

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

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Certain Cold-Rolled Steel Flat Products)	Inv. Nos. 701-TA-540-544 and
from Brazil, China, India, Japan, Korea)	731-TA-1283-1290
Netherlands, Russia, and)	(Preliminary)
the United Kingdom)	
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Testimony of Jim Tennant, Ohio Coatings Company

Members of the Commission Staff:

1. Good afternoon. My name is Jim Tennant. I am President of Ohio Coatings Company or "OCC", located in Yorkville, Ohio, which is on the Ohio River and bordering West Virginia, just above Wheeling. I have been with OCC for 17 years and before that, I was with Wheeling Pittsburgh from 1978 to 1998. Accompanying me is Y.S. Bin, Executive Vice President of OCC. OCC employs 75 workers who live in Ohio, West Virginia, and Pennsylvania. OCC is a union shop.
2. OCC is one of only four remaining producers of tin mill products in the United States. The others are U.S. Steel, ArcelorMittal, and UPI out in California. The substrate of tin mill products is Black Plate, which apparently is a product covered by these AD/CVD petitions, even though it was excluded from the scope of the 2002 cold-rolled investigation. There

are only three existing producers of Black Plate in the United States – U.S. Steel, ArcelorMittal, and UPI. Import volumes of Black Plate are miniscule.

3. To understand OCC, a little background is necessary. OCC was originally a joint venture between Wheeling – Pittsburgh and TCC, a Korean producer of tin plate. Wheeling – Pitt was acquired by Esmark, which sold it to Severstal, which sold it to RG. When RG went bankrupt, Esmark bought 50 percent of OCC out of bankruptcy along with the Wheeling Pitt Yorkville facility, which also produced Black Plate. OCC previously sourced its Black Plate from Yorkville and from RG's Sparrow's Point facility. When RG went bankrupt, both the Yorkville facility and Sparrows Point were shuttered. The plan coming out of bankruptcy was to re-start the Yorkville plant, which would have provided OCC a source for Black Plate. But that never happened, and the plant has been scrapped.
4. As a result, OCC has only two viable domestic sources of Black Plate – U.S. Steel and ArcelorMittal, which is located at the old Weirton facility in West Virginia. Both U.S. Steel and Arcelor are our competitors in the tin plate market. In fact, OCC is the only tin mill producer that does not produce Black Plate. As a result, we had no choice but to turn to imports of Black Plate from POSCO in Korea and Nippon Steel and JFE in Japan.

5. We still buy Black Plate from ArcelorMittal, but we can only purchase limited quantities from ArcelorMittal if OCC is to remain a viable producer of tin plate. The reasons are the following:

- First, because we compete for the same customers, ArcelorMittal's price for Black Plate is slightly higher to us in order to insure their competitiveness with us. We understand that, and it is better than U.S. Steel, which does not quote Black Plate to OCC.
- Second, the Weirton mill that ArcelorMittal operates is old. There are constant questions in the market concerning whether ArcelorMittal will close the mill because of its age and inefficiencies. Weirton's quality is okay, but the quality of the Black Plate is not at the same level as the Black Plate imported from POSCO or Japanese producers.
- Third, and most importantly, many of our tin plate customers insist that we not use ArcelorMittal for the simple reason that they need to diversify their supply in case ArcelorMittal shuts down temporarily or permanently. There are only three domestic tin mill producers east of the Mississippi, of which we are one. If we are dependent on ArcelorMittal for our Black Plate, then there are really only two – U.S. Steel and ArcelorMittal. Our customers all purchase from ArcelorMittal already, and they have told us that their purchases are

conditioned on the use of imported substrate. This is a serious problem for our customers. If we are perceived to be a simple extension of ArcelorMittal, they will import their additional tin mill products directly rather than purchase from OCC.

6. OCC believes that Black Plate is a separate like product from other cold-rolled steel subject to this investigation. Black Plate is dedicated to production of tin mill products – there is very little overlap for the use of Black Plate other than for use as a substrate for tin plate. And tin mill products cannot be produced without Black Plate – other cold-rolled cannot substitute for Black Plate. We will provide the specific specifications that we think should be considered separately, but it is under 0.0149” in thickness and has restricted temper and hardness that cold-rolled doesn’t have. Tensile strength and yield strength are also different. Finally, Black Plate is either single reduced or double reduced. When double reduced, it goes through a separate finishing mill.
7. Imports of Black Plate are not injuring U.S. producers of Black Plate. There is hardly any supply, as I have discussed. But what puzzles me is this. The major U.S. producers of flat rolled steel, such as U.S. Steel, ArcelorMittal, Nucor, etc, are alleging that imports of cold-rolled steel—which now is defined by them to include Black Plate—are injuring them and imports

should be taxed or restricted to “level the playing field.” So why is it also necessary for these same producers to attack other U.S. mills, such as OCC, that produce high quality steel in the United States and employ American workers to the point that our existence is threatened? That seems to me to be a peculiar way to “level” the playing field for the U.S. steel industry that OCC is part of.

8. Thank you