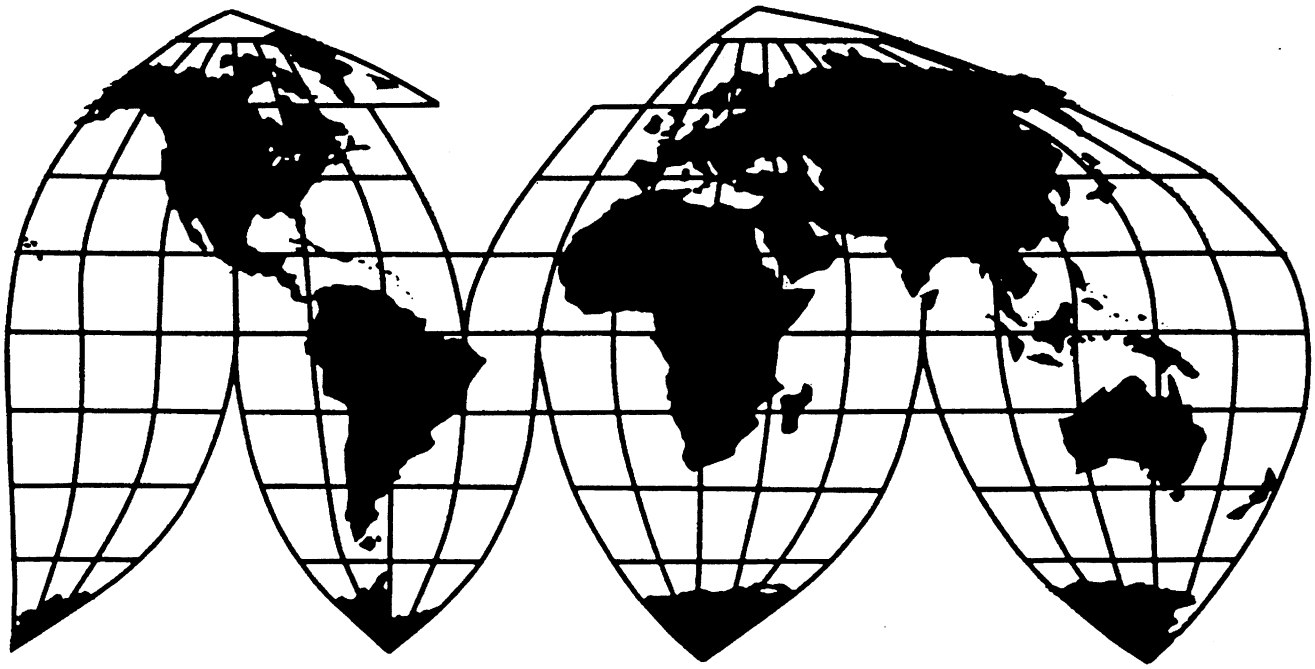
Certain Stainless Steel Plate From Belgium, Canada, Italy, Korea, South Africa, and Taiwan

Investigations Nos. 701-TA-376, 377, and 379 (Final) and
Investigations Nos. 731-TA-788-793 (Final)

Publication 3188 **May 1999**

U.S. International Trade Commission



Washington, DC 20436

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Certain Stainless Steel Plate From Belgium, Canada, Italy, Korea, South Africa, and Taiwan

Publication 3188

May 1999

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-376, 377, and 379 (Final) and
Investigations Nos. 731-TA-788-793 (Final)

CERTAIN STAINLESS STEEL PLATE FROM BELGIUM, CANADA, ITALY, KOREA, SOUTH AFRICA, AND TAIWAN

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission determines:[2]

(1) pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Belgium, Italy, and South Africa of certain hot-rolled stainless steel plate in coils[3] that have been found by the Department of Commerce to be subsidized by the Governments of Belgium, Italy, and South Africa;[4]

(2) pursuant to section 735(b) of the Act (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured by reason of imports of certain hot-rolled stainless steel plate in coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan that have been found by Commerce to be sold in the United States at less than fair value (LTFV);[4]

(3) pursuant to section 705(b) of the Act (19 U.S.C. §1671d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Belgium of

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] In these investigations, Vice Chairman Marcia E. Miller and Commissioners Carol T. Crawford, Jennifer A. Hillman, and Thelma J. Askey find two domestic like products, voting in the affirmative with respect to certain hot-rolled stainless steel plate in coils and voting in the negative or finding imports to be negligible with respect to certain cold-rolled stainless steel plate in coils. Chairman Lynn M. Bragg and Commissioner Stephen Koplan find one domestic like product encompassing both certain hot-rolled stainless steel plate in coils and certain cold-rolled stainless steel plate in coils, and vote in the affirmative.

[3] Imports of certain stainless steel plate in coils, both hot-rolled and cold-rolled, are provided for in subheadings 7219.11.00, 7219.12.00, 7219.31.00, 7219.90.00, 7220.11.00, 7220.20.10, 7220.20.60, and 7220.90.00 of the Harmonized Tariff Schedule of the United States. For purposes of these investigations, the Commission defines certain hot-rolled stainless plate in coils as all domestic product corresponding to the scope of the investigations except for certain cold-rolled stainless steel plate in coils. The Commission defines certain cold-rolled stainless steel plate in coils as all domestic product corresponding to the scope of the investigations that has undergone a cold-reduction process that reduced the thickness of the steel by 25 percent or more, and has been annealed and pickled after cold reduction.

[4] Chairman Bragg and Commissioner Koplan made affirmative determinations on a single domestic like product encompassing both certain hot-rolled stainless steel plate in coils and certain cold-rolled stainless steel plate in coils.

certain cold-rolled stainless steel plate in coils that have been found by Commerce to be subsidized by the Government of Belgium;[5]

(4) pursuant to section 735(b) of the Act (19 U.S.C. §1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Belgium and Canada of certain cold-rolled stainless steel plate in coils that have been found by Commerce to be sold in the United States at LTFV;[5] and

(5) pursuant to section 771(24)(A) of the Act (19 U.S.C. § 1677(24)(A)), that imports of certain cold-rolled stainless steel plate in coils from Italy, Korea, South Africa, and Taiwan that have been found by Commerce to be subsidized and/or sold in the United States at LTFV are negligible.[5] [6]

BACKGROUND

The Commission instituted these investigations effective March 31, 1998, following receipt of a petition filed with the Commission and the Department of Commerce on behalf of Armco, Inc., Pittsburgh, PA; J&L Specialty Steel, Inc., Pittsburgh, PA; Lukens Inc., Coatesville, PA, North American Stainless, Ghent, KY; and the United Steelworkers of America, AFL-CIO/CLC. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by the Department of Commerce that imports of certain stainless steel plate in coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan were being subsidized and/or sold in the United States at LTFV within the meaning of sections 703(b) and 733(b) of the Act (19 U.S.C. §§ 1671b(b) and 1673b(b)). Notice of the scheduling of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of December 9, 1998 (63 FR 67918). The hearing was held in Washington, DC, on March 23, 1999, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[5] Chairman Bragg and Commissioner Koplan made affirmative determinations on a single domestic like product encompassing both certain hot-rolled stainless steel plate in coils and certain cold-rolled stainless steel plate in coils.

[6] Investigations regarding such imports are therefore terminated.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that an industry producing certain hot-rolled[1] stainless steel plate in coils in the United States is materially injured by reason of imports of certain hot-rolled stainless steel plate in coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan, that have been found by the Department of Commerce ("Commerce") to be subsidized and/or sold at less than fair value ("LTFV").

We further find that an industry producing certain cold-rolled stainless steel plate in coils in the United States is not materially injured or threatened with material injury by reason of imports of certain cold-rolled stainless steel plate in coils from Belgium and Canada, and that imports of certain cold-rolled stainless steel plate in coils from Italy, Korea, South Africa and Taiwan are negligible.[2]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the "domestic like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[3] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[4]

Our decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[5] No single factor is dispositive, and the Commission

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[1] For purposes of these views, we define certain "hot-rolled" stainless steel plate in coils as all domestic product corresponding to the scope of these investigations except for certain cold-rolled stainless steel plate in coils, and refer to such certain hot-rolled stainless steel plate in coils as "hot-rolled" or "HRAP" (hot-rolled, annealed and pickled) plate. We define certain cold-rolled stainless steel plate in coils as all domestic product corresponding to the scope of these investigations that has undergone a cold-reduction process that reduced the thickness of the steel by twenty-five percent or more, and has been annealed and pickled after cold reduction.

[2] Chairman Bragg and Commissioner Koplan find one domestic like product in these investigations, certain stainless steel plate in coils. They determine that an industry in the United States is materially injured by reason of imports of certain stainless steel plate in coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan that are subsidized and/or sold in the United States at LTFV.

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(10).

[5] *See, e.g.*, NEC Corp. v. Dep't of Commerce, Slip. Op. 98-164 at 8 (Ct. Int'l Trade, Dec. 15, 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. *See* Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

may consider other factors relevant to a particular investigation.[6] The Commission looks for clear dividing lines among possible like products, and generally disregards minor variations.[7] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise found to be subsidized and/or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[8]

Commerce has defined the imported merchandise within the scope of these investigations as:

> [C]ertain stainless steel plate in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject plate products are flat-rolled products, 254 mm or over in width and 4.75 mm or more in thickness, in coils, and annealed or otherwise heat treated and pickled or otherwise descaled. The subject plate may also be further processed (*e.g.*, cold-rolled, polished, etc.) provided that it maintains the specified dimensions of plate following such processing. Excluded from the scope of the investigations are the following: (1) plate not in coils, (2) plate that is not annealed or otherwise heat treated and pickled or otherwise descaled, (3) sheet and strip, and (4) flat bars.[9]

Certain stainless steel plate in coils ("plate" or "coiled plate") is used for the fabrication of storage tanks, process vessels, and equipment in the chemical, dairy, restaurant, pulp and paper, pharmaceutical, and other industries where the corrosion resistance, heat resistance or ease of maintenance of stainless steel is needed. From the coiled form, the product can be cut to the exact length required.[10]

B. Domestic Like Product Issues in These Investigations

In the preliminary phase of these investigations, the Commission found a single domestic like product, "certain stainless steel plate in coils," corresponding with Commerce's description of the subject merchandise.[11] It indicated, however, that it would reconsider two like product issues in the final phase: whether to include stainless steel sheet and strip in the domestic like product, and whether HRAP and cold-rolled stainless steel plate in coils are separate domestic like products.

The Commission subsequently discussed the first of those issues in detail in Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan and the

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[6] *See, e.g.*, S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[7] Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd,* 938 F. 2d 1278 (Fed. Cir. 1991).

[8] Hosiden Corp. v. Advanced Display Manufacturers, 85 F.3d 1561 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[9] *See, e.g.*, 64 Fed. Reg. 15444 (Mar. 31, 1999).

[10] Confidential Report ("CR") at I-6, Public Report ("PR") at I- 5.

[11] Stainless Steel Plate in Coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan Inv. Nos. 731-TA-788-793 and 701-TA-376-379 (Preliminary), USITC Pub. 3107 at 5-15 (May 1998). Commissioner Crawford found hot-rolled and cold-rolled plate to be separate like products in the preliminary phase. The Commission also determined in the preliminary phase that the domestic like product should not be expanded beyond the scope to include stainless steel plate not in coils, or stainless steel plate not annealed and pickled (*i.e.*, black plate). No party has challenged those determinations and we do not reconsider them here.

United Kingdom.[12] In that case, after performing a detailed comparison of stainless steel plate in coils and stainless steel sheet and strip applying the traditional like product factors, the Commission reaffirmed its preliminary determination from the instant investigations that stainless steel plate in coils and stainless steel sheet and strip are not the same domestic like product.[13] There is no new information in the record of these investigations that leads us to question the Commission's reasoning in the SSSS-Prelim.[14] Accordingly, for the reasons set forth in the SSSS-Prelim., we determine that the domestic like product in these investigations does not include stainless steel sheet and strip.

The second issue is whether hot-rolled and cold-rolled stainless steel plate in coils, both of which are within the scope of investigation, should be defined as separate domestic like products. As noted above, for purposes of these views, we define cold-rolled plate as all stainless steel plate in coils corresponding to the scope that has undergone a cold-reduction process that reduced the thickness of the steel by twenty-five percent or more, and has been annealed and pickled after cold reduction. We define all other certain stainless steel plate in coils corresponding to the scope as "hot-rolled" or "HRAP" plate.

While there is extensive domestic production both of HRAP plate in coils and of HRAP plate in coils with a light "temper pass,"[15] domestic production of cold-rolled stainless steel coiled plate, as defined here, is quite limited.[16] All domestic producers have the ability to produce cold-rolled stainless steel coiled plate, but only a few producers produced this product during the period of investigation.[17] However, cold-rolled plate was produced for commercial sale and in response to customer orders, and was domestically produced during every year of the period of investigation. Thus, we find that there is domestic production of cold-rolled stainless steel coiled plate,[18] [19] and proceed to consider whether HRAP and cold-rolled

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[12] Inv. Nos. 701-TA-380-382 and 731-TA-797-804 (Preliminary), USITC Pub. 3118 (Aug. 1998) ("SSSS-Prelim.").

[13] SSSS Prelim., USITC Pub. 3118 at 9, n.51. The Commission concluded that although the products shared similar chemical compositions and properties, distinctions in thickness between the two products corresponded to different end-uses and channels of distribution, and resulted in limited interchangeability. The Commission also observed that virtually all (97 percent of) sheet and strip, but a very small proportion of HRAP plate, undergoes the more extensive additional processing of cold-rolling. Id. at 9-10; *see also* Stainless Steel Sheet and Strip from the Federal Republic of Germany and France and Stainless Steel Sheet and Strip and Plate from the United Kingdom, Inv. Nos. 731-TA-92 and 95, and Inv. Nos. 701-TA-195 and 196, USITC Pub. 1391 (June 1983).

[14] The Italian Respondent continued to argue that the domestic like product in these investigations should be expanded to include stainless steel sheet and strip, Italian Respondent's Prehearing Brief at 9-19 and Posthearing Brief at 2-7, but provided no new information or argument that would lead us to a different conclusion.

[15] We classify hot-rolled stainless steel plate that has been finished in a temper mill or cold-rolling mill with a very light cold-rolling pass, known as a temper pass or a skin pass, as hot-rolled stainless steel plate. This is because the temper pass or skin pass does not significantly reduce the thickness of the product, does not require a further annealing and pickling process, and does not change the character or classification of the finished hot-rolled product. CR at I-8-9 and n.9; PR at I-6 and n.9.

[16] Table C-2, CR at C-5, PR at C-5; CR at I-9 and n.9, PR at I-6 and n.9.

[17] Table III-2, n.1, CR at III-8, PR at III-5. Domestic production of cold-rolled stainless steel plate was *** short tons in 1995, *** short tons in 1996, *** short tons in 1997, and *** short tons in interim (Jan.-Sept.) 1998. *Id.* at nn.2-3. Domestic production of cold-rolled stainless steel plate accounted for *** percent of domestic production of certain stainless steel plate in 1997 and less than that in all other periods. Calculated from Tables III-2 and III-3, CR at III-8 and III-10, PR at III-5 and III-7.

[18] *Compare* Extruded Rubber Thread from Malaysia, Inv. No. 753-TA-34, USITC Pub. 3112 at 5 (June 1998) (because, *inter alia*, "there has been no production of food-grade ERT for commercial sale," domestic production of food-grade ERT product "does not exist in any practical sense" and could not be considered a domestic like

(continued...)

stainless steel coiled plate are separate like products, applying our traditional six-factor test.[20] [21] For the reasons discussed below, we find that HRAP and cold-rolled stainless steel plate in coils are separate domestic like products.

