

**BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION**

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Carbon and Alloy Steel Cut-to-Length )	Inv. Nos. 701-TA-559-561 and
Plate from Austria, Belgium, Brazil, China, )	731-TA-1317-1328
France, Germany, Italy, Japan, South Korea, )	(Preliminary)
South Africa, Taiwan, and Turkey )	
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**Testimony of Sukh-Hee Yoon, POSCO**

Members of the Commission Staff:

1. Good Afternoon. I am Sukh-Hee Yoon. I am a Manager with the International Trade Affairs Group of POSCO. POSCO is the only supplier of CTL plate not subject to the existing AD and CVD orders on plate from Korea.

2. POSCO has focused on producing high quality value-added products to demanding specs. POSCO only produces discrete plate from slab in a universal plate mill and does not produce cut-to-length plate from hot rolled coil. The advantages of discrete plate over CTL plate are superior flatness tolerance and greater size range, in terms of greater width and maximum thickness. POSCO's state-of-the-art production facilities feature advance production technology such as automatic gauge control, accelerated cooling, hot leveling, etc., to achieve superior quality with respect to dimension, toughness, surface quality, etc.

3. POSCO's advanced production process allows it to produce high strength plates without using large amounts of alloying elements. This is important

because alloys can increase strength but also reduce weldability compared to plate made with smaller quantities of alloying elements. POSCO has undertaken the necessary investments to achieve these quality issues.

4. As a global leader in high quality CTL plate production, POSCO has developed long-term supply relationships with its customers around the world. For example, one of POSCO's U.S. customers is a global manufacturer with operations in several countries, not just the United States. POSCO has invested time and resources in developing plate for that customer's unique specs and establishing an efficient logistics plan to ensure timely and stable supply to its operations around the world. Our exports to this U.S. customer are based on a long-term, global, strategic relationship, not on short term price considerations.

5. POSCO's strategy for the U.S. CTL plate market has also been to focus on specific products and market sectors experiencing healthy demand that are not served, or have been poorly served, by the domestic industry. To understand demand trends for plate it is very important to distinguish between particular end use markets. Demand trends in the key end use markets have been very different over the period of 2013 to 2015. For example, demand for renewable energy projects such as wind towers was very strong and demand for large diameter line pipe and shipbuilding were strong in 2015, when demand for oil and

gas dropped taking with it demand in many related sectors. Particularly in 2015, POSCO's exports were concentrated in these strong demand sectors.

6. Just like French and German exporters, POSCO supplies producers of large diameter pipe that require high quality specs of plate for their production process, specifically API grade X70 or above. Large diameter line pipe is used in major oil and gas pipeline projects. Because of the liability issues involved, pipeline operators require that their suppliers produce line pipe that meets exacting specs for tensile strength and other properties and that they use CTL plate from recognized suppliers who have a strong track record.

7. The domestic CTL plate industry offers only limited capacity to supply X70 grade plate. Nucor does not produce X70 at all. SSAB's maximum width for X70 plate is only 36 inches, meaning it is unsuitable for the large pipelines up to 42 inches in diameter that are a significant segment of the market. Both SSAB and Arcelor Mittal have difficulty producing X70 plate for high quality specs in thicknesses of 0.650 inch and above. POSCO, in contrast, can produce plate used for line pipe up to 42 inches in outside diameter and can produce thicknesses of 0.650 inch and above for high quality specs.

8. None of the petitioning domestic producers can produce API X70 grade CTL plate with low-temperature toughness (meaning able to withstand an average temperature of below minus 30 Celsius ), particularly in the thicker plate

ranges. Low-temperature toughness plates are required for above-ground pipelines in Alaska or in the northern region of the United States. POSCO meanwhile can produce low-temperature toughness X70 plate even for thick plates.

9. In addition to the large diameter line pipe market, POSCO also supplies plates for shipbuilding. Here again, POSCO offers advantages over domestic suppliers. SSAB does not produce shipbuilding plate, so the only domestic suppliers are Nucor and Arcelor Mittal. POSCO has DNV-GL certification, which is increasingly required by ship builders, while Arcelor Mittal does not. POSCO is also able to offer plate that is primed to prevent against corrosion. Domestic suppliers generally do not have that capability, meaning that shipbuilders must install their own plate priming capacity if they are going to use domestic suppliers. Corrosion protection is very important in this market segment in which straightness and other surface properties are critical. We will provide additional details concerning this segment in our post-conference brief.

10. POSCO has also been supplying the wind towers producers, a growing segment of demand.

11. In conclusion, POSCO's customers in the U.S. market, particularly in the large diameter line pipe and shipbuilding segments, which have experienced strong demand in 2015, have turned to us because POSCO has been able to reliably

supply high-quality products that the domestic producers have difficulty providing, and because POSCO offers superior delivery and customer service.

12. I'll be glad to answer any questions.

Thank You