

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

Certain Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom)))))	Inv. Nos. 701-TA-540-544 and 731-TA-1283-1290 (Final)
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Testimony of Won Kim, Hyundai Steel

1. My name is Won Kim. I am a Manager of the Hyundai Steel Trade Affairs Team. Hyundai Steel America is 100 percent owned by Hyundai Steel Company in Korea, and both Hyundai Motor Manufacturing Alabama and Kia Motor Manufacturing Georgia are affiliated with Hyundai Steel America and Hyundai Steel Company. Hyundai Steel America imports over 90 percent of the cold rolled steel exported by Hyundai Steel to the United States, and 100 percent of Hyundai Steel America's cold rolled imports are for use by Hyundai Motor and Kia Motor.

2. Hyundai Motor established Hyundai Motor America and Kia Motor America to produce automobiles in the United States. Hyundai Motor and Kia Motor estimate that they have invested over 3 billion dollars in these facilities. They directly and indirectly employ approximately 10,000 workers in Georgia and Alabama.

3. For auto makers like Kia and Hyundai, by far the most important factors in purchasing cold rolled steel are product quality and product uniformity. Different auto parts require specific qualities, but flatness and no wave and low reject rates are always important. Price is a consideration, but quality and uniformity of cold rolled steel trump all other factors.
4. Auto producers require a long approval process because they want to obtain a product that is specifically suited to their particular production and the longer the experience with the supplier, the more confidence the auto producer has in its supplier.
5. As noted in our questionnaire responses, even though automobile production has increased in the United States, consumption of cold rolled has declined. The primary reason is that galvanized steel increasingly has been substituted for cold-rolled. So even as car production has increased, cold rolled used for autos has declined. In addition, high tensile steel has replaced low tensile steel in many cold-rolled applications and there has been a significant drop in purchases of low tensile cold rolled.
6. A large part of the strategy of Hyundai Motor and Kia Motor in establishing auto production in the United States was to use domestically produced steel where possible. Hyundai and Kia have been continuously working to

increase their sourcing of steel, including cold-rolled steel, from domestic producers.

7. In general, all U.S. automobile producers prefer to source steel locally from domestic steel producers because of the logistical advantages of local supply. Local supply reduces lead times and proximity makes it easier to resolve sourcing and quality issues when they arise.
8. One limitation on local sourcing is that Hyundai's R&D Center for automobiles is located in Korea. This means that when developing new auto models, Hyundai has tended to partner initially with Japanese and Korean suppliers, while U.S. suppliers are qualified at the manufacturing stage. Once a commitment is made to purchase steel for any particular part for any given model, that contract generally continues through the life of that part, which is typically several years.
9. We are in the process of qualifying U.S. Steel for a High Strength Low Alloy grade. Purchases are anticipated to begin in July. We have also discussed purchases with AK Steel after they begin production of HSLA in 2017.