Physical Characteristics and Uses. The chemical composition of cold-rolled plate in coils is generally similar to that of HRAP plate. Both are corrosion resistant and are available in similar dimensions.[22] The cold-rolled product, however, generally has a smoother finish with greater freedom from surface imperfections than HRAP plate, and can also be produced to tighter tolerances than the HRAP product.[23]

All stainless steel plate is used for tanks and equipment for industries for which the corrosion resistance, heat resistance, and/or ease of maintenance of stainless steel are needed; it is also used for stainless steel tubing for the same industries.[24] Cold-rolled plate is used in a limited number of specialized applications such as containers and tanks for food processing, beer making, and dairies, where a smooth surface that can be easily cleaned is essential.[25]

Interchangeability. There is general agreement that cold-rolled plate in coils can be used for HRAP plate applications.[26] HRAP plate, however, is generally not interchangeable in applications calling for cold-rolled plate, at least without a further grinding/polishing process, and even then it would be substantially more expensive and may not meet required tolerances.[27]

Channels of Distribution. Stainless steel plate in coils, whether HRAP or cold-rolled, is sold primarily to service centers/distributors, with some sales to end-users, (*i.e.*, pipe and tube producers.)[28]

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[18] (...continued)
product); Nepheline Syenite from Canada, Inv. No. 731-TA-525 (Final), USITC Pub. 2502 at 7-11 (Apr. 1992) (since nepheline syenite was not produced in the United States, the Commission defined the domestic like product to include two similar products, feldspar and aplite), *aff'd,* Feldspar Corp. v. United States, 825 F. Supp. 1095 (Ct. Int'l Trade 1993).

[19] As Commissioner Crawford stated in Extruded Rubber Thread from Malaysia, Inv. No. 753-TA-34, USITC Pub. 3112 (June 1998), it is the fact of production -- not the amount -- that determines whether there is domestic production of a like product. *See id.* at 17-18. Here, admittedly there is actual domestic production of cold-rolled plate.

[20] In the preliminary determinations, the Commission conducted a semi-finished product analysis to determine whether HRAP and cold-rolled plate should be treated as separate domestic like products. *See* USITC Pub. 3107 at 14-15. Based on the more complete information available to us in these final phase investigations, we conclude that since such a small proportion of domestic HRAP production is cold-rolled, it is not appropriate to treat HRAP plate as a "semifinished" product.

[21] Chairman Bragg and Commissioner Koplan do not join the remainder of this like product analysis. *See* their dissenting views.

[22] Table I-2, CR at I-12, PR at I-7.

[23] Tables I-2 and I-3, CR at I-11-I-13, PR at I-7; Petitioners' Prehearing Brief at 15. We note that it may be possible to achieve a similarly smooth finish for HRAP plate, but only with additional grinding and polishing.

[24] CR at I-6; PR at I-5.

[25] CR at I-9; PR at I-6.

[26] Tables I-2 and I-3, CR at I-11 and I-13, PR at I-7; Transcript of Commission Hearing (March 23, 1999) ("Tr.") at 33. It is noted, however, that the additional cost of cold-rolled plate might set practical limitations on when cold-rolled plate might be used in place of HRAP plate.

[27] Tables I-2-I-3, CR at I-3 and I-11-I-13, PR at I-3 and I-7; Avesta Posthearing Brief at 4 and Attachment; Belgian Respondents' Posthearing Brief at 7.

[28] Table II-1, CR at II-2; PR at II-2.

The record does not reflect any differentiation between the channels of distribution for HRAP and cold rolled stainless steel plate.

Customer and Producer Perceptions. In our final phase questionnaires, we asked domestic producers and importers to compare HRAP and cold-rolled plate in terms of several characteristics. These entities identified varying degrees of differences between HRAP and cold-rolled plate, thus indicating that market participants generally perceive HRAP and cold-rolled plate to be distinct products.[29] Moreover, customers specifically order cold-rolled product.[30]

Manufacturing Facilities, Production Processes, and Production Employees. The production of cold-rolled plate typically begins with HRAP plate; thus the two products generally share the same production processes and equipment through the hot-rolling and initial annealing and pickling processes.[31] To produce cold-rolled plate, an HRAP coil is cold-reduced by twenty-five percent or more to the final ordered thickness. This process takes place on a separate line from those used to produce HRAP and involves separate employees. Following cold-reduction, cold-rolled plate must be further annealed and pickled. The record reflects that the annealing and pickling after cold reduction is generally performed on a different line than annealing and pickling operations that occur after hot-rolling.[32] An industry representative testified at our hearing that cold-rolling and associated annealing and pickling add $150 to $200 per ton to production costs.[33] Either HRAP or cold-rolled plate also may be further finished in a temper mill or cold-rolling mill with a temper or skin pass to provide improved surface finish.[34]

Price. Prices for cold-rolled plate generally are higher than those for HRAP plate due to the additional processing involved.[35] Reported unit values for both imported and domestic cold-rolled plate were generally higher than for domestic hot-rolled plate.[36]

Overall, because cold-rolled plate differs somewhat from HRAP plate in surface finish and dimensional tolerances, resulting in limited interchangeability and different end uses; cold-rolling involves substantial additional processing steps that are performed on separate lines using separate production workers; producers and customers perceive HRAP and cold-rolled coiled plate to be separate products and request cold-rolled plate specifically when placing orders; and cold-rolled plate commands a price premium, we find there to be a clear dividing line between HRAP plate and cold-rolled plate. Accordingly, we find two domestic like products in these investigations, certain hot-rolled stainless steel plate in coils (HRAP plate), and certain cold-rolled stainless steel plate in coils (cold-rolled plate).

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[29] Tables I-2 and I-3, CR at I-11-13, PR at I-7. Although petitioners stressed that the ASTM standard for stainless steel plate does not distinguish between HRAP and cold-rolled plate, we do not consider ASTM's methodology for classifying products and processes determinative of our domestic like product analysis. Petitioners' Prehearing Brief at 16 and 17; *see* ASTM standard attached at Exhibit 2.

[30] Tr. at 120; Petitioners' Posthearing Brief, Exhibit 1 at 6-7; Avesta Posthearing Brief at Attachment (letter from ***).

[31] CR at I-7- I-9 and I-11, PR at I-5-I-7.

[32] Tr. at 113.

[33] Tr. at 113. While petitioners contend that HRAP plate may be suitable for applications calling for cold-rolled plate after extensive grinding and polishing, they concede that this further processing may be even more expensive than cold-rolling. Petitioners' Prehearing Brief at 20.

[34] CR at I-7 - I-9, PR at I-5-I-6.

[35] Table I-2, CR at I-11-I-12, PR at I-7; Tr. at 113 and 120.

[36] Unit values for subject Belgian cold-rolled plate ranged from $*** to $*** over the period of investigation. Unit values for domestic cold-rolled plate ranged from $*** to $***. Unit values for domestic HRAP plate ranged from $*** to $***. Table C-2 and C-3, CR at C-6-C-7, PR at C-6-C-7.

C. Domestic Industry

The domestic industry is defined as "the producers as a [w]hole of a domestic like product."[37] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[38] Based on our domestic like product determination, we find two domestic industries in these investigations, consisting, respectively, of all domestic producers of HRAP and cold-rolled coiled plate.[39] [40]

II. NEGLIGIBLE IMPORTS[41]

If imports from a subject country corresponding to a domestic like product account for less than three percent of all such merchandise imported into the United States during the most recent 12 months preceding the filing of the petition for which data are available, the statute provides that, unless certain exceptions are applicable, the Commission is to find such imports "negligible."[42] By operation of law, a finding of negligibility terminates the investigation with respect to such imports without an injury determination.[43]

In 1997, the most recent twelve month period preceding the filing of the petitions for which data are available, there were no subject imports of cold-rolled stainless steel plate in coils from Italy, Korea, South Africa, and Taiwan.[44] Accordingly, we find that the statutory standard is met and that subsidized and dumped imports of cold-rolled plate from Italy, Korea, South Africa, and Taiwan are negligible.

We further determine that none of the statutory exceptions to negligibility applies in these investigations. Because there were no imports of cold-rolled plate from any of these four countries during the period of investigation, the seven percent standard for aggregating negligible imports under § 1677(24)(A)(ii) is not applicable. Further, we do not find, pursuant to § 1677(24)(A)(iv), that imports of dumped and/or subsidized merchandise from Italy, Korea, South Africa, or Taiwan will imminently account for more than three percent of the volume of total imports of cold-rolled plate. Although the Italian producer, AST, produced cold-rolled plate throughout the period of investigation, it used its production to

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[37] 19 U.S.C. §1677(4)(A).

[38] *See* United States Steel Group, et al. v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), *aff'd*, 96 F. 3d 1352 (Fed. Cir. 1996).

[39] In these investigations, one domestic HRAP plate producer, ***, imported subject merchandise from *** during the period of investigation. Accordingly, we have considered whether appropriate circumstances exist to exclude it from the domestic industry pursuant to section 771(4)(B) of the Act. No party addressed this issue in these final investigations. The ratio of *** subject imports to its domestic production, *** indicate that its interests lie principally in domestic production rather than in importation. Table III-1, CR at III-2, PR at III-2; Petitioners' Posthearing Brief, Exhibit 1 at 10-11. Accordingly, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

[40] Based on their like product determination, Chairman Bragg and Commissioner Koplan find one domestic industry in these investigations, consisting of all domestic producers of certain stainless steel plate in coils. For the reasons set forth by the majority, Chairman Bragg and Commissioner Koplan do not exclude any domestic producer as a related party.

[41] Chairman Bragg and Commissioner Koplan do not join this section.

[42] 19 U.S.C. § 1677(24).

[43] 19 U.S.C. § 1671d(b).

[44] Table C-3, CR at C-7, PR at C-7.

serve home and third country markets, and it reported operating at a relatively high level of capacity utilization throughout the period.[45] Among the Korean producers, POSCO does not produce cold-rolled plate, and Sammi has never exported any stainless steel coiled plate to the United States.[46] The South African producer, Columbus, did not report any production of cold-rolled plate during the period of investigation and reported operating at a very high level of capacity utilization throughout the period.[47] None of the responding Taiwan producers reported any production of cold-rolled plate during the period of investigation.[48] Accordingly, we do not find that non-negligible imports of subsidized or dumped imports from Italy, Korea, South Africa or Taiwan are imminent.

III. CUMULATION

A. In General

Section 771(7)(G)(i) of the Act requires the Commission to cumulate imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the United States market.[49] There is no dispute that the petitions on all six countries were filed on the same day. The only cumulation issue is whether the subject imports compete with each other and with the pertinent domestic like product. In assessing whether imports compete with each other and with the domestic like product,[50] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions;
(2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
(4) whether the imports are simultaneously present in the market.[51]

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[45] Table VII-9, CR at VII-14, PR at VII-5.

[46] CR at VII-15-VII-16, PR at VII-6-VII-7.

[47] Table VII-11, CR at VII-19, PR at VII-8; CR at VII-16 and VII-18, PR at VII-7.

[48] CR at VII-20, PR at VII-8.

[49] 19 U.S.C. §1677(7)(G)(i). There are four exceptions to the cumulation provision, none of which applies to these investigations. 19 U.S.C. § 1677(7)(G)(ii).

[50] The Statement of Administrative Action submitted to Congress in connection with the Uruguay Round Agreements Act (P.L. 103-465, approved Dec. 8, 1994) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. 316, Vol. 1, 103d Cong., 2d Sess. (1994) ("SAA") at 848 *citing* Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

[51] *See* Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988); Mukand Ltd. v. United States, 937 F. Supp. 910, 915 (Ct. Int'l Trade 1996).

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[52] Only a "reasonable overlap" of competition is required.[53]

Because of our like product determination, we must consider the issue of cumulation separately with respect to imports of HRAP and cold-rolled plate.[54]

B. HRAP Plate

The record in the final phase indicates that there is a sufficient degree of fungibility[55] among subject imports of HRAP plate from all six subject countries. HRAP plate is generally viewed as a commodity product in which similar grades and dimensions offered by domestic producers and importers from the subject countries can be used interchangeably, if required specifications are met.[56] HRAP plate regardless of source is produced to standard industry specifications and dimensions that stipulate chemical, dimensional, mechanical and corrosion-resistant properties of the product.[57] The majority of purchasers stated that they required plate to be certified to standard specifications, most commonly ASTM, but also AISI and IOS.[58]

We find that the record shows a reasonable overlap among the grades and types of HRAP plate products offered by U.S. producers and those offered by importers from the subject countries. In particular, stainless steel plate in the most commonly used grades, *i.e.*, grades 304, 304L, and 316L, is available from all of the domestic producers and are imported from all of the subject countries.[59] We do not believe that the data on the "niche" products imported from Belgium, Italy, and Korea show that there is not a reasonable overlap of competition between these imports, on the one hand, and the domestic HRAP

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[52] *See, e.g.*, Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[53] *See* Goss Graphic System, Inc. v. United States, 22 CIT __, Slip Op. 98-147 at 8 (Oct. 16, 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd. v. United States, 937 F. Supp. at 916 (Ct. Int'l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 (Ct. Int'l Trade 1989) ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994).

[54] Chairman Bragg and Commissioner Koplan find that the majority's discussion of cumulation with respect to HRAP plate applies to the single domestic like product that they have found, *i.e.*, certain stainless steel plate in coils, as well.

[55] Commissioner Crawford finds that substitutability, not fungibility, is a more accurate reflection of the statute. In these investigations, she finds there is sufficient substitutability to conclude there is a reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product. Therefore, she concurs with her colleagues that the subject HRAP imports should be cumulatively assessed. *See* Dissenting Views of Commissioner Carol T. Crawford in Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995), for a description of her views on cumulation.

[56] CR at II-11; PR at II-7.

[57] CR at II-11, PR at II -7.

[58] CR at II-10-II-11, PR at II -7. AISI stands for American Iron and Steel Institute. IOS stands for the International Organization for Standards.

[59] CR at II-1, PR at II-1.

like product and other subject imports, on the other.[60] While fungibility may be limited between imports of floor plate from Italy and both the domestic HRAP like product and other HRAP subject imports, floor plate constituted a relatively small proportion of subject HRAP merchandise from Italy, and the record indicates that there are other Italian imports of subject HRAP merchandise that are fungible with the domestic HRAP like product and other subject imports.[61] With respect to Belgium, although a substantial portion of Belgian imports is made up of coiled plate in wide widths, we find that there are sufficient other Belgian subject HRAP imports that are fungible with products produced in the United States and imported from other subject countries.[62] Furthermore, there is some domestic production of wide width plate,[63] as well as wide width imports from ***.[64] Finally, regarding Korea's asserted imports of plate of irregular dimensions, there is no indication in the record that the domestic like product or other HRAP subject products are not produced to any required dimension upon request. Furthermore, the record reflects that

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[60] Belgian, Italian and Korean Respondents argue that certain niche products, such as extra-wide hot-rolled plate, cold-rolled/reduced plate, floor plate, and plate of irregular dimensions do not compete with the subject product made by U.S. producers, or, in the case of floor plate and plate of irregular dimensions, with other imports. The Belgian Respondents argue that Belgian imports of extra-wide plate do not compete but do not directly argue that Belgian subject imports should not be cumulated with the other imports. The Italian Respondents argue that "because floor plate is not interchangeable with imports from any countries subject to this investigation, it should not be cumulated with those imports for purposes of determining causation." The Korean Respondent maintains that its imports should not be cumulated because they are of irregular dimensions. Belgian Respondent's Prehearing Brief at 5-9 and Posthearing Brief at 1-2; Italian Respondents' Prehearing Brief at 19-20; Korean Respondent's Posthearing Brief at 7-9.

[61] Besides 304, 304L and 316L, imports from Italy include six additional grades that also are produced in the United States. Some of these grades also are imported from other subject countries. CR at II-1, PR at II-1. Imports from Italy of floor plate were *** short tons in 1995, *** short tons in 1996, *** short tons in 1997, *** short tons in interim 1997 and *** short tons in interim 1998. CR at IV-10, n.6; PR at IV-7 n..6. Italian imports of floor plate accounted for *** percent of all Italian subject imports in 1996, *** percent in 1997, *** percent in interim 1997 and *** percent in interim 1998. Calculated from *Id.* and Table IV-1, CR at IV-4, PR at IV-3.

