

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

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Certain Corrosion-Resistant Steel Products)	Inv. Nos. 701-TA-534-538 and
from China, India, Italy, Korea, and)	731-TA-1274-1278
Taiwan)	(Final)
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Testimony of John Ryoo, POSCO America

Madam Chairman and Members of the Commission:

1. Good afternoon. My name is John Ryoo from POSCO America. I am accompanied by Hyein Kim, also from POSCO America. POSCO America imports high strength automotive grade CORE from POSCO, and electrogalvanized CORE and galvalume from POSCO C&C.

2. More than 50 percent of POSAM's imports of CORE from Korea is automobile grade CORE sold to foreign transplant auto manufacturers. Of that, almost 40 percent is advanced high strength steel (AHSS) grade products, including grades AHSS 490 through 1180, which are generally not available from U.S. producers. These grades are also not interchangeable with other corrosion-resistant steel.

3. The automotive grade CORE that POSCO exports to the United States is very different from other types of galvanized steel. This product is not used for any other uses, and structural and commercial quality CORE is not used for

automobile manufacturing. The physical characteristics and tolerances for automotive steel are different. For most types of structural and commercial CORE, the most important attribute is strength. For automotive steel, strength is obviously important, but so are surface roughness (for steel used in exterior applications) and ductability (for steel used for stamping internal parts). In addition, automobile producers are constantly working to reduce weight in order comply with auto mileage standards. As a result of these differences, the quality standards for automotive grade CORE is manufactured to much tighter tolerances than the standards for commercial or structural quality.

4. Automotive purchasers have extremely specific and demanding specifications for the steel that they purchase and very stringent and detailed qualification requirements. Auto manufacturers require separate qualification of the supplier in general, the specific plant or mill that will be producing the steel, and of the specific parts or components for which the steel will be supplied. Auto manufacturers also place great importance on the ability of a supplier to be able to sustain the capability to supply steel meeting these requirements over the life of the vehicle for which the steel is being supplied.

5. In the case of POSCO, the CORE that it supplies to its U.S. auto manufacturer customers is a specialty product that is not available from domestic CORE producers. The CORE POSCO supplies for exposed parts meets special

customer-specific tolerances that exceed those required by most North American auto manufacturers. Similarly, the CORE that POSCO supplies for non-exposed parts is mainly very high tensile strength steel that is being used for specific components. None of this CORE competes directly with domestically produced CORE.

6. The automotive sector is a separate market segment that has experienced significant increases in demand over the period and is projected to experience strong demand through 2016. In particular we have seen increased demand for POSCO's AHSS and Extra-advanced high strength steel products.

7. The rest of POSCO America's imports consist primarily of galvalume produced by POSCO C&C. Galvalume is used primarily in the construction industry to produce steel building components including roofing, siding, and panels. The construction sector has been growing, and with it, demand for galvalume and other CORE used in construction.

8. Korean produced galvalume is high quality and is considered to be superior to the galvalume produced in other subject countries in terms of surface condition, shape, and yield characteristics.

9. Many U.S. producers do not produce galvalume at all, as production of galvalume requires specialized machinery and equipment which most domestic producers do not possess. The US producers that do produce do so only in small

quantities and cannot satisfy the increasing demand for galvalume in the US. In addition, almost 70 percent of POSCO America's imports of galvalume are of narrow and thin gauge galvalume, which is 0.018" and thinner and less than 45 inches in width. There is even less domestic production of this specialized product.

Thank you.