

Inv. Nos. 701-TA-505 and 731-TA-1231-1237 (Final)
Grain-Oriented Electrical Steel From China, Czech Republic,
Germany, Japan, Korea, Poland and Russia

Testimony of Mr. Yi Huang
July 24, 2014

Good afternoon. My name is Yi Huang. I am the department manager of Baosteel America, Incorporated, which is the 100% owned subsidiary of Baoshan Iron and Steel Corporation in Shanghai. I've been working in this position in the United States for six years. I previously worked as an export and sales manager at Baoshan in Shanghai for seven years. Therefore, I am familiar with the U.S. GOES market, Baosteel's GOES activities in the United States, and the Chinese GOES industry. To my knowledge, Baosteel is the only Chinese exporter of GOES to the United States. Thus, Baosteel's information and experience is representative of the Chinese GOES industry.

Baosteel started commercial production of GOES in 2008. Baosteel does not sell GOES directly into the United States. Rather, it sells GOES in coils to processors located in Canada and Mexico who split the coils into specific dimensions, and then resell these items into the U.S. market. This process from order to delivery can take as long as four to six months. Of the very small volume of GOES that Baosteel has exported to the United States since 2011, 100% of Baosteel's exports are high-permeability domain and non-domain refined steel.

Baosteel's GOES competes in the high end of the U.S. market with other high-permeability products from the U.S. and foreign suppliers. The U.S. GOES industry has alleged that pricing of the subject imports has affected their own price and led to significant price declines during the period of the investigation. I agree that we have recently seen price declines for GOES in the

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United States, but I object to the U.S. industry's claim that imports are the cause, especially imports from China.

Our imports are so small that they cannot and do not have any impact on the U.S. industry's pricing. We are not the price leader in the U.S. market. We follow the price trends established by the U.S. producers. Our prices are often higher than the U.S. industry's prices.

China's domestic production of GOES is intended for the domestic market. China is still a net importer of GOES because domestic production is not enough to keep up with the growing Chinese demand. For example, in 2013, China imported 179,000 metric tons of GOES.

To consider the Chinese GOES industry to be a threat is absurd. There are currently a total of four GOES producers. The two major Chinese GOES producers, Baosteel and Wuhan, have a practical capacity of around 770,000 metric tons. The other two smaller GOES producers, Anshan and Shougang have an estimated 250,000 metric tons combined practical capacity. So the overall capacity in China is around 1 million metric tons. Although this may seem like a very high number, it is not high when compared with the size of the Chinese market, which was estimated at over 1.1 million metric tons in 2013. In fact, China continued to import a significant volume of GOES in 2013 to make up for the shortfall in its GOES output.

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There is no fifth Chinese GOES producer. The joint venture between ArcelorMittal and Hunan Valin for the production of GOES facilities has been stopped. No GOES facility has been completed or production started. It should be noted that GOES production requires substantial investment in equipment and technology, and a special know-how, which serve as very high barriers to any prospective Chinese GOES producer.

The Chinese GOES market has grown steadily at an estimated 5% per year and is projected to continue growing in the near future. China is still the world's largest producer of transformers, and this market is expected to continue growing for years. To satisfy this market, Chinese domestic production is almost entirely sold to the Chinese market, as shown in Baosteel's questionnaire response.

This concludes my testimony, and I appreciate your time and attention today. Thank you.