

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)	(Preliminary)
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Testimony of W.J. Lee, Hyundai Steel

Members of the Commission Staff:

1. Good afternoon. My name is W.J. Lee and I am with Hyundai Steel in Korea. I have worked for Hyundai Steel for 11 years and I am very familiar with Hyundai Steel's CORE business. Hyundai's CORE exports to the United States have had no impact on the US producers of CORE. Virtually all of the CORE that Hyundai Steel exports to the United States is automotive grade CORE that goes to Hyundai Motor and Kia Motor, which are the largest shareholders in Hyundai Steel and Hysco America. Hysco America is the exclusive importer of Hyundai Steel and the company that purchases CORE for car bodies for Hyundai Motor and Kia Motor.

2. Automotive CORE possesses different characteristics from CORE for structural and other commercial uses. For instance, the tolerances for automotive steel are significantly different. As a result of these differences, the quality standards for the galvanized CORE used to produce both exposed and

unexposed parts is manufactured to much tighter tolerances than the standards for commercial or structural quality. As a result of these quality differences, automotive grade steel typically is priced significantly higher than commercial or structural CORE

3. Hysco America acts as the steel purchasing agent for Hyundai Motor and Kia Motor needs. As such, they arrange purchases from not only Korean producers, but domestic producers as well. A significant percentage of CORE purchased by Hysco America for Hyundai Motor and Kia Motor is from domestic producers.

4. Hyundai Motor and Kia Motor purchase CORE from Hyundai Steel that only Hyundai Steel can produce. The reason is that the development process for an automobile model takes place in Korea, and requires approximately 24 months. During this development process, Hyundai Steel partners with Hyundai Motor and Kia Motor in designing specific parts and components for specific applications as an auto model is developed. When mass production begins, both in Korea and the United States, the auto companies continue to use Hyundai's CORE for these critical components to ensure consistency of supply and quality and to maintain control over the dissemination of confidential technologies being used in their automobiles. In addition, much of the CORE exported by Hyundai Steel is

not produced by domestic manufacturers to the tolerances required by Hyundai Motor and Kia Motor.

5. However, for more standardize parts and components, Hyundai Motor and Kia do purchase from domestic producers for their U.S. auto plants. Today, a significant portion of Hyundai Motor and Kia Motor purchases of steel is from domestic U.S. mills.

6. The domestic producers of CORE dominate the supply of CORE to US auto producers. As the Commission heard in the recent CORE sunset case, for automakers, availability, consistency of supply, and quality are the most important attributes in making purchasing decisions. Domestic CORE producers have built-in advantages over imports when it comes to lead times and reliability and stability of supply because of their proximity to the market. Hyundai Steel does not export CORE to any U.S. automobile makers other than Hyundai Motor and Kia Motor and has no plans to begin doing so.

7. Hyundai Motor continues to increase production with benefits for both Korean and US CORE producers.

Thank you