

Hearing Testimony for Mr. Kanta Kuroda
General Manager, Tin Mill Products Division, Nippon Steel & Sumitomo Metal
Corporation

Good afternoon. My name is Kanta Kuroda, and I am the General Manager of the Tin Mill Products Global Marketing Department at Nippon Steel & Sumitomo Metal Corporation in Tokyo. With me is Mr. Hiro Ohori, my marketing counterpart for nickel plated steel products in China, Asia and Western Europe, who also supplies many other battery raw materials. Thank you for the opportunity to participate in today's hearing.

I would like to make four brief points in my testimony, and then I would be happy to respond to any questions.

First, our sales of nickel-plated steel in the United States have always been very small volumes. We have qualified to supply only one specification of nickel-plated steel to Duracell, which amounts to a few hundred tons per year. We are not qualified and are not engaged in the qualification process with either Panasonic or Energizer in the United States.

Second, we increased our production capacity from 2012 by dedicating one line to produce only nickel-plated steel. Before, we had produced both tinplate and nickel-plated steel on the same line. We had two reasons for the change: One is production efficiency. We could improve the overall utilization rate for the line by continuously producing one product rather than switching back and forth. But the main reason is that we wanted to be in position to take advantage of growing demand for nickel-plated steel in Asia.

My third point relates to these markets in Asia. Nickel-plated steel is used to produce both primary alkaline batteries and secondary lithium-ion batteries. The outlook for both markets is very strong in Asia. For alkaline batteries, an increasing share of total world production is in Asia – the share is now around 50 percent and rising. There is also a transition

underway toward using more diffusion-annealed nickel plated steel to replace “post-plated” cold-rolled steel in alkaline battery production. We would be happy to explain this in more detail during the question period. The other favorable trend is demand growth for lithium-ion batteries. This technology is increasingly used to power electric vehicles, energy storage systems, and other devices where higher storage capacity and higher voltage output is needed. For all these reasons, we believe that Asian markets will remain our top priority for export sales.

Finally, I would like to address the claim in the Thomas brief at page 42 that the merger of Nippon Steel and Sumitomo Metal means that we intend to target the battery market. This allegation is completely incorrect. Sumitomo Metal never produced nickel-plated steel and the merger had no effect on production. When we refer to the energy market as a priority, we mean steel plate and high-quality pipe and tube products, not battery steel.

Thank you for your attention. I would be pleased to answer any questions.