[62] Besides 304, 304L and 316L, imports from Belgium include five additional grades that also are produced in the United States. Some of these grades are also imported from other subject countries. CR at II-1, PR at II-1. Although an estimated *** percent or *** short tons of the stainless steel plate sales of the U.S. importer of the Belgian product were over sixty inches in width, this figure includes a substantial amount of cold-rolled plate. CR at IV-7, PR at IV-2; Belgian Respondents' Prehearing Brief, Exhibit A (products ***); Belgian Respondents' Posthearing Brief at 4.

[63] Domestic producer Avesta reported that *** percent of its sales of HRAP in 1997 were in widths over 60 inches wide. Table III-6, CR at III-13, PR at III-10. Avesta's production in 1997 was *** short tons; thus Avesta produced approximately *** short tons of stainless steel plate in widths of over 60 inches in 1997. Calculated from CR at III-4 and Table III-6, CR at III-13, PR at III-10. Domestic producer Washington Steel also produced subject plate in widths over 60 inches wide accounting for *** percent of its sales and thus approximately *** short tons in 1997. CR at III-6, PR at III-4; Table III-3, CR at III-10, PR at III-7; and Table III-6, CR at III-13, PR at III-10. Thus, domestic production of HRAP plate in widths greater than 60 inches exceeded Belgian imports of wide HRAP plate in 1997. Neither Avesta nor Washington Steel produced cold-rolled plate during the period of investigation.

[64] Table IV-3, CR at IV-8, PR at IV-6. We additionally observe that end users (*i.e.*, fabricators of tanks and vessels) can weld together one or more pieces of stainless steel plate, narrower than sixty inches, and use them in place of a single wider plate. Thus, narrower HRAP can be competitive with wider HRAP, depending upon the relative costs and the amenability of the particular end use to additional welds. Tr. at 71.

there is sufficient overlap of Korean imports of subject merchandise with other subject HRAP and domestic HRAP product.[65]

The record also reflects a reasonable overlap of geographic markets. Domestic producers as well as Belgian, Italian and Taiwan importers market their products nationwide. South African and Korean subject imports are marketed on the East, West, and Gulf Coasts; South African imports are also marketed in the Midwest. Canadian imports are marketed principally in the eastern part of the United States.[66] Overall, we find that the presence of sales or offers to sell nationwide for domestic product and three of the subject countries, and the presence of sales or offers to sell in several geographical regions for the three remaining subject countries is sufficient to establish that the subject imports and domestic like product all compete in the same geographic market.

HRAP plate sold both by U.S. producers and importers from all subject countries is distributed primarily to service centers/distributors, which generally sell to end-users such as fabricators of vessels, pipe manufacturers, and makers of industrial equipment.[67] Some domestic HRAP product and a significant share of *** imports are sold to end users.[68] Thus, there is an overlap in the channels of distribution between the domestic product and imports from all subject countries.

Import statistics and questionnaire responses confirm that imports of certain stainless steel plate in coils from each of the subject countries and from domestic producers were simultaneously present in the market throughout the period of investigation.[69]

Based on the fungibility between the imports and the domestic like product, common geographic markets, similar channels of distribution, and the simultaneous presence of all the subject imports in the U.S. market during the period of investigation, we find that subject imports from all six countries compete with each other and with the domestic like product in the United States market. Consequently, we cumulate imports of HRAP plate from all subject countries for purposes of our determinations of material injury by reason of subject imports in these investigations.[70]

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[65] Besides 304, 304L and 316L, Korean imports include an additional grade that also is produced in the United States and imported from other subject countries. CR at II-1, PR at II-1. HRAP plate imports from Korea also fall within a similar range of widths to those sold domestically and imported from other subject countries. Commission questionnaire responses indicate that *** percent of Korea's U.S. sales of its imported product were over 36 inches wide but not over 48 inches wide. Table IV-3, CR at IV-8, PR at IV-6. Other subject countries also imported and domestic producers produced in this size range in 1997: *** percent of Canada's U.S. sales; *** percent of Italy's U.S. sales; *** percent of South Africa's U.S. sales; and an average of *** percent of the sales of U.S.-produced product. Table III-6, CR at III-13, PR at III-10; Table IV-3, CR at IV-8, PR at IV-6.

[66] CR at II-1 and II-3, PR at II-1 and II-3.

[67] Table II-1, CR at II-2, PR at II-2; and CR at II-1and II-3, PR at II-1 and II-3.

[68] Table II-1, CR at II-2, PR at II-2. U.S. producers shipped *** percent of domestic product to distributors and *** percent to end users in 1997. *See also* CR at III-11 and n.18, PR at III- and n.18. In 1997, *** percent of U.S. shipments of Korean product were to distributors and *** percent to end-users. In prior years, *** of Korean imports were shipped to end users.

[69] Table IV-1, CR at IV-4, PR at IV-3.

[70] Chairman Bragg and Commissioner Koplan cumulate all imports of certain stainless steel plate in coils from all subject countries for purposes of their determinations of material injury by reason of subject imports in these investigations.

C. Cold-Rolled Plate[71]

The only issue with respect to the degree of fungibility among the Belgian and Canadian products and the domestic cold-rolled like product concerns the width of the Belgian product.[72] While all domestic and Canadian cold-rolled stainless steel plate is 60 inches or below in width,[73] the Belgian producer ALZ reported that *** percent of its exports of the cold-rolled product to the United States in 1997 were below 61 inches in width, with the other *** percent being 61 inches or above in width.[74] We find this degree of overlap sufficient to establish fungibility.

With respect to geographic overlap, both domestic producers of the cold-rolled product as well as TrefilARBED, the principal importer of the Belgian product, reported ***, while Atlas Stainless, the importer of the Canadian product, reported ***.[75] Although we have no specific information on the cold-rolled product, we note that the large majority of sales of domestic, Belgian and Canadian stainless steel coiled plate are to distributors.[76] Finally, domestic cold-rolled stainless steel coiled plate and both Belgian and Canadian cold-rolled imports were simultaneously present in the U.S. market in each year of the period of investigation.[77]

Based on sales in the same geographic markets and through the same channels of distribution, the simultaneous presence of cold-rolled product from all three sources in the U.S. market throughout the period of investigation, the fact that about *** of Belgian imports are less than 61 inches in width, and the ability of some users to substitute narrower plate for wider plate by additional welding,[78] we find that subject imports from Belgium and Canada compete with each other and with the domestic like product in the United States market. We therefore cumulate imports of cold-rolled plate from Belgium and Canada for purposes of our determinations with respect to material injury by reason of subject imports in these investigations.[79]

IV. MATERIAL INJURY BY REASON OF CUMULATED SUBJECT IMPORTS OF HRAP PLATE FROM BELGIUM, CANADA, ITALY, KOREA, SOUTH AFRICA, AND TAIWAN

In a final antidumping or countervailing duty investigation, the Commission determines whether an industry in the United States is materially injured "by reason of" the imports under investigation.[80] [81] In

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[71] Chairman Bragg and Commissioner Koplan do not join this subsection.

[72] None of the parties addressed the issue whether the Commission should cumulate imports of cold-rolled stainless steel coiled plate.

[73] Table IV-3, CR at IV-8, PR at IV-6; Staff Field Trip notes (Dec. 17, 1998) at 3; Note to File by G. Houck, Industry Analyst, Re U.S. Producers (Apr. 29, 1998).

[74] ALZ Prehearing Brief, Exhibit A, 1997 export statistics (combining ***); ALZ Posthearing Brief at 4.

[75] CR at II-3, PR at II-1.

[76] Table II-1, CR at II-2, PR at II-2.

[77] Table C-3, CR at C-7, PR at C-7.

[78] Tr. at 99 (Dr. Shilling).

[79] We note that, had we not cumulated, it would not have changed our ultimate determination of no material injury or threat of material injury by reason of subject imports of cold-rolled plate from Belgium and Canada.

[80] 19 U.S.C. §§ 1671d(b) and 1673d(b).

[81] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly subsidized and LTFV imports. She finds that the clear

(continued...)

making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[82] The statute defines "material injury" as "harm which is not inconsequential, immaterial or unimportant."[83] In assessing whether the domestic industry is materially injured by reason of dumped and subsidized imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[84] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[85]

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[81] (...continued)
meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of unfairly traded imports, not by reason of the unfairly traded imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. *Id.* at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the unfairly traded imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury "by reason of" the unfairly traded imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added); Gerald Metals v. United States, 132 F.3d 716 (Fed. Cir. 1997) (rehearing denied).

For a detailed description and application of Commissioner Crawford's analytical framework, *see* Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Inv. Nos. 731-TA-763-766 (Final), USITC Pub. 3087 at 29 (Mar. 1998) and Steel Concrete Reinforcing Bars from Turkey, Inv. No. 731-TA-745(Final), USITC Pub. 3034 at 35 (Apr. 1997). Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with Commissioner Crawford's mode of analysis, expressly holding that her mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361 (Fed. Cir. 1996), *aff'g*, 873 F. Supp. 673, 694-95 (Ct. Int'l Trade 1994).

[82] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). *See also* Angus Chemical Co. v. United States, 140 F. 3d 1478 (Fed. Cir. 1998).

[83] 19 U.S.C. § 1677(7)(A).

[84] 19 U.S.C. § 1677 (7)(C)(iii).

[85] 19 U.S.C. § 1677(7)(C)(iii). One domestic producer, ***, captively consumed HRAP during the period of investigation. Table III-7, n.1, CR at III-14, PR at III-11. Thus, we must determine whether to apply the statutory captive production provision with respect to the HRAP domestic like product. This provision is applicable if, *inter alia*, "domestic producers internally transfer significant production of the domestic like product for a downstream article and sell significant production of the domestic like product in the merchant market." 19 U.S.C. §1677(7)(C)(iv). No party has argued that the captive production provision should apply. *** captively consumed *** short tons of HRAP in 1996, *** short tons in 1997, and *** short tons in interim 1997. *** reported *** in interim 1998. Table III-7, n.1, CR at III-14, PR at III-11. Thus, approximately *** percent of total domestic HRAP production was captively consumed in 1996, 1997 and interim 1997. Calculated from Table III-7, n.1, CR at III-14, PR at III-11, and Table III-3, CR at III-10, PR at III-7. Based on these data, we conclude that the threshold requirement of significant captive consumption is not met in this instance.

For the reasons discussed below, we determine that the domestic industry producing HRAP coiled plate is materially injured by reason of subsidized imports from Belgium, Italy and South Africa and imports sold at LTFV from Belgium, Canada, Italy, Korea, South Africa, and Taiwan.[86]

A. Volume of Subject HRAP Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[87]

The increase in the volume of HRAP imports over the period of investigation was dramatic. Shipments of cumulated HRAP imports by quantity *** over the period, increasing from *** short tons in 1995, to *** short tons in 1996, and to *** short tons in 1997, an overall increase of 152 percent.[88] Cumulated HRAP import shipments were *** short tons in interim 1997 compared with *** short tons in interim 1998, a difference of 5.7 percent.[89] The value of U.S. importers' cumulated U.S. shipments of HRAP plate also increased over the period of investigation, but at a slower rate. The value of such shipments increased from $*** in 1995 to $*** in 1996 and then to $*** in 1997, an overall increase of 95.7 percent. U.S. importers' cumulated shipments of HRAP plate by value were $*** in interim 1997 compared with $*** in interim 1998.[90]

The volume of subject imports by quantity increased at a substantially faster rate than did apparent consumption, which increased over the period of investigation but was lower in interim 1998 than in interim 1997.[91] Consequently, the market share of the cumulated HRAP imports rose over the period of investigation. The cumulated subject HRAP imports' market share by quantity more than doubled, rising

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[86] Chairman Bragg and Commissioner Koplan determine that the domestic industry producing certain stainless steel plate in coils is materially injured by reason of cumulated subject imports in these investigations. They note that in each year of the period of investigation at least *** percent of the domestic production of certain stainless steel plate in coils was HRAP plate and *** to *** percent of the subject imports of certain stainless steel plate in coils was HRAP plate. Thus, the data corresponding to the single domestic like product they found is substantially the same as the data corresponding to HRAP plate. Further, they find that the views in this section substantially reflect the conditions in the market for the single domestic like product they found, *i.e.*, certain stainless steel plate in coils. Therefore, they join the majority's discussion in this section in concluding that cumulated subject import volume is significant. *See* Table C-1, CR at C-3, PR at C-3.

[87] 19 U.S.C. § 1677(7)(C)(i).

[88] Table C-2, CR at C-5, PR at C-5.

[89] Table C-2, CR at C-5, PR at C-5.

[90] Table C-2, CR at C-5, PR at C-5. Volume and value trends diverged because of falling import unit values over the period of investigation.

[91] U.S. apparent consumption of HRAP plate was *** short tons in 1995, declining to *** short tons in 1996, and increasing to *** short tons in 1997. U.S. apparent consumption was *** short tons in interim 1997, compared to *** short tons in interim 1998. It declined by 7.2 percent from 1995 to 1996, increased by 19.8 percent from 1996 to 1997, and was 11.2 percent higher in 1997 than in 1995. It was 7 percent lower interim 1998 than in interim 1997. Table C-2, CR at C-5, PR at C-5.

from *** percent in 1995 to *** percent in 1996 and *** percent in 1997. The market share of cumulated subject imports was *** percent in interim 1997 compared with *** percent in interim 1998.[92] Despite the overall growth in U.S. apparent consumption, the market share held by the domestic industry fluctuated between years but changed little between the beginning and the conclusion of the period of investigation. The domestic industry's market share by quantity was *** percent in 1995, *** percent in 1996, and *** percent in 1997.[93] Thus subject imports gained share at the expense of nonsubject imports' share, which fell from *** percent of the market in 1995 to *** percent in 1996 and to *** percent in 1997. The market share of nonsubject imports was *** percent in interim 1997 compared to *** percent in interim 1998.[94]

Based on the large increase in quantity of cumulated subject HRAP imports as well as their substantial increase in market share during the period of investigation, and particularly in light of their price effects as discussed in detail below, we find the volume of cumulated HRAP imports to be significant.[95]

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[92] Table C-2, CR at C-5, PR at C-5. The market share by value for cumulated HRAP imports was *** percent in 1995, *** percent in 1996, and *** percent in 1997. In interim 1997 it was *** percent compared with *** percent in interim 1998. *Id.*

[93] Table C-2, CR at C-5, PR at C-5. The domestic industry's market share of HRAP by value was *** percent in 1995, *** percent in 1996, and *** percent in 1997; in interim 1997 it was *** percent compared with *** percent in interim 1998.

[94] Table C-2, CR at C-5, PR at C-5.

[95] Commissioner Crawford joins only in the factual, numerical discussion of the volume of imports here. She does not rely on any analysis of trends in the market share of subject imports or other factors in her determination of material injury by reason of the subject imports. She makes her finding of the significance of volume in the context of the price effects and impact of the subject imports. For the reasons discussed below, she finds that the volume of subject imports is significant in light of its price effects and impact.

