



**Statement of Dennis M. Oates  
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(SSINA)**

**Chairman, President and Chief Executive Officer  
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**Public Hearing on  
Section 232 National Security Investigation  
Regarding Imports of Steel**

**May 24, 2017**

Good morning Mr. Secretary and members of the panel. I am Denny Oates, Chairman, Specialty Steel Industry of North America (SSINA) and Chairman, President and Chief Executive Officer, Universal Stainless & Alloy Products, Inc.

SSINA is a Washington, DC-based trade association representing virtually all continental specialty metals producers, which include high technology, high value stainless and other specialty alloy products.

SSINA membership includes virtually all North American manufacturers of stainless steel and nickel based alloys, including superalloys. Other specialty metals such as titanium and titanium alloys, zirconium and niobium alloys are also produced by SSINA member companies.

There can be no doubt that the domestic specialty metals industry is critical to the national defense. Attached to my testimony is a report entitled “Specialty Metals and the National Defense,” which summarizes the contributions of the specialty metals industry to the national defense. Also attached is a press release issued when the report was made public. The report proves unequivocally that specialty metals are vitally important to virtually every U.S. military platform. Without these specialty metals, the U.S. military and Homeland Security forces would not have the ability to fight a war, defend our borders, and protect our citizens from terrorism. The press release quotes then-Acting Deputy Under Secretary of Defense Gary A. Powell, who said, “There is no question that specialty metals are critical to the national defense, and the U.S. specialty metals industry is a very important supplier of these materials to various defense contractors. And myriad defense programs would be negatively impacted by specialty metals supply disruptions.” Furthermore, Department of Defense studies provide further evidence of the critical importance of specialty metals to the national defense. A series of reports entitled, “Defense Industrial Base Capabilities Studies” clearly show that applications which contain

specialty metals are essential to meeting national defense requirements and are critical components of technologies that focus on 21<sup>st</sup> century warfare.

A key concern, however, is that the domestic specialty steel industry must be healthy and profitable in order to supply the critical defense applications. Simply put, the survival of the industry is dependent upon the core commodity products produced by our members. This includes basic stainless steel in the form of sheet and strip, plate, bar, rod, ingot and billet. The specialty steel industry cannot exist simply by producing materials for defense applications. While it is difficult for the specialty metals industry to identify the percentage of our total production which goes to specific defense applications because many of our sales go through service centers or distributors before reaching end users, a reasonable estimate is 10 percent. If civilian applications which play essential supporting roles for defense such as aircraft, highways, power plants, etc. are considered the percentage is much larger, perhaps 50 percent. And let me be clear -- the specialty steel industry could not abandon manufacturing in the United States and focus on technology development. It just does not work that way. Technology development travels with the manufacturing process. Our steel mills are laboratories. It would be naive to think that manufacturing of these materials could be transferred abroad to countries like China while technology development remained in the United States.

Import competition has taken a serious toll on U.S. producers. In the 1970s there were approximately twice as many specialty metals producers in the U.S. as today. We have battled unfairly-traded imports for decades. We have filed and won many antidumping and countervailing duty (subsidy) cases. The Commerce Department and the U.S. International Trade Commission reached affirmative findings in an antidumping case last year against imports of stainless steel

sheet and strip from China. We constantly monitor developments on other products to determine whether additional trade cases should be filed.

As you are well aware, there is tremendous overcapacity worldwide to make stainless steel. China alone has excess production capacity equal to twice the size of the entire U.S. market. And it remains to be seen whether China will cooperate with the rest of the world in the Global Steel Forum simply to develop a database demonstrating current production capabilities. Global overcapacity, endemic dumping and foreign government subsidies all pose direct threats to U.S. producers and an associated threat to our ability to provide the critical materials essential to the national defense. In conclusion, let me express our sincere appreciation for the efforts of this Administration to recognize the threat to our national security and to undertake this investigation to determine how to deal with this vital problem. Thank you.