

TESTIMONY OF DONG-HEUI, PI

Good afternoon. My name is Dong-Heui Pi, and I am the Deputy General Manager in the Marketing Strategy Team for Hyundai HYSCO. I have worked at Hysco for 7 years and have been in my current position for five years. I am quite familiar with Hyundai HYSCO's CORE operations, and with the CORE market. I appreciate the opportunity to appear before the Commission today.

HYSCO sells a wide-variety of steel products including CORE in the home market and to markets around the world. However, because HYSCO is part of the Hyundai Group much of its CORE production is dedicated to supplying the Hyundai Motor Group automotive producers, which includes Hyundai Motors and Kia Motors. HYSCO has overseas processing plants in Europe, India, China, Russia, Brazil, and the U.S. in order to support the Hyundai Group's overseas automotive business. As the Hyundai and Kia brands have become more popular and accepted in markets all around the globe, demand for these cars and thus demand for CORE has increased significantly.

Demand for Hyundai and Kia automobiles is still the strongest in the Korean home market, where these two brands consistently maintain approximately 80% market share. As a result, the large majority of

HYSCO's CORE shipments – approximately 50-60 percent – are made in the home market. We expect this to continue and to even increase as demand for Kia and Hyundai cars continues to grow in Korea.

Automobile demand in other non-US export markets has also been strong. As a result, HYSCO has expanded its exports to these markets to service the growing demand for Hyundai and Kia automobiles. For instance, both Kia and Hyundai are adding additional automobile production plants in China, bringing the total number of automobile production plants in China for Hyundai and Kia combined to six. Hyundai also recently completed construction of a new auto plant in Brazil. HYSCO supplies CORE to all of these auto plants.

HYSCO has also maintained a steady presence in the U.S. market and sells CORE to both Hyundai Motor Manufacturing Alabama and Kia Motors in Georgia. Given that HYSCO is affiliated with Hyundai Motors and Kia via the Hyundai Group, it is only natural that we supply them with some of their CORE needs. However, both Hyundai and Kia also purchase CORE from the major US producers and in fact now purchase more of their CORE from the US producers than they do from HYSCO. Hyundai Motors and Kia depend on supply from U.S. producers in order to enjoy the benefits of shorter lead times and just-in-time delivery, just like every other US auto

producer. The lead times from Korea, and the transportation costs often make the US producers a more attractive option.

Going forward, HYSCO expects to continue to be a steady supplier to its affiliated automotive companies in the US market and this will not change with or without the existence of the AD/CVD orders. Because of the advantages the US producers enjoy in being able to supply Hyundai Motors and Kia Motors with a reliable supply of CORE with short lead times, HYSCO does not anticipate that the percentage it supplies to Hyundai and Kia will increase in the foreseeable future.

HYSCO has been subject to numerous AD and CVD administrative reviews at Commerce, and has consistently received very low and mostly de minimis margins. HYSCO has never received a calculated CVD margin above de minimis in any administrative review. Our level of exports to the US market thus has not turned upon the existence of the AD/CVD orders, but is instead based on market conditions. This will not change if the orders are revoked.

I would also like to address recent capacity additions by HYSCO. In 2011 and 2012, HYSCO expanded its continuous galvanizing line at its Sunchon and Dangjin plants. The nominal capacity increases were 275,000

tons at each plant. This new capacity was brought on line in order to service primarily the domestic market and other non-U.S. export markets.

In addition, HYSCO is in the process of building a new plant in Dangjin that will have a name plate production capacity of 1.65 million short tons. However, only 550,000 short tons of this new capacity will be for the production of CORE. The remaining capacity will be used for non-subject cold-rolled. This new plant will not be operational until the fourth quarter of 2013. This expanded capacity is based on the requirements of Hyundai and Kia Motors.

HYSCO is, and will continue to be a steady and consistent supplier of CORE to the US market as a supplier to Hyundai Motors and Kia Motors. However, its primary focus will continue be on its home market and other export markets based on proximity and as part of HYSCO's strategy to remain diversified in the export markets it supplies. HYSCO has established customers in these non-US export markets and will not divert shipments from those markets to the US in the near future. This is true with or without the existence of the AD/CVD orders.