B. Price Effects of Subject HRAP Imports [96]

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports,

> the Commission shall consider whether --(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[97]

There are a number of characteristics that make the U.S. market for HRAP plate particularly sensitive to price-based competition. Domestic producers and importers offer HRAP plate in many of the same grades,[98] which generally correspond to ASTM or similar industry specifications.[99] Both the domestic industry and subject producers offer HRAP plate in a broad range of widths, although few producers are capable of producing very wide plate.[100] In questionnaire responses, purchasers ranked price first more often than any other consideration in choosing a supplier.[101] Thus, we find that HRAP, once certified to required specifications, is a commodity product that sells largely on the basis of price regardless of country of origin.[102]

Prices for both the domestic HRAP like product and the subject imports ended the period of investigation lower than they began it. The Commission requested price data from producers and importers on eight hot-rolled products. With few exceptions, prices for all eight of these products increased from the first quarter of 1995 to a peak level in late 1995 or 1996 and then declined for the remainder of the period of investigation.[103] Thus, the price declines began just as subject imports made their largest gains in volume and market share in 1996.[106] Domestic prices for all products reached their lowest levels of the

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[96] Chairman Bragg and Commissioner Koplan note that the Commission did not collect price comparison data on any cold-rolled stainless steel plate products. Absent this price comparison data, they find that a comparison of average unit value data for domestic and imported cold-rolled plate supports their conclusion that cumulated subject imports of certain stainless steel plate in coils significantly depressed domestic prices. They therefore join the majority's discussion in this section.

[97] 19 U.S.C. § 1677(7)(C)(ii).

[98] The staff report lists 29 grades of domestically produced stainless steel plate, approximately 10 of which are imported from one or more subject countries. CR at II-1, PR at II-1.

[99] CR at II-11, PR at II-7.

[100] Staff Field Trip Notes (Dec. 17, 1998); File Note from G. Houck, Industry Analyst, re U.S. Producers (Apr. 29, 1998).

[101] Ten of twenty-seven reporting purchasers ranked price in first place. Nine others ranked price in second place. Twenty-one of the twenty-seven purchasers said that the lowest price for stainless steel plate would "usually" win a contract. CR at II-9-10, PR at II-6-II-7.

[102] As discussed previously, a substantial portion of Belgian imports consists of coiled plate in wide widths, which reduces the substitutability between the subject imports from Belgium and the other sources of HRAP. Based on this reduced substitutability, Commissioner Crawford finds that the subject imports from Belgium are moderate substitutes for the domestic product and the other subject imports. On the other hand, there is no substantial differentiation among the other subject imports and the domestic product. Therefore, Commissioner Crawford finds that the subject imports from Canada, Italy, Korea, South Africa, and Taiwan and the domestic product are all fairly good substitutes for each other.

[103] Tables V-2-V-14 and Figures V-2-V-14, CR at V-13-V-38, PR at V-9 to V-18.

[106] Table C-2, CR at C-5, PR at C-5.

period in 1998, as did those for subject imports for which we have 1998 data.[107] [108] The market share of subject imports was at or near peak levels in interim 1998.[109]

Comparisons for the products for which we obtained usable data show a mixed pattern of underselling and overselling between the domestic HRAP product and cumulated subject imports. In assessing the price comparison data, we have excluded data for Taiwan, since *** did not provide product-by-product price data, despite a request to do so.[110] Excluding Taiwan data, subject imports undersold the domestic like product in 115 of 277 quarters or 41.5 percent of the time.[111] Lacking reliable price comparison data for Taiwan, we instead compared the aggregate domestic average unit value for the seven products corresponding to those sold by Taiwan to the aggregate average unit value of Taiwan imports for

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[107] CR at V-11, PR at V-8.

[108] Commissioner Crawford does not find that the subject imports are having significant effects on domestic prices, and thus does not join the remainder of this discussion. To evaluate the effects of unfairly traded imports on domestic prices, Commissioner Crawford compares the domestic prices that existed when the imports were traded unfairly with what domestic prices would have been had the imports been fairly traded. In most cases, if the subject imports had not been traded unfairly, their prices in the U.S. market would have increased. In these investigations, HRAP is quite substitutable among sources, and thus even relatively small margins of about 10 percent likely would have resulted in a shift in demand away from the subject imports. As noted previously, Belgian imports are only moderate substitutes for the domestic product and the other subject imports. Nonetheless, even with margins of about 10 - 11 percent at least some of the combined 1997 market share of *** percent for the subject imports from Belgium and Taiwan likely would have shifted away from these two sources of subject imports, had they been fairly traded. With margins of about 15 - 16 percent, a bit larger portion of the combined 1997 market share of *** percent for the subject imports from Canada and Korea likely would have shifted away from these two sources of subject imports. With margins exceeding 37 percent, it is likely that most of the combined 1997 market share of *** percent for the subject imports from Italy and South Africa would have shifted away from these two sources of subject imports. The overall shift in demand away from the cumulated subject imports would have consisted of at least some of the *** percent market share of subject imports from Belgium and Taiwan; a larger portion of the *** percent market share of subject imports from Canada and Korea; and most, if not all, of the *** percent market share of subject imports from Italy and South Africa. The combined shift in demand away from the cumulated subject imports would have been substantial. Nonsubject imports accounted for only *** percent of the market in 1997, and thus were not significant competition in the market in that year. However, nonsubject imports did account for *** percent in 1995, so it is likely that they would have captured some of a shift in demand away from subject imports, had they been sold at fairly traded prices. Nonetheless, the domestic industry likely would have captured most of the substantial shift in demand away from the subject imports, and the shift in demand toward the domestic product likely would have been substantial. However, the substantial shift in demand would not have allowed the domestic industry to raise its prices. During the period of investigation, there were six domestic producers that competed with each other in the U.S. market. In addition, the domestic industry's capacity utilization was only *** percent in 1997, and therefore it had substantial unused production capacity available, as well as substantial inventories, that would have been available to satisfy the increase in demand. Thus, available capacity and inventories and competition within the domestic industry would have enforced price discipline in the market. In these circumstances, any effort by a domestic producer to raise its prices would have been beaten back by the competition. Therefore, significant effects on domestic prices cannot be attributed to the unfair pricing of these subject imports. Consequently, Commissioner Crawford finds that subject imports are not having significant effects on prices for domestic HRAP stainless steel plate.

[109] Table C-2, CR at C-5, PR at C-5.

[110] CR at V-11 and V-39, PR at V-8 and V-18.

[111] CR at V-39, PR at 18 .

each year during the period of investigation. This comparison shows that the average unit value of Taiwan shipments was consistently lower than that for domestic producers' shipments of the same products.[112]

We find the mixed pattern of overselling and underselling to constitute significant underselling in these investigations, for several reasons. First, in a commodity market characterized by intense price-based competition, a mixed pattern of under- and overselling is to be expected; such a pattern, together with increasing volume of subject imports, indicates that subject imports played a substantial role in the price declines in this market. Moreover, purchasers stated that they overwhelmingly perceive subject imports to be lower priced than the domestic product.[113] Finally, the number of confirmed lost sales and lost revenues allegations provide additional evidence that underselling by subject imports is adversely affecting domestic producers' sales and revenues.[114]

Our questionnaires asked purchasers to identify the price leader(s), if any, in this market.[115] Most responding purchasers named one or more domestic producers as price leaders. Among those purchasers that expressed this opinion, those that provided a basis for their opinion generally explained that they considered domestic producers to be price leaders because domestic producers tend to announce price changes publicly, or simply because they are recognized industry leaders. By contrast, all purchasers who explained why they had identified importers or foreign producers as price leaders indicated that such importers or foreign producers led the market by lowering prices.[116] This is consistent with the near universal view expressed by purchasers that importer prices tend to be lower than domestic prices.[117]

The price-depressing effects of subject HRAP imports may have been exacerbated by the presence of significant and growing subject import inventories. U.S. importers' reported inventories of HRAP plate rose significantly from *** short tons in 1995 to *** short tons in 1997 and were *** short tons in interim 1998 compared to *** short tons in interim 1997. As a percentage of U.S. shipments, importers' inventories rose from 6.5 percent in 1995 to 25.8 percent in 1997 and 68.6 percent in interim 1998.[118] The presence of these large inventories of subsidized and LTFV imports in the U.S. market increased the potential supply of low-priced subject imports and thus may have served to further depress prices for the domestically produced product.[119]

Overall, based on the substitutability of the subject imports and the domestic HRAP like product, the parallel declines in domestic and subject import prices that began as subject import volumes began to displace nonsubject imports and gain market share, the evidence of underselling and lost sales and revenues, the perceived role of subject imports as downward price leaders, and the price depressive effects

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[112] CR at V-48, PR at V-21.

[113] Tables II-2-II-7, CR at II-14-II-16, PR at II-10-II-12. Out of 61 responses to the question whether the U.S. produced product was superior or inferior in terms of a lower price, only one purchaser responded that the U.S. product was "superior," i.e., that it had a lower price. Sixteen responses said that the U.S. product was "comparable" to the imported product in terms of price and 44 responses said that the U.S. product was "inferior" in terms of having a lower price, i.e., it had a higher price.

[114] CR at V-50-V-57, PR at V-22-V-23.

[115] The questionnaire defined "price leader" as "(1) one or more firms that initiate a price change, either upward or downward, that is followed by other firms, or (2) one or more firms that have a significant impact on prices. A price leader does not have to be the lowest priced supplier." CR at V-49 n.12, PR at V-21 n.12.

[116] CR at V-49-V-50, PR at V-21-V-22.

[117] Tables II-2 -II-7, CR at II-14-II-16, PR at II-10-II-12.

[118] Table C-2, CR at C-5, PR at C-5.

[119] We note that domestic producers' inventories of HRAP plate also increased over the period of investigation, although not as much as importers' inventories (comparing end-of-period inventories for 1995 and interim 1998), and this increase may also have contributed to observed price trends. Table C-2, CR at C-5, PR at C-5.

of the steady build-up in subject import inventories, we find that the subject imports have depressed domestic prices for HRAP plate to a significant degree.

C. Impact of Subject HRAP Imports on the Domestic Industry[120] [121] [122]

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[123] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development.

The domestic industry was unable to provide segregated data for HRAP and cold-rolled plate except with respect to production, shipments, and pricing. For all other factors, we assess the effect of the cumulated subject imports on the production of the narrowest group of products that includes HRAP plate for which the necessary information could be provided -- in this case, all certain stainless steel plate in coils.[124]

Consistent with rising apparent consumption,[125] most of the quantity-based statutory impact factors, including production,[126] domestic shipments,[127] employment,[128] capacity[129] and net sales by

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[120] As part of its consideration of the impact of imports, the statute specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The SAA indicates that the amendment "does not alter the requirement in current law that none of the factors which the Commission considers is necessarily dispositive in the Commission's material injury analysis." SAA at 850. Section 771(35)(C) of the Act, 19 U.S.C. § 1677(35)(C), defines the "margin of dumping" to be used by the Commission in a final determination as the last margin or margins published by Commerce prior to the closing of the administrative record in the Commission's investigations. In its final determinations, Commerce identified dumping margins as follows: Belgium - 9.86 percent; Canada - 11.10-15.35 percent; Italy - 39.69-45.09 percent; Korea - 16.26 percent; South Africa - 41.63 percent; and Taiwan - 7.39-10.20 percent. Table I-1, CR at I-3, PR at I-3.

[121] Chairman Bragg notes that she does not ordinarily consider the alleged margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. *See* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[122] Chairman Bragg and Commissioner Koplan join the majority's discussion in this section in concluding that cumulated subject imports, including both the hot-rolled and cold-rolled product, had a significant adverse impact on the domestic industry producing all certain stainless steel plate in coils. Consequently, they do not invoke the product line provision.

[123] 19 U.S.C. §1677(7)(C)(iii).

[124] *See* 19 U.S.C. §1677(4)(D).

[125] U.S. consumption of HRAP plate declined from *** short tons in 1995 to *** short tons in 1996 and then increased to *** short tons in 1997, an overall increase of 11.2 percent. U.S. consumption of HRAP was *** short tons in interim 1997, compared to *** short tons in interim 1998. Table C-2, CR at C-5, PR at C-5.

[126] Domestic production of HRAP declined from *** short tons in 1995 to *** short tons in 1996, and then increased to *** short tons in 1997, an overall increase of 20.0 percent. Domestic production of HRAP was *** short tons in interim 1997 compared to *** short tons in interim 1998. Table C-2, CR at C-5, PR at C-5.

[127] Domestic producers' U.S. shipments of HRAP plate declined from *** short tons in 1995 to *** short tons in 1996, and then increased to *** short tons in 1997, an overall increase of 11.0 percent. Domestic producers' shipments of HRAP plate were *** short tons in interim 1997, compared to *** short tons in interim 1998. Table C-2, CR at C-5, PR at C-5.

[128] The number of production and related workers employed in the production of certain stainless steel plate in coils declined from 218 in 1995 to 198 in 1996 and then increased to 236 in 1997. The number of production and

(continued...)

quantity[130] increased between 1995 and 1997, but were lower in interim 1998 than in interim 1997. By contrast, domestic shipments by value declined in 1996 and 1997 and were also lower in interim 1998 than in interim 1997.[131]

Net sales values declined notwithstanding the increasing sales volumes and production because of the large price declines that occurred during the period of investigation. The declines in sales values were also contemporaneous with a decline in production costs, but were much larger in magnitude. Between 1995 and 1997, per unit cost of goods sold declined from $1,845.41 to $1,657.75, a decline of 10.2 percent. Interim 1998 unit cost of goods sold, at $1,517.65, was 10.5 percent lower than interim 1997 unit cost of goods sold of $1,696.46.[132] By contrast, per unit sales values declined by 27.4 percent, from $2,382.08 to $1,729.13, from 1995 to 1997, and the interim 1998 unit sales value of $1,513.54 was 16.4 percent lower than the interim 1997 unit sales value of $1,809.85.[133] That declines in net sales values far outstripped declines in production costs is a function of the increasing volumes of LTFV and subsidized HRAP imports with their significant price-depressing effects.[134]

Because unit sales values declined more rapidly than unit cost of goods sold, the domestic industry's profitability suffered, notwithstanding increasing production. The domestic industry's operating income declined from $47.4 million in 1995 to $6.6 million in 1996, and the industry incurred an operating loss of $1.1 million in 1997. In interim 1998, the industry incurred an operating loss of $6.8 million, as compared to a $3.0 million operating profit in interim 1997.[135] The industry's operating income margin dropped from 19.0 percent in 1995 to 3.6 percent in 1996, to negative 0.6 percent in 1997. In interim 1997, the operating margin was 1.8 percent but in interim 1998 it was a negative 5.3 percent.[136] [137]

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[128] (...continued)
related workers employed in the production of certain stainless steel plate in coils was 238 in interim 1997 compared to 225 in interim 1998. Although the number of production and related workers fell over the period of investigation, hourly wages increased 3.7 percent and wages paid increased 12.9 percent between 1995 and 1997 and were higher in interim 1998 than in interim 1997. Table C-1, CR at C-3, PR at C-3.

[129] Domestic capacity to produce certain stainless steel plate in coils increased from 183,600 short tons in 1995 to 204,800 short tons in 1996, and increased further to 237,700 short tons in 1997. Interim 1997 capacity of 179,750 short tons was higher than interim 1998 capacity of 176,750 short tons. Table C-1, CR at C-3, PR at C-3. Because domestic producers' reported capacity and capacity utilization depend on imprecise allocations of production capacity between certain stainless steel plate in coils and other products that are produced on the same lines, we give limited weight to capacity trends in reaching our determinations.

[130] Domestic net sales by quantity of certain stainless steel plate in coils declined from 104,803 short tons in 1995 to 94,548 short tons in 1996, and then increased to 117,414 short tons in 1997, for an overall increase of 12 percent. Domestic net sales by quantity were 92,779 short tons in interim 1997 compared to 84,244 short tons in interim 1998. Table C-1, CR at C-3, PR at C-3.

[131] The value of domestic producers' U.S. shipments of HRAP plate declined from $*** in 1995 to $*** in 1996, and then increased to $*** in 1997, for an overall decrease of 19.2 percent. Domestic producers' shipments of HRAP plate by value were $*** in interim 1997, compared to $*** in interim 1998. Table C-2, CR at C-5, PR at C-5.

[132] Table VI-2, CR at VI-3, PR at VI-3.

