GERDAU METALDOM

BACKGROUND AND IMPACT OF 232 TARIFFS

Overview: Gerdau Metaldom is a privately held steel manufacturer based in Santo Domingo, Dominican Republic. The company sells long and flat steel products to the Dominican and regional markets, including Puerto Rico, Costa Rica, and the Caribbean Basin. Gerdau Metaldom is one of the Dominican Republic's largest taxpayers. The company exports no product to the U.S. mainland. *The imposition of 25 percent tariffs on Gerdau Metaldom sales into Puerto Rico will likely make the company uncompetitive in that market, and lead to over 700 direct and indirect job losses.*

Job Creation: With 3 sites in the Dominican Republic, a Distribution Center in Costa Rica and a Commercial Office in Puerto Rico, Gerdau Metaldom generates 985 full-time direct highly-skilled jobs, and generates over 4,000 indirect jobs locally and in third countries.

Sustainability: Gerdau Metaldom complies with all local and regional operating and quality standards, including certification under ISO14001 for Environmental Management Systems. The company is a member of the Business Alliance for Secure Commerce (BASC) to ensure world class practices in cargo integrity. Gerdau Metaldom has an internal volunteer program to improve the communities around its operating sites and supports many local educational development programs. As recognition for its focus on employee well-being, the company was recently named a "Best Employer" for the Dominican Republic by Aon Consulting.

Products and Markets: 80 percent of sales are represented by long steel and downstream products ranging from reinforcing bars (rebars) to wire nails and other products related to the construction and hardware sectors. 20 percent are flat rolled products, mainly hollow sections and roofing materials. *70 percent of production volume is sold in the Dominican market, the remaining 30 percent is sold in regional markets. Out of the regional markets, Puerto Rico represents 60 percent of sales,* while Costa Rica, Haiti and the Caribbean Basin represent 12 percent, 10 percent and 16 percent, respectively. Out of regional sales, 90 percent is represented by reinforcing bars (rebars). Importantly, Gerdau Metaldom does not prioritize U.S.-funded projects as these are supplied by U.S. mills.

Geographical Proximity and Flexible Logistics: The geographical proximity of Gerdau Metaldom's facilities in the Dominican Republic allows for material to be placed in Puerto Rico in eleven hours sailing time, thus ensuring a fast turnaround for orders. A highly flexible logistics operation also allows Gerdau Metaldom to service retailers and contractors of different sizes.

Impact of 232 Tariffs: *Due to the implementation of 25 percent tariffs on steel products, Gerdau Metaldom's exports to Puerto Rico, almost 20 percent of total sales, will be severely impacted,* especially since other countries such as Brazil and Mexico have been granted exemptions and are already offering products at more competitive rates, replacing Dominican exports. Moreover, any countries currently exporting to Puerto Rico or the United States which have not been granted exemptions will look to sell in other neighboring markets, which creates further pressure in the other markets where Gerdau Metaldom currently sells, making replacing lost sales in Puerto Rico unlikely. With the loss of sales into Puerto Rico, Gerdau Metaldom will likely be forced to shut down operating capacity, *creating direct job reductions of 120 employees and the loss of at least 600 indirect jobs* both in the Dominican Republic and elsewhere, including from Gerdau Metaldom's Puerto Rico office.