying off teammates, unfairly traded imports are literally taking money out of their pockets – up to fifty cents out of every dollar they could have earned.

The OECD Steel Committee has warned that “a failure to address or halt market distortions will result in subsidized and state-supported enterprises surviving at the expense of private and efficient companies operating in environments with minimal government support.” The trade legislation Congress passed last year was an important first step to help us fight illegally traded imports, and we continue to urge the Administration to use all the tools at its disposal as it prosecutes the flat-rolled trade cases and the new plate cases Nucor filed last week. We are fighting back aggressively and we need our government to do the same.

On an international level, we need our government to lead an effort for a binding, verifiable agreement to remove excess production capacity and get governments out of the steel business. Otherwise, the billions of dollars of investments we have made in this country are all for naught, and future investments will be impossible.

We appreciate the work this Caucus has done to amplify the voice of the American steel industry, and to help secure real and meaningful solutions. We have reached a critical moment, for the steel industry and for the integrity of rules-based global trade. When the rules are flaunted without meaningful consequences, faith in the system is eroded. Companies, communities and workers are harmed. We continue to invest in America and we are counting on the government to take decisive action to enforce our trade laws and attack the underlying causes of overcapacity.

Thank you.