

**House Transportation & Infrastructure Committee**  
**Panel on 21<sup>st</sup> Century Freight Transportation**  
**Testimony of Rob Roberson**  
**Nucor Corporation**  
**Oct. 1, 2013**

Chairman Duncan and Ranking Member Nadler, thank you for the opportunity to testify before you today. I am Rob Roberson, Materials and Logistics Manager for Nucor Steel Berkeley – a division of Nucor Corporation.

Nucor Corporation is the nation's largest steel manufacturer and recycler, operating 23 scrap-based steel mills. Nucor has the capacity to produce more than 27 million tons of steel annually. Last year, the company recycled more than 19 million tons of scrap steel. Nucor also has several wholly-owned subsidiaries including Harris Steel, The David J. Joseph Company, and Skyline Steel. Together, we are a company of over 22,000 teammates, primarily in the U.S. and Canada.

The freight transportation system is vitally important to Nucor's success. We rely on water, rail, and truck transportation to move millions of tons of scrap steel and other raw materials to our steel mills and finished products to market. For this reason, disruptions in the freight transportation system can have significant negative economic impacts on our business.

Waterways play a particularly important role for a number of Nucor Divisions. We have several steel mills located on rivers and some of these mills bring in more than 90

percent of their raw materials by river. Nucor's scrap steel business – The David J. Joseph Company – transports approximately 3,500 scrap barges per year.

When assessing our waterways system, we believe that more frequent maintenance dredging is needed to maintain adequate drafts. Unfortunately, inadequate draft levels are becoming an all too common occurrence. For every one inch decrease in draft, you lose 17 tons of cargo on a barge. This forces companies like ours to use more costly alternatives.

Barges are a safe, efficient, environmentally friendly and cost-effective way to move goods. Each barge moves 1500 to 1700 net tons of cargo, compared to 80 to 100 tons for railcars and 20 to 22 tons for trucks.

Considering the importance of our waterways system, we are encouraged to see both houses in Congress advancing the Water Resources Development Act. Nucor supports this legislation, particularly dedicating more revenue in the Harbor Maintenance Trust Fund for the purpose of maintaining our federal navigation channels. We hope that Congress will also strengthen revenues for the Inland Waterways Trust Fund to make necessary investments in this critical component of our U.S. supply chain by advancing the industry-supported user fee increase.

Like our waterways, our roads and bridges are in serious need of investments. The interstate highway system built after World War II is aging and we need a new, long-

term commitment to invest in our roads and bridges. The gas tax is not providing adequate revenue to further this goal. We need to look for new alternatives, including more public-private partnerships. Also, enacting legislation giving states the option to increase the weight of six-axle trucks operating on select federal interstates, would allow more cargo to be moved safely and efficiently over our nation's roadways.

With regard to our nation's rail system, the biggest challenge that we face is that we are served by a single major railroad. Several Nucor facilities are "captive" shippers in that they pay a premium to move their products because of the lack of rail competition. In recent years, the rail industry has seen significant private investment. However, these investments are often passed onto the rail industry's customer base, resulting in higher premiums and costs for captive shippers who are still without the ability to choose which rail carrier they use. We cannot pass these increased costs onto our customers. We have to absorb them because we compete in a steel market that is being flooded with illegally subsidized foreign products that are often already sold below cost. While it is true that we have the ability to use less costly modes of transportation, it is not always feasible logistically. Given these circumstances, we support action to address the need for more competition for rail service in many parts of the country.

The creation of this special panel acknowledges that our freight infrastructure works collectively as one system. We cannot look at each in isolation. Businesses across the country rely on all modes of transportation operating together to get products to market.

Keeping American businesses globally competitive requires investment in this entire system.

Businesses succeed when there is certainty. We can create certainty by providing the proper funding for maintenance and much needed upgrades. We must also streamline the permitting system so projects do not drag on for years in endless reviews. For example, we support legislation that would exempt routine highway safety and transportation upgrades that already exist within the current right-of-ways from costly federal permitting requirements.

As the National Association of Manufacturers recently noted, manufacturing produces 12 percent of America's GDP, but the U.S. is only investing about 1.7% of our GDP in infrastructure. Many of the countries we compete against are investing between 5 to 10 percent of GDP in their infrastructure. In short, others are modernizing while we struggle to maintain a failing system that is decades old. However, with the proper investment and governance, we can give American businesses the tools they need to remain globally competitive.

Thank you.