

## **Testimony before the U.S.-China Economic and Security Review Commission**

# **The Challenge of China's Green Technology Policy and Ohio's Response**

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My name is Ross Bushman and I am President and owner of Cast-Fab Technologies located in Cincinnati, Ohio. Cast-Fab is one of the largest foundries and fabrication shops in the United States. Cincinnati Milacron was the original owner of the Cast-Fab facility, which was built in 1940 and was later purchased by the Bushman family in 1988. Cast-Fab is a Gray and Ductile Iron Foundry as well as a Sheet Metal and Structural Fabrication shop. The facility has over 500,000 square feet and during its peak the Milacron complex was the world's largest producer of machine tools.

Cast-Fab has grown from almost an exclusive producer of machine tool components to producing fabrication and casting to a multitude of industries including: Mining and Construction, Machine Tools, Plastic Injection Molding, Pumps and Valves, Electrical Components, HVAC and of course the Wind Energy Industry. Cast-Fab is the parent company of Security Systems Equipment (SSE) that provides products to the Banking Industry and Coldwell-Wilcox that is a provider to the Water and Waste Water Flow Control Industry.

Cast-Fab's Foundry Operation is capable of pouring Gray, Ductile and High Impact Iron ranging from 10 pounds to over 80,000 pounds. Cast-Fab is capable of making its own patterns from a wide range of materials as well as machining and painting the finished castings. These castings are shipped all over the U.S. as well as the world.

The Fabrication Operation is divided up into two divisions; light gauge sheet metal and heavy plate fabrication. We can produce anything from a small cabinet of light gauge sheet metal to an 80,000 pound welded component made from 2 inch steel plates. We have certified welders along with a quality control department. The entire facility is ISO 9001-2008 Certified and we have been ISO certified since 1993

Wind Energy has been a tremendous growth industry for Cast-Fab over the past several years. Our success is due to our unique ability to produce high quality Ductile Iron Castings that meet the stringent European Impact Grade Requirement that accompanies Wind Turbine works. Our qualified work force, rigid quality controls and ability to meet the growing needs in the Wind Energy Industry made Cast-Fab one of the leading suppliers in the U.S. This continued until November 2008.

Starting at the end of 2008 and continuing through most of 2009, the market for fabricated and cast components dropped to virtually nothing. The Wind Energy Industry was hit particularly hard. By far, the three (3) biggest financiers of Wind Projects were household names -- AIG, Lehman Brothers and Wachovia. The well-documented decline of these institutions meant

projects in the U.S. could not be financed. Almost every project in the U.S. was either put on hold or discontinued. Even the well-publicized plan by T. Boone Pickens was shelved after taking delivery of just a few of the turbines he had on order.

As a result of the capital goods and the Wind Industry coming to a stand still, we had to make some very difficult decision at our facility. In order to remain a viable entity we had to cut a sizeable percentage of our work force. These were very difficult times for our facility as well as the majority of the foundries around the U.S.

When the Economic Stimulus Bill was passed we were hopeful that the Renewable Energy Incentives in the Bill would spur the investment in Wind Energy and help energize the Foundry business. Unfortunately, projects that were in the development pipeline at the time the Bill was enacted were exempt from the Stimulus Funds. All of the Wind Energy Projects had to go back to the development stage and start over. This delayed any funds being injected into manufacturing, as everyone had to wait for these projects to be developed and engineered.

While we wait for the impact of the Economic Stimulus Bill, we continue to see the evidence of foreign castings coming into the U.S. Many of the machine shops and OEM's I visit in the US are full of castings from China. These castings from China are sold to our customers below our costs to produce them by a significant margin. In these tough economic times as we struggle to protect Ohio jobs, while these cheap foreign castings continue to pour into our customers.

I believe that the "Buy American" provision of the Stimulus Bill is weak at best. If we are to have a clause concerning Buying American, it needs to be strengthened and rigorously enforced. If we are going to "spend" taxpayer's money to stimulate the economy, this money should not end up in foreign manufacturing plant or foreign component supplier. Instead this money should find it's way into American Corporations saving American Jobs.

I would encourage Committee Members to read the report written by the Investigative Reporting Workshop at the American University's School of Communication in Washington D.C. This report documents that over 2 Billion Dollars from the American Recovery and Investment Act was spend on the development of Wind Power. This funding created enough Wind Energy to power 2.4 million homes over a 12-month period. Unfortunately over 80% of the funding ended up in the hands of foreign manufacturing corporations. Russ Choma, who works for the Investigative Reporting Workshop was quoted as saying "most of the jobs that were created (by the Stimulus Money) were overseas.....According to our estimates, about 6,000 jobs have been created overseas, and maybe a couple of hundred have been created in the U.S."

When comparing the Industrial Policies of China with those of the United States you see some striking differences.

Subsidized investments and electric rates, along with the manipulation of the Value Added Tax (VAT) for certain industries play a large part in China's competitiveness. The hourly pay rate and benefits for workers between the two countries are well documented and are a tremendous disadvantage to U.S. manufactures trying to compete. In addition the large and burdensome

layers of governmental regulations that U.S. manufactures are forced to adhere to may be the largest deterrent to becoming more competitive.

During 2008 and 2009 we made some very painful and significant cuts in our workforce. Noted author, Marcus Buckingham writes that the “#1 job of a leader is to rally their people to a better future” But it is very difficult to rally and motivate any workforce when they continually hear negative news about their industry. The media vilifies industry and business as one that willingly harms its workforce and skirts governmental regulations. The rhetoric from the EPA and OSHA continues to grow more negative towards building a partnership with manufacturers. We continue to burden our industry with over regulation that costs us tens of thousands of dollars and makes it hard to be competitive. These regulatory burdens do not exist in China. As U.S. Foundries spend valuable resources to adhere to these regulations, our foreign competition uses their resources to grow and plan for the future.

To help stimulate our industry and promote some long-term growth, it is imperative that the incentives put in place by the Stimulus Bill are extended past the current three-year time frame. Extending the time frame for incentives will encourage manufacturing to invest in the future and put money into building projects and infrastructure. We need long-term incentives that produce long-term financial commitments. Prior to the stimulus bill, we had renewable one-year incentive plans for wind, sometimes passed retroactively. These starts and stops wreak havoc on our customer’s orders and our production hours.

I would also like to see the Federal Government adopt the Roadmap proposed by the Department of Energy that paves the way for the US to generate 20% of its electric needs by the year 2030. People from throughout the Wind Energy supply chain were part of the development process of the Roadmap.

In addition, if Stimulus money continues to be funneled into the Wind Industry for new projects, these projects must have a requirement to “Buy American”. Stop providing money to manufactures that take profits and jobs overseas.

In order to compete against China in Green Technology and other manufacturing sectors, foundries from around the U.S. need the help of the Government. You have the power and the duty to help us be more competitive by offering larger incentives; extending stimulus programs and helping us reduce regulations that burden our industry. Keeping money and jobs within our borders will help us compete and once again be a world power.