[133] Table VI-2, CR at VI-3, PR at VI-3.

[134] Commissioner Crawford does not join the conclusion that the difference in the rates of declines for net sales and production costs is caused by increasing volumes of the subject imports.

[135] Table VI-1, CR at VI-2, PR at VI-2.

[136] CR at VI-1 and VI-8, PR at VI-1.

[137] Commissioner Crawford does not rely on any analysis of the trends in the statutory impact factors in her
(continued...)

Declining profitability, in turn, adversely affected the industry's ability to invest in process improvements and expanded product lines. While the value of domestic producers' fixed assets rose over the entire period of investigation with the completion of ongoing capital improvement projects, new capital expenditures declined steadily over the period.[138] All but one domestic producer stated that imports had actual or anticipated negative effects in their investment plans, cash flow or credit ratings.[139] Finally, two domestic production facilities were idled in late 1998 and 1999.[140]

Low subject import prices forced the domestic industry to lower prices to the point where it was unable to maintain profitability despite rising demand and falling costs, eventually resulting in declining investment and plant closures (with associated drops in production and employment). Thus, we find that subject imports have had a significant adverse effect on the domestic industry producing HRAP plate.[141]

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[137] (...continued)
determination of material injury by reason of the subject imports, but concurs in the conclusion that the subject imports are having a significant impact on the domestic industry. In her analysis of material injury by reason of unfairly traded imports, Commissioner Crawford evaluates the impact on the domestic industry by comparing the state of the industry when imports were traded unfairly with what the state of the industry would have been had the imports been fairly traded. In assessing the impact of subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors, as required by 19 U.S.C. § 1677(7)(C)(iii). These factors together either encompass or reflect the volume and price effects of the unfairly traded imports, and so she gauges the impact through those effects. In this regard, the impact on the domestic industry's prices, sales and overall revenues is critical, because the impact on the other industry indicators (*e.g.*, employment, wages, etc.) is derived from this impact. As she noted earlier, Commissioner Crawford finds that the domestic industry would not have been able to increase its prices had the subject imports been priced fairly. Therefore, any impact on the domestic industry would have been on the domestic industry's output and sales. As noted, there is only limited competition from nonsubject imports, and thus most of the shift in demand away from the subject imports would have shifted to the domestic product. The increase in demand for the domestic product would have been substantial, and the domestic industry could have increased its production and sales to satisfy the increased demand. The domestic industry likely would have captured enough of the demand for the subject imports that its output and sales, and therefore its revenues, would have increased significantly had the subject imports not been unfairly traded. Therefore, the domestic industry would have been materially better off if the subject imports had been fairly traded. Consequently, Commissioner Crawford determines that the domestic industry is materially injured by reason of the subject imports.

[138] Table VI-6, CR at VI-14, PR at VI-6.

[139] CR at F-3-F-4, PR at F-3.

[140] CR at III-4 and III-6, PR at III-3 and III-4; CR at F-3-F-4, PR at F-3. While Avesta does not contend that the idling of its Baltimore facility was caused by competition from subject imports, we are not persuaded that it would have abandoned a facility in which it had so recently made substantial investments had it not been for the adverse pricing conditions in the U.S. market.

[141] Based upon the foregoing, Chairman Bragg and Commissioner Koplan determine that an industry in the United States producing all certain stainless steel plate in coils is materially injured by reason of subject imports from Belgium, Canada, Italy, Korea, South Africa, and Taiwan. They do not join the remainder of these views.

IV. NO MATERIAL INJURY OR THREAT OF MATERIAL INJURY BY REASON OF CUMULATED SUBJECT IMPORTS OF COLD-ROLLED PLATE FROM BELGIUM AND CANADA

A. No Material Injury to the Domestic Industry Producing Cold-Rolled Plate By Reason of Subject Imports from Belgium and Canada

1. Volume of the Subject Cold-Rolled Imports

The U.S. market for cold-rolled plate is extremely small relative to the market for HRAP plate, and is highly dependent on imports. The volume of cumulated subject imports of cold-rolled plate rose from *** short tons in 1995 to *** short tons in 1996, then declined somewhat to *** short tons in 1997. Cumulated subject imports were *** short tons in interim 1998, compared with *** short tons in interim 1997.[142] The market share of cumulated subject imports rose from *** percent in 1995 to *** percent in 1997 and *** percent in interim 1998, with nonsubject imports making up the difference.[143] The rising volume and dominant market share of subject imports suggest that the volume of cumulated subject imports of cold-rolled plate is significant.[144] We note, however, that the domestic industry's production of cold-rolled plate is very limited and that the industry itself has characterized cold-rolled plate as a tiny and unimportant part of its business.[145] Throughout the period of investigation, the domestic industry's market share, by quantity, never reached *** percent, and there is no indication that the domestic producers lost market share to subject imports.

2. Price Effects of the Subject Cold-Rolled Imports

Although we did not collect price comparison data on any cold-rolled plate products,[146] we do have data on the average unit value of domestic and subject import shipments of cold-rolled plate.[147] The average unit value of domestic shipments declined irregularly between 1995 and 1997 and was lower in interim 1998 than in interim 1997.[148] The average unit value of cumulated subject imports declined steadily over the period of investigation, beginning at a higher level than that for the domestic like product

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[142] Table C-3, CR at C-7, PR at C-5.

[143] Alternate Table C-3, derived from Table C-3, CR at C-7, PR at C-5, as modified by nonsubject import data provided in response to importer questionnaires.

[144] Commissioner Crawford joins only in the factual, numerical discussion of the volume of imports here. She does not rely on any analysis of trends in the market share of subject imports or other factors in her determination of material injury by reason of the subject imports. She makes her finding of the significance of volume in the context of the price effects and impact of the subject imports. For the reasons discussed below, she finds that the volume of subject imports is not significant in light of its price effects and impact.

[145] Tr. at 50-51 and 114; Petitioners' Posthearing Brief, Exhibit 5.

[146] In its preliminary determinations, the Commission stated that it would consider whether cold-rolled and HRAP plate were separate like products in any final phase of the investigations. Nevertheless, when given an opportunity to comment on draft questionnaires in the final phase, no party requested that the Commission collect pricing data on a cold-rolled product.

[147] *Cf.* United States Steel Group v. United States, 96 F.3d 1352, 1364 (Fed. Cir. 1996) (Commission may employ rebuttable presumption that product mix is constant in using AUV trends as a proxy for price trends).

[148] The average unit value of domestic shipments was $*** in 1995, $*** in 1996, $*** in 1997, $*** in interim 1997, and $*** in interim 1998. Table C-3, CR at C-8, PR at C-5.

and falling below in 1997 and interim 1998.[149] There is no clear connection between the subject imports and the domestic price declines, since, during much of the period, the domestic price decreased even though subject imports were priced substantially higher.[150] Moreover, petitioners did not allege that domestic producers of cold-rolled plate experienced any lost sales or incurred any adverse price effects due to the cold-rolled subject imports.[151] Accordingly, we do not find that subject imports depressed or suppressed the prices of the domestic like product; nor do we find significant underselling by subject cold-rolled imports.

3. Impact of the Subject Cold-Rolled Imports on the Domestic Industry[152]

The record makes clear that despite the universal ability among domestic HRAP plate producers to produce cold-rolled plate, none of these domestic producers actively markets or promotes the product.[153] Indeed, high level marketing personnel from the domestic industry were unaware in some instances that

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[149] The average unit value of shipments of cumulated subject imports was $*** in 1995, $*** in 1996, $*** in 1997, $*** in interim 1997, and $*** in interim 1998. Table C-3, CR at C-7, PR at C-5.

[150] Commissioner Crawford concurs that the subject imports are not having significant effects on domestic prices. Her method for analyzing the price effects of subject imports is described in note 106, *supra*. Only two domestic producers produce very small quantities of cold rolled plate, consistent with the industry's characterization of the product as a "fringe" product, and thus the domestic industry focuses almost exclusively on the hot-rolled market. The margins for Belgium and Canada are not very large, about 10 % and 15%, respectively, and thus prices for the subject imports would not have increased substantially had they been sold at fairly traded prices. Given these margins and the domestic industry's lack of interest in the cold-rolled market, it is likely that none of the demand for the subject imports would have shifted away from the subject imports had they been priced fairly. Therefore, there would have been no shift in demand toward the domestic product had the subject imports been fairly traded. Absent a shift in demand to the domestic product, the domestic industry would not have been able to increase its prices. In these circumstances, significant effects on domestic prices cannot be attributed to the unfair pricing of these subject imports. Consequently, Commissioner Crawford finds that subject imports are not having significant effects on prices for domestic cold-rolled stainless steel plate.

[151] Petitioners' main argument about subject cold-rolled imports at the Commission hearing was the claim that such imports are sold to fill orders for HRAP plate by foreign producers that are unable to achieve normal HRAP tolerances using their production equipment. Tr. at 52, 98-99, 121. The Belgian producer responsible for the vast majority of subject cold-rolled imports refuted this claim in its posthearing brief, noting that customers specifically request a cold-rolled product. Belgian Respondents' Posthearing Brief at 7-8, 11-12.

[152] As part of its consideration of the impact of imports, the statute specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The SAA indicates that the amendment "does not alter the requirement in current law that none of the factors which the Commission considers is necessarily dispositive in the Commission's material injury analysis." SAA at 850. Section 771(35)(C) of the Act, 19 U.S.C. § 1677(35)(C), defines the "margin of dumping" to be used by the Commission in a final determination as the last margin or margins published by Commerce prior to the closing of the administrative record in the Commission's investigations. In its final determinations, Commerce identified dumping margins as follows: Belgium - 9.86 percent; Canada - 11.10-15.35 percent; Italy - 39.69-45.09 percent; Korea - 16.26 percent; South Africa - 41.63 percent; and Taiwan - 7.39-10.20 percent. Table I-1, CR at I-3, PR at I-3.

[153] Tr. at 50-51 (Washington Steel, Allegheny and J& L all indicate that they do not see any real market for cold-rolled) and 114 (any domestic production of cold-rolled plate is "accidental"); Petitioners' Posthearing Brief, Exhibit 5.

their companies could or did produce a cold-rolled product.[154] The limited data regarding domestic cold-rolled plate operations does not indicate that subject cold-rolled imports are adversely impacting the domestic cold-rolled industry. As discussed above, domestic cold-rolled production remained stable, albeit at a very low level, and the record does not indicate that subject imports affected domestic prices and, thereby, domestic revenues.

Because the domestic industry was unable to provide segregated trade and financial data for cold-rolled stainless steel coiled plate, pursuant to the production line provision of 19 U.S.C. § 1677(4)(D), we also assess the effect of the cumulated subject imports on the production of the narrowest group of products that includes cold-rolled plate for which the necessary information could be provided -- in this case, all stainless steel coiled plate. As discussed above with respect to the industry producing HRAP plate, despite rising demand during most of the period of investigation, the domestic industry experienced declining financial performance and capital investment throughout the period as well as declines in employment and capacity at the end of the period.[155]

Due to the extremely small magnitude of subject imports of cold-rolled plate relative to domestic production of all certain stainless steel plate in coils, we do not find that cumulated subject imports of cold-rolled plate, despite their large share of the cold-rolled market and declining average unit values, are having an adverse impact on the domestic industry. In light of the limited commercial interchangeability between subject cold-rolled imports and domestic HRAP plate, which represents the vast majority of domestic production of certain stainless steel plate in coils, we find that subject cold-rolled imports are too small in magnitude to have contributed to the observed declines in the profitability, employment or capacity of the domestic industry producing certain stainless steel plate in coils.[156] Accordingly, we determine that the domestic industry producing cold-rolled stainless steel plate in coils is not materially injured by reason of cumulated subject imports of cold-rolled plate from Belgium and Canada.

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[154] *Compare* Tr. at 120-121 (Mr. Arnold testified that NAS sells cold-rolled plate; Mr. Pudelsky was not sure whether J&L produces cold-rolled plate in response to orders for cold-rolled), *with* Petitioners' Posthearing Brief, Exhibit 1 at 5-7 (indicating that after research, Allegheny and J&L discovered that they have produced cold-rolled plate during the period of investigation, while NAS discovered that it did not).

[155] *See* section IV.C *infra*. Domestic producers did provide segregated production and shipment quantity and value data for cold-rolled plate. These data indicate large annual fluctuations. Production quantity and U.S. shipment quantity and value rose from 1995 to 1996, declined from 1996 to 1997, and were higher in interim 1998 than in interim 1997. Table C-3, CR at C-8, PR at C-5.

[156] Commissioner Crawford concurs that the subject imports are not having a significant impact on the domestic industry. Her method for analyzing the impact of the subject imports on the domestic industry is described in note 135, *supra*. As she has found, there would have been no shift in demand toward the domestic product, and thus the domestic industry would not have been able to increase its prices, had the subject imports been fairly traded. Likewise, absent a shift in demand toward the domestic product, the domestic industry would not have been able to increase its output and sales had the subject imports been fairly traded. Thus, the domestic industry's revenues would not have increased significantly had the subject imports been sold at fairly traded prices. Therefore, Commissioner Crawford finds that the domestic industry would not have been materially better off if the subject imports had been fairly traded. Consequently, Commissioner Crawford determines that the domestic industry is not materially injured by reason of the subject imports of cold-rolled stainless steel plate.

B. No Threat of Material Injury by Reason of Subject Imports of Cold-rolled Plate from Belgium and Canada

1. Cumulation for Purposes of Threat Analysis

In assessing whether a domestic industry is threatened with material injury by reason of imports from two or more countries, the Commission has discretion to cumulate the volume and price effects of such imports if they meet the requirements for cumulation in the context of present material injury.[157] In deciding whether to cumulate for purposes of making our threat determinations, we also consider whether the subject imports are increasing at similar rates and have similar pricing patterns.[158] Neither the volumes nor the average unit values of shipments of Belgian and Canadian cold-rolled plate followed the same trends during the period of investigation. Nevertheless, because the requirements for cumulation in the context of present injury are met, and in order to give the benefit of the doubt to the domestic industry, we have exercised our discretion to cumulate subject imports from Belgium and Canada for purposes of our threat determinations.

2. Statutory Factors

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[159] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued.[160] In making our determination, we have considered all statutory factors[161] that are relevant to these investigations.[162]

Commerce did not find that Belgian imports benefitted from any export subsidies, and petitioners concede that the subsidies found are not large enough to be considered seriously prejudicial under the

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[157] 19 U.S.C. § 1677(7)(H). Petitioners argue that the Commission should cumulate imports for purposes of its threat determinations. Petitioners' Prehearing Brief at 72. Neither the Belgian nor the Canadian respondents addressed this issue.

[158] *See* Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[159] 19 U.S.C. § 1673d(b) and 1677(7)(F)(ii).

[160] 19 U.S.C. § 1677(7)(F)(ii). While the language referring to imports being imminent (instead of "actual injury" being imminent and the threat being "real") is a change from the prior provision, the SAA indicates the "new language is fully consistent with the Commission's practice, the existing statutory language, and judicial precedent interpreting the statute." SAA at 854.

[161] The statutory factors have been amended to track more closely the language concerning threat of material injury determinations in the WTO Antidumping Agreement and Subsidies and Countervailing Measures Agreement, although "[n]o substantive change in Commission threat analysis is required." SAA at 855.

[162] 19 U.S.C. § 1677(7)(F)(I). Factor VII regarding raw and processed agriculture products is inapplicable to the products at issue. Additionally, there are no known antidumping or countervailing duty findings or remedies in effect in other countries with respect to cold-rolled stainless steel coiled plate from Belgium or Canada.

Subsidies Agreement.[163] Thus, we do not find that any subsidies to the Belgian producers are of such a nature as to make an increase in subject imports likely.

