

**TESTIMONY OF TAKASHI SEKINO**  
**NIPPON STEEL & SUMITOMO METAL U.S.A., INC.**

**August 4, 2016**

My name is Takashi Sekino. I am Executive Vice President of NSSM USA, a subsidiary of NSSMC of Japan. My marketing experience at these firms gives me strong knowledge of the U.S. and global markets for steel products. I want to stress that Japanese hot-rolled steel imports do not compete with U.S. hot-rolled products and therefore do not injure the U.S. industry, for at least three reasons.

First, over 80% of hot-rolled steel exports from NSSMC during the POI were sold to U.S. affiliates of Japanese producers for captive consumption, with the remainder being steady volumes to a few U.S. customers that have had long-term relationships with NSSMC. Most importantly, the bulk of NSSMC's shipments are to Steelscape, a 50-50 joint venture between NSSMC and BlueScope Steel Limited of Australia. Steelscape sources almost all of its hot-rolled coil from NSSMC in Japan and BSL in Australia pursuant to an explicit agreement among these entities. Such dedicated supply for captive consumption does not compete with U.S. hot-rolled steel products.

Second, a clear majority of NSSMC's hot-rolled steel exports are shipped to the West Coast for customers located in that region. Of note, Steelscape's production facilities are in Washington and California, as are the facilities of other

NSSMC customers. These customers have told us that freight costs and rail car shortages make supply from U.S. mills located in the eastern half of the United States non-competitive, and not feasible for large volume shipments to the West Coast. For this reason, any anti-dumping order on Japan would only increase imports from non-subject Asian countries to the West Coast, not benefit U.S. mills.

Third, substantial quantities of hot-rolled steel exports from NSSMC to the United States, particularly for the automotive and tubular goods sectors, are products that our customers found to be of superior quality to domestic products due to the technical limitations of U.S. mills, or inadequately supplied by U.S. mills. This is well-documented by confidential information on the record, and will be further addressed by Mr. Dennis of Quality Tubing. Such imports do not compete with U.S. hot-rolled steel products.

Finally, I want to address the issue of critical circumstances. NSSMC's hot-rolled steel exports to the United States in each full year of the POI declined, while the timing and volume of the shipments fluctuated based solely on the needs of our customers. Our shipments in the latter half of 2015 were entirely unrelated to the filing of the petition, and therefore do not give rise to critical circumstances.

Thank you.