

TESTIMONY OF TADAAKI YAMAGUCHI

JFE STEEL AMERICA INC.

August 4, 2016

My name is Tadaaki Yamaguchi, President of JFE Steel America Inc., a subsidiary of JFE Steel Corporation of Japan. I have been in my current position since April 2015, but I have worked in the steel industry since 1990.

First, I agree with Mr. Sekino as to why Japanese and U.S. hot-rolled steel products do not compete with one another in the U.S. market. The bulk of our exports to the United States are to Gulf Coast tubular goods customers that have found our products to be of superior quality to U.S. products, have required alternatives to U.S. supply to mitigate supply chain risk, and/or have found transport costs to favor importing product from Asia. In addition, a sizeable share of our hot rolled steel exports to the United States go to a West Coast affiliate, and the affiliate could not obtain that product domestically both because of the required specifications and high domestic transport costs.

Second, I would like to address the issue of threat. The Japanese Mills pose no threat to the U.S. industry because our focus is primarily on our home market of Japan and Asian export markets, where we each have numerous investments, joint ventures, and long-term customers. That is why we account for an extremely small share of the U.S. market. In addition, the Japanese capacity utilization rate for hot-

rolled steel production is very high, between 93 and 96 percent during 2013 to 2015, and expected to increase to 97 percent in 2017. Finally, third country trade remedy actions have had minimal impact on the Japanese Mills due to exclusions, small margins, and inconsequential market size. For these reasons, the Japanese Mills have no reason to and cannot expand exports to the United States.

Last, I want to make clear that there is no basis for the Commission to find that critical circumstances exist as to JFE. The quantity of JFE's shipments to the United States did not change because of the filing of the anti-dumping petition last year. Rather, our hot-rolled steel shipments to the United States in 2015 reflected pre-existing commitments and were unrelated to the filing of the petition, as I have explained in the confidential statement I have provided.

Thank you.