Both the Belgian and Canadian producers operated at high rates of capacity utilization throughout the period of investigation and neither plan capacity expansions in the near future.[164] Thus, we do not find that there is existing unused production capacity or imminent, substantial increases in production capacity in those countries that are likely to result in substantially increased imports of the subject merchandise into the United States. Because subject cold-rolled imports account for nearly all of the market share already, no significant further increase in the market penetration of subject imports is possible. Nor, based on our conclusions with respect to the capacity of the Belgian and Canadian producers, do we find that any significant increase in the volume of the subject imports is imminent. Therefore, we find that further dumped or subsidized imports are not imminent.

As discussed in the context of present material injury, we did not find that the subject imports, despite their rising volume, large market share and declining average unit values, are having a significant adverse impact on the domestic industry. Nothing in the record suggests that subject import prices are likely to have such an effect in the imminent future.

Importer inventories of the subject merchandise have increased over the period of investigation.[165] This factor alone, however, does not support an affirmative threat determination. Moreover, while it is true that foreign producers have ample capacity for the production of HRAP plate, stainless sheet and strip, and other stainless products that could be converted to the production of cold-rolled stainless steel coiled plate, there is no evidence of record that domestic demand exists to support any significant expansion of cold-rolled plate imports, nor is there any evidence that the Belgian and Canadian producers would abandon established markets for such other products in order to export more cold-rolled plate to the United States. Finally, given the small share of domestic producers' total production of stainless products represented by coiled plate, and the even smaller share of that total represented by cold-rolled plate, we do not find that subject imports have had, or are likely to have in future, negative effects on the development and production efforts of the domestic industry.

For all these reasons, we find further dumped and subsidized imports from Belgium and Canada are not imminent, and we do not find that material injury by reason of such imports would occur unless orders are issued. Therefore, we determine that the domestic industry producing cold-rolled stainless steel coiled plate is not threatened with material injury by reason of cumulated subject imports from Belgium and Canada.

CONCLUSION

For the foregoing reasons, we find that the domestic industry producing HRAP plate is materially injured by reason of subject imports of HRAP plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan. We further find that the domestic industry producing cold-rolled plate is neither materially injured nor threatened with material injury by reason of subject imports of cold-rolled plate from Belgium and Canada, and that subject imports of cold-rolled plate from Italy, Korea, South Africa, and Taiwan are negligible.

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[163] Table I-1, CR at I-3, PR at I-1; 64 Fed. Reg. 15567 (Mar. 31, 1999); Petitioners' Prehearing Brief at 75. There was no countervailing duty investigation of imports from Canada.

[164] CR at VII-1-VII-11, PR at VII-1-VII-4.

[165] Table C-3, CR at C-7, PR at C-5.

DISSENTING VIEWS OF CHAIRMAN LYNN M. BRAGG AND COMMISSIONER STEPHEN KOPLAN

Based on the record in these investigations, we find that an industry in the United States producing certain stainless steel plate in coils is materially injured by reason of imports of certain stainless steel plate in coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan, that have been found by the Department of Commerce to be subsidized and/or sold at less than fair value. We respectfully dissent from the majority's finding of two separate like products in these investigations.

For the reasons discussed below, we define one domestic like product in these investigations, encompassing both hot-rolled and cold-rolled stainless steel plate in coils, and one domestic industry comprised of U.S. producers of the like product. Our single like product definition corresponds to the imported merchandise defined by the Department of Commerce to be within the scope of these investigations.

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

We first note that in its preliminary determination, the Commission observed that the record at that time did not clearly indicate whether there was actual domestic production of cold-rolled stainless steel plate in coils ("SS coiled plate") during the period of investigation.[1] The record in the final phase of these investigations indicates that, while all domestic producers have the ability to produce cold-rolled SS coiled plate, only two producers did in fact produce this product, and only in limited quantities, during the period of investigation.[2] Because this production, although small, was for commercial purposes and in response to customer orders, and because of the general ability of domestic producers to make a cold-rolled product on request, we find that there is domestic production of cold-rolled SS coiled plate like the subject imports.

Second, we note that in its preliminary determination, the Commission employed a semi-finished product analysis to determine whether hot-rolled and cold-rolled stainless steel plate in coils ("SS coiled plate") are separate like products. At the time of the preliminary determinations, the Commission had only fragmentary information concerning cold-rolled SS coiled plate, and thus focused its analysis on the general cold-rolling process in the steel industry. The more complete information available in these final phase investigations indicates, however, that both hot-rolled and cold-rolled SS coiled plate should be treated as finished products; consequently, our analysis of this issue is based upon consideration of the traditional factors examined by the Commission for determining like product.[3]

Physical Characteristics and Uses: SS coiled plate products, whether hot-rolled or cold-rolled, share similar physical characteristics. The chemical composition of the cold-rolled product is generally similar to that of hot-rolled SS coiled plate. Both are corrosion resistant and are available in similar

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[1] Certain Stainless Steel Plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan, Invs. Nos. 701-TA-376-379 (Preliminary) and Invs. Nos. 731-TA-788-793 (Preliminary), USITC Pub. No. 3107, at 14 (May 1998).

[2] CR\PR at Table III-2, n.1. Domestic production of cold-rolled SS coiled plate was *** in 1995, *** in 1996, *** in 1997, and *** in interim period 1998. *Id.* at n.2 and n.3. Domestic production of cold-rolled SS coiled plate accounted for *** of domestic production of certain SS coiled plate in 1997 and less than that in all other periods. Calculated from CR\PR at Tables III-2 and III-3.

[3] These factors include: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customers' and producers' perceptions; (5) common manufacturing facilities and production employees; and (6) where appropriate, price.

dimensions.[4] While the cold-rolled product generally has a smoother finish with greater freedom from surface imperfections than hot-rolled SS coiled plate, a similarly smooth finish can be achieved for the hot-rolled product with additional grinding and polishing.[5] Although cold-rolled SS coiled plate can generally achieve tighter tolerances,[6] there is evidence that technological advances in producing tighter tolerances for hot-rolled SS coiled plate via "Steckel" mill production has reduced the need to apply the additional process of cold-rolling to achieve such tighter tolerances.[7]

SS coiled plate is used to produce tanks and equipment for industries for which the corrosion resistance, heat resistance, and/or ease of maintenance of stainless steel are needed; it is also used for stainless steel tubing for the same industries.[8] Cold-rolled SS coiled plate is used for a limited number of specialized applications for stainless steel plate, such as containers and tanks for food processing, beer making, and dairies where a smooth surface that can be easily cleaned is essential.[9]

Interchangeability: Questionnaire responses indicate that cold-rolled SS coiled plate can be used for hot-rolled SS coiled plate applications.[10] It is less clear that hot-rolled SS coiled plate is interchangeable with the cold-rolled product, at least without a further grinding/polishing process.

Channels of Distribution: Stainless steel coiled plate, whether hot-rolled or cold-rolled, is sold primarily to service centers/distributors, with some sales to end-users such as pipe and tube producers.[11]

Customer and Producer Perceptions: While there is some disagreement by Petitioners, customers and producers generally appear to perceive hot-rolled and cold-rolled SS coiled plate as somewhat different products.[12] We note, however, that the ASTM[13] standard for stainless steel plate does not distinguish between hot-rolled and cold-rolled plate, but specifies a number of finishes that are applied to stainless steel plate.[14]

Manufacturing Facilities, Production Processes, and Production Employees: Cold-rolled SS coiled plate typically shares the same production processes, equipment, and employees as the hot-rolled product, up to the cold-rolling stage of production.[15] To produce the cold-rolled product, a hot-rolled and pickled or descaled coil is cold-reduced by twenty-five percent or more to the final ordered thickness. Following cold-reduction, the cold-rolled plate must be annealed and pickled. Either hot-rolled or cold-rolled SS plate also

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[4] CR\PR at Table I-2.

[5] CR at I-9; PR at I-6. CR\PR at Table I-3 (response of ***) and Petitioners' Prehearing Brief at 15.

[6] CR\PR at Tables I-2 and I-3.

[7] Transcript of Commission Hearing (March 23, 1999) ("Tr.") at 51-53 (Petitioners' response to questioning by Chairman Bragg).

[8] CR at I-6; PR at I-4.

[9] CR at I-9; PR at I-6.

[10] CR\PR at Tables I-2 and I-3; Tr. at 33. Indeed, the record raises the possibility that subject cold-rolled imports compete directly with the domestic hot-rolled product because foreign producers are unable to achieve the specifications demanded of the hot-rolled product for certain applications absent the additional cold-rolling process. Tr. at 51-53 (Petitioners' response to questioning by Chairman Bragg). We note, however, that absent unfair trade practices, the additional cost of cold-rolling SS coiled plate may set practical limitations on when the cold-rolled product may be used in lieu of hot-rolled SS coiled plate.

[11] CR\PR at Table II-1.

[12] CR/PR at Tables I-2 and I-3.

[13] American Society for Testing and Materials, Philadelphia, Pennsylvania. CR at I-5; PR at I-4.

[14] Petitioners' Prehearing Brief at 16 and 17; *see* ASTM standard, attached as Exhibit 2 to Petitioners' Prehearing Brief.

[15] CR at I-7 - I-9 and I-11, PR at I-5-I-7. *** notes that "***."

may be further finished in a temper or cold-rolling mill with a temper or skin pass, to provide improved surface finish.[16]

Price: Prices for cold-rolled SS coiled plate are generally higher than for the hot-rolled product due to the additional processing involved.[17] However, hot-rolled SS coiled plate which has undergone grinding and polishing (to achieve a surface finish similar to the cold-rolled product) may be priced similarly to cold-rolled SS coiled plate.[18]

In sum, because hot-rolled and cold-rolled SS coiled plate share similar physical characteristics, chemical composition, and dimensions; can be used in most of the same corrosion resistant applications; share the same channels of distribution; share the same production process through production of the hot-rolled product; and because cold-rolled SS coiled plate is substitutable for the hot-rolled product while hot-rolled SS coiled plate may be substitutable for the cold-rolled product with further grinding and polishing, we find that there is no clear dividing line between hot-rolled and cold-rolled SS coiled plate. Consequently, we find a single domestic like product in these investigations, consisting of all certain stainless steel plate in coils, which corresponds to the scope definition provided by the Department of Commerce.

With regard to defining the domestic industry, as we note in the majority views, we define one domestic industry in these investigations consisting of all domestic producers of certain stainless steel plate in coils. We concur in the majority's finding that appropriate circumstances do not exist to exclude *** from the domestic industry.

II. CONCLUSION

We find that our analysis, consistent with our definition of one like product in these investigations, applies equally to the majority's analysis with regard to hot-rolled SS coiled plate. In light of the relatively small volumes of domestically produced and imported cold-rolled product during the period of investigation, the additional data for these products does not materially alter the analysis set forth by the majority; indeed, it only strengthens our injury determinations.

Accordingly, as we note further in the majority views, we find that an industry in the United States producing certain stainless steel plate in coils is materially injured by reason of imports of certain stainless steel plate in coils from Belgium, Canada, Italy, Korea, South Africa, and Taiwan, that have been found by the Department of Commerce to be subsidized and/or sold at less than fair value.

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[16] CR at I-7 - I-9, PR at I-5 and I-6.

[17] Table I-2, CR at I-11, PR at I-7. Petitioners contend that hot-rolled SS coiled plate which has undergone special finishing is priced similarly to the cold-rolled product. Petitioners' Prehearing Brief at 20.

[18] Petitioners' Prehearing Brief at 20.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed on behalf of Armco, Inc., Pittsburgh, PA; J&L Specialty Steel, Inc. (J&L), Pittsburgh, PA; Lukens Inc., Coatesville, PA, North American Stainless (NAS), Ghent, KY; and the United Steelworkers of America, AFL-CIO/CLC, on March 31, 1998, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of certain stainless steel plate in coils[1] from Belgium, Italy, Korea, and South Africa, and by reason of less-than-fair-value (LTFV) imports of such merchandise from Belgium, Canada, Italy, Korea, South Africa, and Taiwan.[2] Information relating to the background of the investigations is provided below.[3]

Effective date	Action	*Federal Register* citation
March 31, 1998	Petitions filed with Commerce and the Commission; Commission institutes investigations	63 FR 17445, Apr. 9, 1998
April 27, 1998	Commerce's notices of initiation	63 FR 20580
May 15, 1998	Commission's preliminary determinations	63 FR 29251, May 28, 1998
September 4, 1998	Commerce's preliminary countervailing duty determinations	63 FR 47239
November 4, 1998	Commerce's preliminary antidumping determinations; scheduling of final phase of Commission's investigations	63 FR 59524; 63 FR 67918, Dec. 9, 1998
March 31, 1999	Commerce's final countervailing duty and antidumping determinations	64 FR 15444, Mar. 31, 1999
March 23, 1999	Commission's hearing[1]	Not applicable

Continued on next page.

[1] For purposes of these investigations, stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. Stainless steel plate products are flat-rolled products, 254 mm or over in width and 4.75 mm or more in thickness, in coils, and annealed or otherwise heat-treated and pickled or otherwise descaled. The subject plate may also be further processed (e.g., cold-rolled, polished, etc.) provided that it maintains the specified dimensions of plate following such processing. Excluded from the scope of the investigations are the following: (1) plate not in coils, (2) plate that is not annealed or otherwise heat-treated and pickled or otherwise descaled, (3) sheet and strip, and (4) flat bars. Certain stainless steel plate in coils is classified under subheadings 7219.11.00, 7219.12.00, 7219.31.00, 7219.90.00, 7220.11.00, 7220.20.10, 7220.20.60, and 7220.90.00 of the Harmonized Tariff Schedule of the United States.

[2] J&L is not a petitioner in either of the investigations involving Belgium, NAS is not a petitioner in the antidumping investigation involving Italy or in any of the subsidy investigations, and the United Steelworkers is not a petitioner in the antidumping investigation involving Canada.

[3] Selected *Federal Register* notices cited in the tabulation are presented in app. A.

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Effective date	Action	*Federal Register* citation
April 22, 1999	Commission's vote	Not applicable
May 3, 1999	Commission's determinations transmitted to Commerce	Not applicable
[1] A list of witnesses at the hearing is presented in app. B.		

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C. Table C-1 presents data on certain stainless steel plate in coils, table C-2 presents data on hot-rolled, annealed and pickled stainless steel plate in coils, and table C-3 presents data on cold-rolled stainless steel plate in coils. U.S. industry data are based on questionnaire responses of six firms that accounted for 100 percent of U.S. production of certain stainless steel plate during 1997. U.S. imports are based on responses to Commission importers' questionnaires (for Belgium, Canada, South Africa, and Taiwan) and on responses to foreign producers' questionnaires (for Italy and Korea).

THE NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

As shown in table I-1, Commerce has determined that countervailable subsidies are being provided to producers and exporters of stainless steel plate in coils from Belgium, Italy, and South Africa and that such merchandise from Belgium, Canada, Italy, Korea, South Africa, and Taiwan is being sold in the United States at less than fair value. Commerce also determined that countervailable subsidies are not being provided to producers and exporters of stainless steel plate in coils from Korea. Final countervailable subsidy rates for Belgium, Italy, and South Africa range from 1.82 percent to 15.16 percent, and final weighted-average dumping margins for all six subject countries range from 7.39 percent to 45.09 percent.

In making its subsidy determinations, Commerce examined 11 programs believed to confer countervailable subsidy benefits to producers and exporters of certain stainless steel plate in coils in Belgium, 28 such subsidy programs for producers and exporters in Italy, 16 such subsidy programs for producers and exporters in Korea, and 9 such subsidy programs for producers and exporters in South Africa. The number of programs Commerce determined to be countervailable were as follows: 6 of the 11 programs in Belgium, 11 of the 28 programs in Italy, 7 of the 16 programs in Korea, and 2 of the 9 programs in South Africa. In making its determination of dumping in the investigation concerning Belgium, Commerce made fair value price comparisons by comparing constructed export price ("CEP") to normal value ("NV"), which was based on home market sales. In making its dumping determinations with respect to Canada, Italy, and Taiwan, Commerce made adverse inferences and used the highest rates alleged in the petition. In the investigation concerning Korea, Commerce made fair value price comparisons by comparing export price ("EP") or CEP to NV, which was based on home market sales. The dumping determination with respect to South Africa was based on fair value price comparisons between EP and NV, which was based on home market sales.

