



lost to subject imports, and the additional revenue we have lost by lowering our prices to maintain even a reduced volume.

I am responsible for AK Steel's sales activity with all major NOES accounts. I supervise our sales representatives, whose confidential affidavits were provided with our brief. I know our customers very well and have worked with most of them for many years. I frequently speak with them by telephone and meet with them at their facilities as often as possible.

Substantially all of our customers source at least some NOES from the subject countries. It was not an easy decision to bring this case. We highly value our customers and want them to be successful. We consider them like partners, and we do our best to serve their needs. But, we decided we had to bring this case to keep our NOES operation viable.

Because I know our customers so well, I was surprised to read the allegations in the respondents' brief regarding the various non-price reasons given for buying imports of NOES instead of our products.

Because most customers have pre-qualified multiple NOES suppliers,

comparable quality is a given. There is no question in my mind that price is the most important factor dictating purchase decisions in this product market. Again, I talk to our customers all the time, and all I ever hear is that our price is too high in relation to the prices of the NOES imports. A comparison of our prices and import prices has been the central theme of almost every discussion I have had with a NOES customer over the past several years, certainly since 2010.

I would like to draw your attention to three confidential affidavits in our pre-hearing brief – Exhibits 14, 34, and 35. For competitive reasons I cannot discuss this information in detail in a public hearing. Instead, I will generally describe our interactions with our major customers over the past three years and the efforts we have made to try to compete with dumped and subsidized imports during this time.

The affidavits discuss the recent history of our relationships with key customers. The themes are very consistent. First, the volume we are able to sell to our customers varies according to price. The lower our prices, the higher the volume we receive; and the higher our prices, the lower the volume we receive, if any. The prices we are able to charge

are based on import competition. Our customers can, and do, point to lower import prices in order to force us to lower our prices. They are very direct in telling us that they will buy more imports and less (or none) of our products, if we do not reduce our prices. Thus, price is the focus of our negotiations with these customers. Several of our customers have recently told us that given our product quality and service, they would prefer to buy everything from us, but that our prices are too high. One customer candidly told me, "I love you, but I can't afford you."

Second, for sales to our key customers, we have experienced significant import competition for the entire period being examined by the Commission. Our customers know who all the suppliers are, and subject imports have been readily available throughout the period.

Third, there is competition with subject imports for all grades and gauges. There is no category of NOES that is insulated from subject import competition.

Fourth, we regularly call on NOES purchasers, whether they have purchased from us recently or not. We have not given up on anyone,

and we respond to all requests for quotation. For example, we would love to have Nidec back as a customer. We know that they have purchased imports for the last decade, but we still want to be their supplier. We respond to their request for quotation every year, and we keep trying. We can make the products they need. But the key stumbling block for customers is always price. Some potential accounts will not seriously consider us an option, because they know they can purchase subject imports at lower prices.

I understand that many of our lost sales and lost revenue allegations have been confirmed. But I also understand that the respondents have challenged many of these allegations. We are very certain about all of these allegations. I was centrally involved in many of these situations and at least indirectly involved in all of them.

I am aware that sometimes purchasers deny an allegation because they disagree with the exact quantity, or the exact date, or the country from which the competing subject imports came. For that reason, we were happy to see in the Commission's preliminary views that there were "numerous allegations that purchasers did not formally confirm,

but nevertheless suggest that the domestic industry lost sales due to low-priced subject imports.” As the Commission requested, we have submitted additional information about our relationships with certain customers to support many of these claims. There should be no doubt that the lost sales and lost revenues in this case are significant.

Finally, I am very confident that antidumping orders would have a significant positive effect on our business. As we discuss in our brief, we already have seen significant benefits based only on the filing of the petition and the imposition of preliminary duties. Our spot market business picked up considerably. As the subject imports declined, spot market prices increased, as did the percentage of our sales that were spot market. 37 potential new customers contacted AK Steel after the petitions were filed, and 10 of those customers placed orders with us. In addition, two existing customers increased their orders after the petitions were filed, and nine existing customers agreed to higher prices after the petitions were filed. These improvements in our sales activity and performance were a direct result of the filing of the petitions and

resulting decline in subject import volume and increase in subject import prices.

In summary, AK Steel has great relationships with its NOES customers, and we want to continue to be a reliable NOES supplier. We would hope that even the purchasers who oppose us in this case would agree that it would be a bad situation if there were no longer a manufacturer of NOES in the United States. As my colleagues have stated, we will not be able to continue to supply NOES in this market if dumped and subsidized pricing prevent us from increasing our volume and our prices.

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