

**Testimony of JFE Steel - - Mr. Atsuhito Takeuchi**

**Public Session Testimony**

Good afternoon Commissioners, and on behalf of JFE Steel I would like to thank you for the opportunity to testify today. My name is Atsuhito Takeuchi and I am the Line Pipe Section Manager for JFE Steel. I have worked in this position at JFE Steel since April 2012. I started working at JFE Steel in 1989. As the Line Pipe Section Manager for JFE Steel, my job duties include sales and marketing of line pipe all over the world. I was in charge of preparing the JFE Steel line pipe business plan that is attached as Exhibit 1 to the Japanese Producer's brief. The business plan was created in the normal course of business of JFE Steel and was sent to certain of our global customers on a confidential basis. We will discuss those customers and their projects during the in camera session.

In the export market, JFE Steel focuses on LDLP to be used in critical application projects that are primarily located outside the United States and expected to increase in the foreseeable future. These include deep water, arctic, and sour service projects. The type of pipe needed for these critical applications is different from the non-critical LDLP the U.S. manufacturers supply. As we will discuss in detail in the in camera portion of my testimony, it is anticipated that these critical application projects will fill the vast majority of JFE Steel's LDLP production capacity for the foreseeable future.

JFE Steel is a fully integrated steel mill, which allows it to control all the production process which includes steel making, substrate rolling, pipe forming and welding. Therefore,

JFE Steel can make LDLP for critical application that other LDLP producers, including the U.S. producers, cannot make.

Moreover, JFE Steel has invested in research and development and new production techniques and machinery so that we can make LDLP for critical application projects. With regard to steel plate that is used to produce LSAW, JFE Steel has developed TMCP, Thermo-mechanical control process, technology and on-line heat treatment process. In addition, in 2011 JFE Steel installed new press equipment to its UOE LSAW mill to make much thicker wall pipe.

JFE Steel does not make API grade HSAW and thus are incapable of producing HSAW that is subject to the order. JFE Steel has never exported HSAW to the United States and has no plans to do so. Additionally, JFE Steel did not produce subject HSAW during the current POR and do not have plans to produce subject HSAW in the future.

Additionally, because of the boom in shale extraction in the U.S. since the last review, there has been a shift in demand in the types of LDLP in the U.S. market. The shale extraction business does not require larger diameter LDLP such as HSAW, because the shale fields are not building large pipelines for transportation of oil and gas. Rather, the shale fields have created a large demand for gathering pipes, which is primarily LDLP with an outer diameter in the range of 16" to 24". Such LDLP is non-critical application line pipe, manufactured and sold by a number of line pipe producers, including the U.S. industry, as well as non-subject imports produced by foreign competitors not subject to the antidumping order. JFE Steel does not intend to compete in the U.S. market for this non-critical application ERW pipe. First, there are many

competitors for non-critical application LDLP for onshore applications whereas there are only a few producers in the world that can make critical application LDLP.

Additionally, JFE Steel is a 50% owner of California Steel, Inc., which is in the process of building a new pipe mill in the United States to produce non-critical application LDLP for onshore applications in the United States, which is expected to start production in the second half of 2014. JFE Steel will not compete with its own subsidiary for onshore, non-critical application LDLP projects located in the United States.

Finally, we note that in June 2011, JFE Steel closed its Chiba LSAW mill. This resulted in the reduction of our calculated average capacity to produce LSAW by over 20%.

For these reasons, the antidumping order against LDLP from Japan should be revoked.

I would like to thank the Commission for allowing me to appear before you today, and I would be pleased to answer any questions you may have.