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Table I-1
Commerce's final countervailing duty and antidumping determinations, by countries

Country	Countervailing duty		Antidumping	
	Determination	Countervailable subsidy rate (*percent*)	Determination	Weighted-average LTFV margins (*percent*)
Belgium	Affirmative	1.82[1]	Affirmative	9.86[1]
Canada	Not applicable	Not applicable	Affirmative	11.10-15.35[2]
Italy	Affirmative	15.16[3]	Affirmative	39.69-45.09[4]
Korea	Negative	Not applicable	Affirmative	16.26[5]
South Africa	Affirmative	3.93[6]	Affirmative	41.63[7]
Taiwan	Not applicable	Not applicable	Affirmative	7.39-10.20[8]

[1] Because ALZ NV was the only respondent, its rate also serves as the "all others" rate.
[2] Because Atlas Stainless Steels refused to respond to Commerce's questionnaire, and because of its failure to otherwise cooperate to the best of its ability with Commerce's investigation, Commerce used as adverse facts available the highest rate alleged in the petition for any Canadian producer, in this instance 15.35 percent. The 11.10 percent rate applies to all other Canadian exporters/manufacturers and is based on a simple average of the margins alleged in the petition.
[3] Because Acciai Speciali Terni SpA (AST) was the only respondent in Commerce's investigation, its rate also serves as the "all others" rate.
[4] Because AST refused to comply with Commerce's request for information, Commerce made an adverse inference and selected a margin for AST of 45.09 percent. All other Italian exporters/manufacturers are assigned a rate of 39.69 percent, which is based on a simple average of the margins alleged in the petition.
[5] Rate applies to Pohang Iron & Steel Co., Ltd. individually and also serves as the "all others" rate.
[6] Rate serves as the individual rate for Columbus Stainless as well as the "all others" rate.
[7] Bonding/cash deposit rate equal to 37.79 percent.
[8] Because Commerce determined that middleman dumping occurred during its period of investigation, it has assigned rates as follows: (1) a company-specific rate of 8.02 percent for the Taiwan manufacturer YUSCO; (2) a cash deposit rate of 10.20 percent to sales produced by YUSCO and sold to the United States through the Taiwan trading company Ta Chen Stainless Pipe Co.; and (3) an "all other" rate of 7.39 percent. YUSCO's rate is based on the highest of the calculated petition margins, as Commerce determined that YUSCO did not act to the best of its ability in the reporting of home market sales.

Sources: Cited *Federal Register* notices.

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THE PRODUCT

Description and Uses

The imported product subject to these investigations is certain stainless steel plate. The subject plate products are flat-rolled products, 254 mm (10 inches) or over in width and 4.75 mm (0.1875 inch) or over in thickness, in coils, and annealed or otherwise heat-treated and pickled or otherwise descaled. The subject plate may also be further processed (e.g., cold-rolled, polished, etc.) provided that it maintains the specified dimensions of plate following such processing.[4] Excluded from the scope of the investigations are the following: (1) plate not in coils, (2) plate that is not annealed or otherwise heat treated and pickled or otherwise descaled, (3) sheet and strip, and (4) flat bars.[5]

Stainless steel plate is defined in ASTM[6] Standard A 480/480M, which applies to flat-rolled stainless and heat-resisting steel plate, sheet, and strip, as a flat-rolled product that is over 10 inches in width and 0.1875 inch and over in thickness. Sheet and strip are other flat-rolled products that are produced by similar methods and share many characteristics of plate. Sheet is such product that is under 4.75 mm in thickness and 600 mm (24 inches) and over in width. Strip is product that is under 4.75 mm in thickness and under 600 mm in width. Imports of stainless steel sheet or strip are not subject to these investigations.

Plate, sheet, and strip are normally sold either in coil form or as flat, rectangular shapes. While the capabilities of each producing mill are unique, plate and sheet are available in coils as wide as 96 inches and as thick as 0.5 inch, and are available in rectangular shapes flattened and cut-to-length from coils in the same range of thicknesses and widths as in coils. Flat plate and sheet are also available wider than 96 inches and/or thicker than 0.5 inch as product produced on a plate mill and never coiled. Neither the product cut from coils (sometimes called cut-to-length (CTL) plate) nor the product of plate mills (sometimes called plate mill plate (PMP) or discrete plate) is subject to these investigations.

Plate, sheet, and strip can be sold in any of several "conditions" and "finishes." In coils, the product is initially produced by a hot-strip mill and has a heavy surface oxide that is formed while the steel is at high temperature. The oxide is dark in color, and the product is called hot-rolled black (HRB) and is often referred to as black band. Plate imported in this condition is not subject to these investigations. Before the plate can be used for any corrosion resistant application, it must be annealed and descaled or pickled. Following the pickling operation the plate has a white appearance and is often referred to as white band or white plate. Plate sold in this condition is referred to as hot-rolled, annealed and pickled (HRAP). All plate imported in this condition or after further processing is subject to these investigations so long as it is not further reduced below 4.75 mm in thickness.

Stainless steel plate is used for the fabrication of storage tanks, process vessels, and equipment in the chemical, dairy, restaurant, pulp and paper, pharmaceutical, and other industries where the corrosion resistance, heat resistance, or ease of maintenance of stainless steel is needed. For these applications, the subject (or coiled) product would normally be distributed through a service center or warehouse having the necessary equipment to uncoil, flatten, and cut to length. The availability of the product in coil form offers

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[4] The HTS distinguishes between products that are or are not "further worked" than hot-rolled or cold-rolled. "Further worked," in the HTS, refers to products subjected to any of the following surface treatments: polishing and burnishing; artificial oxidation; chemical surface treatments such as phosphatizing, oxalating, and borating; coating with metal; coating with nonmetallic substances (e.g., enameling, varnishing, lacquering, painting, coating with plastics materials); or cladding.

[5] See the scope of the investigations as defined in Commerce's final determinations.

[6] American Society for Testing and Materials, Philadelphia PA.

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the service center and the ultimate customer more utility because the product can be cut to the exact length required, rather than cut from a standard length, potentially reducing the cost to the ultimate user and allowing the service center to operate with less inventory and to keep the inventory cleaner.[7]

Another major market for the product is for the production of stainless steel tubing for use in the same industries mentioned above. Tubing manufacturers would normally have the ability to feed the material directly into a tube-making machine where it would be formed into a round tube, welded, and cut to length as a tube. For smaller-diameter tubes, the subject product would first be slit into a number of individual coils of the required width. This slitting might be done by the tubing manufacturer or by a warehouse or service center.

Substitution of materials other than stainless steel plates for these applications is normally not possible, because other materials do not have the necessary combination of corrosion resistance, heat resistance, and ease of maintenance of stainless steel. Direct substitutions are not possible because design specifications call specifically for a particular grade of stainless steel. Over time, new designs might be developed for some applications through the use of plastics or higher-cost materials, but these are not considered to be a threat to the use of stainless steel.

Manufacturing Process

The process of manufacturing stainless steel plate begins with the melting and casting operation. Melting takes place in an electric arc furnace, followed by refining of the molten metal in a secondary refining unit and casting into a continuous slab. Steelmaking raw materials include stainless steel and carbon steel scrap, ferroalloys and alloying elements, and recycled by-products from the plant operations. The refining unit is usually an argon-oxygen decarburization (AOD) unit although there are other similar processes that also serve the function of removing carbon, silicon, and other elements from the molten metal while minimizing the loss of valuable chromium. Samples of the molten metal are chemically analyzed at several points in the process, and the results are used to calculate the exact amount of ferroalloys to be added to meet the ordered specification. Care is taken at this stage to assure that only the least costly raw materials are used, and in the minimum quantity necessary to meet the specification. This is particularly important in the production of stainless steel because the alloying elements nickel, molybdenum, and chromium represent the largest cost of the product.

The molten steel is poured into the top of a continuous casting machine, which has a mold with an open bottom. A solid slab is slowly withdrawn from the bottom of the mold. The slabs are 5 to 8 inches thick and up to 100 inches wide. The steel manufacturer has no opportunity to alter the chemical analysis of the steel or to change the width of the product significantly once the casting has taken place. The continuous slabs are cut into lengths of up to about 35 feet for further processing. The length is limited by the mill's reheating and/or rolling capability.

After casting, the slabs are inspected and conditioned,[8] then reheated to rolling temperature, usually in a gas-fired, continuous furnace. Rolling is done on a hot-strip mill consisting of a roughing and a finishing mill. For a mill designed primarily to produce stainless steel, the roughing mill is generally a reversing mill in which the slabs are rolled to a thickness of about 1 inch in a succession of rolling passes. The finishing mill could be a reversing mill of the Steckel type, which is equipped to coil the bands after each pass in order to conserve space and temperature, or a continuous mill made up of 5 or 6 individual

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[7] See, for example, testimony of Judy Tangen, conference transcript, p. 155.

[8] Conditioning is by grinding, and may be all-over grinding, or spot grinding of individual defects, or no grinding at all.

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rolling mills, located about 18 feet apart, and with the bands passing continuously through the mill in one direction only. Finally the bands continue on to a coiler, where they are wrapped into coils. At this point the product would be called a black band (or a hot band), and if it was ordered as a hot-rolled product it would be at its final ordered thickness, even though additional processing might be required.

Annealing and pickling are usually done on a single continuous process line, although they are sometimes done on separate units. After cooling, the black band first passes through a continuous furnace in which it is heated to annealing temperature and then quickly cooled. It next passes through a grit-blasting machine in which the scale from the hot mill and the annealing furnace is removed using small particles of steel grit thrown at high speed by centrifugal wheels. The band then passes through tanks containing acid, followed by a water rinse, and finally is recoiled at the end of the line. Some companies include edge-trimming of the product in the anneal and pickle line, and some use a separate machine for edge-trimming, if required. After this processing the band is ready for shipping as HRAP plate, in coil.

A very small proportion of stainless steel plate is produced and sold as cold-rolled. To produce such plate, a hot-rolled and pickled or descaled coil is cold-reduced to the final ordered thickness. The amount of cold reduction is 25 percent or more. Following cold reduction, annealing and pickling is required for cold-rolled plate. Either HRAP plate or cold-rolled annealed and pickled plate may be further finished in a temper mill or cold-rolling mill with a very light cold-rolling pass, known as a temper pass or skin pass.[9] The purpose of the temper or skin pass is to provide a required surface finish and/or to improve the flatness of the coiled product. Such a temper or skin pass does not create the need for another annealing step and does not change the classification of hot-rolled plate to cold-rolled plate. Cold-rolled plate has a smoother finish with greater freedom from surface imperfections than hot-rolled plate and is used for a limited number of specialized applications such as containers and tanks for food processing, beer making, and dairies where a smooth surface that can be easily cleaned is essential.

LIKE PRODUCT ISSUES

In the preliminary phase of these investigations, the Commission considered four domestic like product issues. The first three of these issues concerned whether the domestic like product should be defined to include: (1) stainless steel plate not in coils; (2) stainless steel plate not annealed and pickled (i.e., black plate); or (3) other stainless steel flat-rolled products in coils (i.e., sheet and strip), annealed and pickled.[10] [11] The fourth issue the Commission considered was whether hot-rolled and cold-rolled stainless steel plate in coils should be defined as separate domestic like products. Upon consideration, the Commission determined not to include stainless steel plate not in coils or stainless steel plate not annealed

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[9] The explanatory Notes to the HS (Harmonized System) state that: "The very light cold-rolling process (known as a skin pass or pinch pass) which is applied to certain hot-rolled flat products without significant reduction of their thickness does not change their character of finished hot-rolled products. This cold pass under low pressure acts essentially on the surface of the products only, whereas cold-rolling in the true sense (also known as cold-reduction) changes the crystalline structure of the work piece by considerably reducing its cross-section." Explanatory Notes to the Harmonized Commodity Description and Coding System, Second Edition (1996), General Explanatory Note to Chapter 72, (IV) (B).

[10] Commerce has excluded from the scope of its investigations all three of these products.

[11] Certain Stainless Steel Plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan, Invs. Nos. 701-TA-376-379 (Preliminary) and 731-TA-788-793 (Preliminary), USITC Pub. 3107 at 5.

and pickled in its definition of the like product.[12] Concerning the issue of whether the domestic like product should be defined more broadly than the scope to include stainless steel hot-rolled sheet and strip, the Commission determined not to include these products in the domestic like product but stated its intention to explore this issue further in any final investigations.[13] However, following the Commission's determinations in these investigations, the Commission, on July 27, 1998, issued its determinations in investigations Nos. 701-TA-380-382 and 731-TA-797-804 (Preliminary), Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and the United Kingdom. In those investigations, the Commission considered the issue of whether the domestic like product should be defined to include stainless steel plate in addition to stainless steel sheet and strip. Citing additional information in the record of the preliminary sheet and strip investigations, the Commission determined not to expand the domestic like product to include stainless steel plate.[14] The Commission noted that the additional information further supported its conclusion in the preliminary phase of the plate investigations not to include stainless steel sheet and strip in the domestic like product.[15]

With respect to the issue of whether hot-rolled and cold-rolled stainless steel plate in coils should be defined as separate like products, the Commission determined to define the domestic like product as consisting of both hot and cold-worked/rolled products.[16] However, in making this finding, the Commission noted its intent to reconsider this issue in any final investigations. Towards developing additional information on this issue, U.S. producers and importers were asked in the Commission's questionnaires used in connection with these investigations to compare the physical characteristics and uses and interchangeability of hot-rolled and cold-rolled stainless steel plate in coils. The responses of U.S. producers are presented in table I-2 and those of U.S. importers are shown in table I-3.

Table I-2
Comparisons by U.S. producers of the production processes, characteristics and uses, and interchangeability of hot-rolled stainless steel plate vs. cold-rolled stainless steel plate

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Table I-3
Comparisons by U.S. importers of the characteristics, uses, and interchangeability of hot-rolled stainless steel plate vs. cold-rolled stainless steel plate

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[12] Ibid., at 8-10.

[13] Ibid., at 13.

[14] Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and the United Kingdom, Invs. Nos. 701-TA-380-382 (Preliminary) and 731-TA-797-804 (Preliminary), USITC Pub. 3118 at 9, note 51.

[15] Ibid.

[16] Commissioner Crawford found cold-rolled stainless steel coiled plate to be a separate like product.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

DISTINCTIVE INDUSTRY CHARACTERISTICS

Five of six U.S. producers and a few importers reported that they sell small amounts of discrete plate in addition to plate in coils. *** all sell discrete or cut plate. Four of 13 importers also reported that they offer cut-to-length plate.

U.S. producers offer stainless steel plate that is made from a greater variety of stainless steel grades than importers. All producers reported manufacturing grades 304, 304L, and 316L. Besides these standard products, grades 17-17PH, 201, 201L, 204, 301, 301L, 302, 305, 309, 309S, 310, 310S, 316, 317L, 317LX, 321, 330, 347, 400, 405, 409, 410, 410S, 430, 446, and 2205 are also produced in the United States. Imports of stainless steel plate grades 304, 304L, and 316L are also available from all of the subject countries. In addition grades 309S, 316, 317L, 321, 409, and dual grades 304/304L and 316/316L are imported from ***, grades 309S, 310, 316, 321, 409, and 410S are imported from ***, grades A240 and 409 are imported from ***, and grades 309S, 310S, and 316 are imported from ***.

