

**Testimony of Mary Jean Riley**  
**Vice President, Finance & Administration, Treasurer**  
**North American Stainless**  
**Before the Senate Committee**  
**On Foreign Relations**  
**June 19, 2014**

Good morning Chairman Menendez, Ranking Member Corker, and members of the Committee. My name is Mary Jean Riley and I am Vice President and Treasurer of North American Stainless, located in Ghent, Kentucky. Thank you for the opportunity to testify at today's hearing. In 1990, I walked from my CPA office to our courthouse lawn to witness the Chairman of a Spanish company and our Governor announce that Carroll County, Kentucky had been selected as the site for a new stainless steel mill, North American Stainless. Little did I realize then that I would have the honor of testifying before this Committee on the importance to our community of the ratification of a tax treaty between our country and Spain.

The Spanish company I referred to is Acerinox S.A., which is known worldwide as one of the world's largest and most competitive stainless steel producers. Acerinox correctly foresaw that demand for stainless steel would increase in the U.S. and selected our community because of its location. NAS is located on the Ohio River and by interstate is within 600 miles of 60% of our nation's population. Since 1990 Acerinox has invested more than \$2.5 Billion in NAS. This investment has been very beneficial for our community which was largely dependent on tobacco. Acerinox has not only provided the funds to build NAS but just as or perhaps more important to our community has brought its technology to Kentucky and through its emphasis on employee education and training has created a workforce skilled in all the disciplines necessary for US manufacturing to compete globally. NAS is the largest contributor to our high school STEM program (science, technology, engineering, mathematics). Additionally, we have established a program at our local technical college which allows eligible employees to receive their full wages and benefits while pursuing an associate electrical tech degree at NAS's expense. Many of our employees have received specialized training in Spain. These Kentuckians came home not only with great respect for their new Spanish friends' technical skills but also in many instances for their skills on the basketball court.

Thanks to the technology and training provided by Acerinox and the hard work of our employees, NAS is the only fully integrated stainless steel mill in the United States and is recognized as the most efficient stainless steel operation in the world. As we approach our twenty-fifth anniversary, our 1,360 employees, earning on average a non-exempt wage/benefit of \$89,200, are producing approximately 40% of all stainless produced in the USA and they are doing so in an environmentally responsible manner with NAS having achieved the Department of Environmental Protection's highest designation for environmental leadership. Additionally Acerinox's investment has not only allowed us to expand in Kentucky but we have also built finishing and distribution centers in Minooka, Illinois; Riverside, California; Wrightsville, Pennsylvania; and Pendergrass, Georgia.

Our employees are very proud to be a part of the Acerinox Group and to have built what we believe is the largest single Spanish investment in the United States. One of our fondest memories is the dedication of our hot mill by the Crown Prince of Spain, His Royal Highness, D. Felipe de Borbon, Prince of Asturias. Another event in which we all take pride is the directive from Madrid in 2008 that there would be no "lay offs" even though NAS lost 40% of our orders virtually overnight.

I provide you with this background so you know what the men and women of NAS have accomplished with the support of Acerinox and to seek your assistance in removing an impediment to our future growth by ratifying the proposed Spain Protocol. As a member of the Acerinox Group, we compete for capital investment with our sister companies in the Group. Acerinox has similar production facilities in Spain, South Africa and the recently completed \$700,000,000 mill in Malaysia.

As the world economy continues to recover, Acerinox has choices to make and in the near future will decide where to invest. An investment of \$200,000,000 to \$300,000,000 in Ghent to increase NAS's cold rolling, annealing and finishing capacity will broaden our markets and may add 50 to a 100 new highly skilled employees. However, without ratification of the Protocol to remove the 10% withholding on dividends to Acerinox, our proposal may not be as attractive to Acerinox as those submitted by our sister companies in the Group. This is a major concern for us as we plan on how to confront increased global competition, so again I thank the Committee for the opportunity to relate our concerns in person.