Essentially all stainless steel plate produced and sold by domestic firms and most plate sold by importers is hot-rolled and not further processed into cold-rolled product. Belgium was the only significant source of imports of cold-rolled stainless steel plate. Cold-rolled plate consistently accounted for over *** of Belgium's total plate exports to the United States during 1995-97. Very small amounts of cold-rolled plate were also imported from Canada.

MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

Service centers/distributors are the main customers for stainless steel plate for both U.S. producers and most importers (table II-1). Imports from Korea, however, also are sold to pipe and tube manufacturers. Service centers/distributors uncoil, level, and cut stainless steel plate to length and may also slit and re-edge the product. They generally sell to end-use customers such as fabricators of vessels, pipe manufacturers, makers of industrial equipment, and others.

U.S.-produced stainless steel plate and imports from three subject countries are marketed throughout the United States, while sales of imports from the other three subject countries occur mainly in certain geographical regions. All six domestic producers stated that they sell throughout the United States, although three firms said that high freight costs discourage sales in some regions. *** , the principal importer of stainless steel plate from ***, also said that it sells throughout the entire continental United States. However, since the largest share of its shipments consists of plate that is over 62 inches wide, its sales efforts are focused on areas that have processing facilities for coils of this width. ***, the main importer of stainless steel plate from Canada, said that it sells principally in the eastern part of the United States due to high freight costs. ***, the principal importer of stainless steel from Italy, sells throughout the entire United States. Korean imports, which are marketed by four importers, are sold mainly on the East, West, and Gulf coasts because of the high costs of shipping to other areas. South African imports are sold mostly in the Midwest and on the East, West, and Gulf coasts due to high shipping costs. ***, the principal importer of stainless steel from ***, sells throughout the entire United States.

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Table II-1
Certain stainless steel plate: Channels of distribution for U.S. producers and importers, 1995-97

Item	1995	1996	1997
	Share of quantity *(percent)*		
U.S. producers:			
Shipments to distributors	64.8	71.5	68.1
Shipments to end users	35.2	28.5	31.9
U.S. imports from Belgium:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***
U.S. imports from Canada:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***
U.S. imports from Italy:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***
U.S. imports from Korea:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***
U.S. imports from South Africa:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***
U.S. imports from Taiwan:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***
U.S. imports from all nonsubject countries:			
Shipments to distributors	***	***	***
Shipments to end users	***	***	***

(1) Not available.

Source: Compiled from data submitted in response to Commission questionnaires.

Because of the freight costs, most sales by producers are made relatively close to their production facilities, and most sales by importers are fairly close to their ports of entry into the United States. The six producers all reported that the majority of their sales occur with 500 miles of their production facility. The percentages of sales occurring within this radius ranged from *** percent for *** to *** percent for both ***. Among importers that were able to break out percentages, ***, importers of stainless steel from Korea, reported that all of their sales occur within 100 miles of their point of shipment. *** stated that 72 percent of its sales occur within 500 miles. *** all reported that 50 percent of their sales are within 500 miles of their point of shipment.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of stainless steel plate to changes in price depends upon such factors as the existence of excess capacity, the levels of inventories in relation to sales, the ease of shifting facilities to the production of other products, and the existence of export markets. U.S. producers' capacity utilization rates ranged between 45 percent and 59 percent during 1995-97. During the first 9 months of 1998, the capacity utilization rate was down to 46 percent, a decrease from the 56 percent rate during January-September 1997. This suggests that the industry is able to expand output in response to changes in price. The availability of inventories also indicates flexibility in adjusting output in response to price changes. The ratio of end-of-period inventories to U.S. shipments ranged between 25 and 34 percent throughout 1995-97. The ratio was 30 percent during January-September 1997 and 29 percent during January-September 1998. In addition, the majority of the U.S. producers are able to shift their facilities from production of stainless steel plate to other products in response to changing market conditions. Five of six producers, accounting for the majority of U.S. production and shipments of stainless steel plate, reported that machinery and equipment used in various stages of stainless plate production can also be shifted into the manufacture of other products, including both carbon and stainless steel sheet and strip, silicon steel hot roll band, and specialty flat-rolled steel products.

The export data indicate that mills have little flexibility in diverting shipments to or from export markets in response to changes in the price of stainless steel plate. Exports have accounted for only 1 to 4 percent of total shipments of plate during the period for which data were requested. Therefore, they are not important in increasing the sensitivity of supply to changes in price.

Subject Imports

Data relating to foreign capacity utilization, the size of home markets, and export markets outside of the United States indicate that Belgium, Canada, Italy, Korea, South Africa, and Taiwan all have some flexibility in increasing exports to the United States in response to price changes. However, this capability varies by country.[1] In the case of Belgium, its ratios of inventories to shipments ranged from *** percent to *** percent during 1995-97. While Belgium's home market is small, export markets outside of the United States consistently accounted for over *** percent of its HRAP exports and over *** percent of its cold-rolled exports. This suggests that Belgium could expand exports to the United States.

[1] The discussion in this section includes combined data relating to HRAP and cold-rolled stainless steel plate.

Canada appears to have a smaller export capability than Belgium. Throughout 1995-97 its capacity utilization rate was consistently near *** percent, and its ratios of inventories to shipments were relatively low, ranging between *** and *** percent. During January-September 1998 the ratio was *** percent. Canada has no export markets in addition to the United States, although its home market accounted for between *** and *** percent of its sales during 1995-97.

In the case of Italy, capacity utilization rates have been high, but its large export markets outside of the United States suggest that it could increase exports to the United States. While Italy's capacity utilization rate was consistently near *** percent during 1995-97, export markets outside of the United States were large, accounting for between *** and *** percent of its total shipments annually during these years. Italy's home market accounted for *** percent or more of its total sales during 1995-97.

Korea's large home market and export markets outside of the United States indicate that it could increase exports to the United States in response to price changes. Korea's home market shipments declined from over *** percent of its total shipments in 1995 to *** percent in 1997. Exports to markets outside of the United States increased from *** percent of total shipments in 1995 to *** percent in 1997. During January-September 1998 they amounted to *** percent of the total, a slight decline from the level during the first 9 months of 1997.

South Africa also operated near *** percent of capacity during 1995-97, but again, its large export markets outside of the United States suggest that it could expand exports to the United States. These other exports amounted to *** percent of total shipments in 1995, *** percent in 1996, and *** percent in 1997. They accounted for *** percent of total shipments during the first 9 months of 1998.

Taiwan has both substantial excess capacity and large export markets outside of the United States which, together, indicate significant potential for increasing exports to the United States. Taiwan's capacity utilization rates dropped from over *** percent in 1995 to *** percent in 1996 and then increased to *** percent in 1997. Its export markets outside of the United States increased from *** percent of total shipments in 1995 to *** percent in 1997.

U.S. Demand

Demand Characteristics

The overall demand for stainless steel plate depends greatly upon the demand for a variety of end-use products that require stainless steel. Producers, importers, and end-use purchasers were asked to list the end uses of the plate they buy, sell, or purchase. Stainless steel plate is commonly used in the pulp and paper, food and beverage, chemical and petrochemical, mining, power generation, railcar manufacturing, textile, and automotive industries. Some products produced for these industries include: process tanks, other processing equipment, vats, digesters, hoppers, chutes, pipe, tube, containers, structural components, heat exchangers, fermenting tanks, barrels, valves, fittings, packaging machinery, defractionalization towers, storage tanks, drilling platforms flanges, and auto spray painting booths.

Demand for stainless steel plate in the United States as measured by apparent consumption fluctuated between years but increased from 1995 to 1997. However, it was lower during January-September 1998 than during the same period in the previous year. Consumption rose by 11.3 percent in quantity terms between 1995 and 1997 but declined by 6.7 percent during January-September 1998 as compared to January-September 1997. However, producers and importers generally agreed that demand has increased overall during the period for which data were collected. They attributed the increase to a strong economy, increased capital spending, and a shift to more coiled plate being purchased instead of discrete plate.

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The sensitivity of the overall demand for stainless steel plate to changes in price depends upon the availability of substitute products and the cost of the plate as an input in final products. Since much of the plate marketed in the United States faces no competition from close substitutes, increases in price are not likely to have a significant overall effect on the demand for this plate. Where plate accounts for a significant share of the cost of the end-use product, an increase in its price could result in a decline in demand for the product and the plate used in its manufacture. However, the cost share varies depending on the application.

Substitute Products

While stainless steel plate does have substitutes, the potential for substitution is limited because of the metal's corrosion resistant properties and other unique characteristics. Substitutability is governed both by suitability for use and product cost. For some applications and in some sizes discrete stainless plate can be substituted for coiled plate, but at a generally higher cost to the purchaser. Similarly, titanium or nickel-based alloys may be substitutable from a performance perspective but these products are also more expensive than stainless steel. Other products listed by questionnaire respondents as potential substitutes included coated steels, aluminum, plastics, composites, and hot-rolled or cold-finished flat bars and carbon steel in cases where corrosion resistance is not important.

Cost Share

Stainless steel plate often accounts for a large percentage of the total cost of end-use products, although the cost share varies widely. For stainless steel pipe, purchaser estimates of the plate cost share ranged from 70 percent to 90 percent and higher.[2] Among other end use products, the estimated cost share was 60 percent for buttweld elbows, reducers, and tees, 40 to 45 percent for railings, 30 to 40 percent for pressure vessels, 30 percent for heat exchangers, 20 to 25 percent for racks and carts, 20 percent for burners/flares, and 10 percent for power turbines. The cost share is less than 10 percent for mass transfer products and less than 5 percent for mist elimination products and mixers and food processing and kitchen equipment.

SUBSTITUTABILITY ISSUES

U.S. Purchasers

Twenty-seven purchasers of stainless steel plate provided questionnaire responses. Twenty-two of the respondents are either distributors or service centers, with two of these service centers also operating as toll processors. Among the 27 purchasers, 24 have bought both U.S.-produced plate and plate from one or more of the countries subject to the investigation, 1 has purchased only U.S.-produced stainless steel plate, and 2 have purchased only from the subject countries.[3] Ten purchasers also reported

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[2] One purchaser stated that stainless steel plate accounts for 100 percent of the material cost of edge-conditioned flat bar, and another stated that it accounted for 100 percent of the cost of welded pipe.

[3] The willingness of most purchasers to buy both U.S.-produced and imported plate indicates that "Buy American" policies are not significant in this industry. Sixteen purchasers said that none of their purchases are

(continued...)

purchasing stainless steel plate from nonsubject countries. Purchasers tend to buy frequently, and rarely change suppliers. Eleven of 27 purchasers reported that they buy daily or weekly, 9 reported that they purchase monthly, and the others reported that they purchase irregularly. Twenty-two purchasers reported that they don't often change suppliers.

While many purchasers reported little change in their buying patterns during January 1995-September 1998, a few stated that their import purchases have increased during this period. One firm, ***, said that it has increased purchases from all of the subject countries due to lower import prices. Another purchaser, ***, said that it has increased purchases from Belgium, Italy, and South Africa because of low prices and a third purchaser, ***, reported that it has bought increased amounts of stainless steel plate from Korea, South Africa, and Taiwan because of availability and low prices. Two purchasers, *** and ***, said that they have bought increased amounts of imports from Belgium because it is the only source of 72" wide coil. However, *** also stated that it cut back on purchases of stainless steel plate from Italy because of delivery problems. Another purchaser, ***, reported that it discontinued purchases of imports in 1998 because of long delivery lead times, and because prices of domestic products have been declining.

Factors Affecting Purchasing Decisions

When asked to list the three most important factors considered in choosing a supplier, price was ranked first more often than any other consideration. Ten of 27 reporting purchasers consider price to be most important, 9 ranked quality first, and 5 ranked availability first.[4] Other factors that were ranked first included traditional supplier and corporate relationship with a supplying firm. A summary of rankings is shown in the following tabulation:

	First Place	Second Place	Third Place
Price	10	9	4
Quality	9	9	7
Availability	5	4	6
Other	4	5	10
Total	28	27	27

In addition to the rankings, purchasers were also asked whether the lowest price for stainless steel plate would win a contract or sale "always," "usually," "sometimes," or "never." Twenty-one of the 27 purchasers selected "usually" and 6 selected "sometimes." None selected "always" or "never." The purchasers were also asked to list other factors besides price that they consider when making a

[3] (...continued)
subject to "Buy American" stipulations. The other purchasers who responded to this question indicated that these stipulations are extremely rare, or account for only a small percentage of total purchases. The percentages of purchases subject to these provisions ranged from less than 1 percent to approximately 20 percent.

[4] One purchaser ranked both price and quality in first place. Therefore, there were a total of 28 first place rankings by the 27 purchasers.

purchasing decision. Quality was often cited, with 15 firms listing this as an important factor in addition to price. Seventeen purchasers cited either availability, delivery, timely delivery, timeliness, or lead time as important factors in addition to price. Other factors cited included contract commitment, gauge control, range of product line, and relationship with supplier.

Before initially buying plate from a supplier, the majority of purchasers require some form of certification of the product being sold. Most of the requirements consist of standards set by independent organizations. The American Society for Testing and Materials (ASTM) was the organization most commonly listed by purchasers; other organizations with standard specifications for plate include the International Organization for Standards (IOS), and the American Iron and Steel Institute (AISI). All 27 purchasers require some form of certification before they are willing to purchase from a supplier. Most purchasers reported that the certification requirements apply to all of the stainless steel plate that they buy.

Comparisons of Domestic Products and Subject Imports

U.S. producers' stainless steel plate often competes for sales of standard products with imports from Belgium, Canada, Italy, Korea, South Africa, and Taiwan even though some factors limit the extent of the competition. Stainless steel plate is produced to accepted standard industry dimensions and specifications that stipulate chemical, dimensional, mechanical and corrosion properties of the product. Therefore, stainless steel plate of similar grades and dimensions offered by producers and importers from the subject countries can generally be used interchangeably. However, the United States offers stainless steel plate in a number of grades that are not available from importers (see p. II-1). As noted earlier, U.S.-produced and imported plate from the subject countries are mainly sold to distributors, with the exception of imports from Korea which go mainly to pipe and tube makers. Domestic stainless steel plate and imports from Belgium, Italy, and Taiwan are available in all areas of the United States, while imports from Canada, Korea, and South Africa are principally limited to specific areas. Questionnaire respondents often reported that they consider the imports to be different from domestic plate in one or more categories, such as lead time in delivery, quality, availability, product range, and technical support.

Producer and importer questionnaire responses indicate that delivery lead times for plate tend to be shorter on average for U.S. producers than for importers. While producers' lead times range from 2 days to 9 weeks, periods of 1 to 6 weeks were most common. Among the larger U.S. producers, *** reported an average lead time of 4 weeks, *** reported 3.5 weeks, and *** reported an average of 1 week if the product is in stock and 4 to 6 weeks if it has to be produced. Among importers, ***, the principal importer of stainless steel plate from ***, stated that lead times range from 8 to 10 weeks. ***, the largest importer of stainless steel plate from ***, reported that they range from 1 to 4 weeks. *** stated that the lead time is about 1 week if the product is in stock and 4 to 5 months if it has to be imported from ***. ***, the principal importers of the *** product, reported lead times ranging from 12 to 26 weeks. Lead times for ***, the largest importers of stainless steel plate from ***, range between 12 and 20 weeks. *** reported a lead time of 2 to 5 days for imports from *** if the product is in stock.

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Producers and importers tended to disagree on whether factors other than price are important in determining sales. Most U.S. producers reported that only price is important in competition between the domestic product and imports while some importers argued that other factors are important.[5] Five of the six producers consistently said that factors other than price are not significant. However, one producer, ***, stated that there is generally a significant delay in lead time for material from other countries and that this is a significant factor in sales of those products.[6] It also said that importers of certain stainless steel plate do not have the technical support or product range to compete with domestic producers. *** stated that Belgian imports have been filling dimensional requirements of U.S. manufacturers that could not be met by U.S. stainless steel producers and that this has been particularly beneficial in applications such as large diameter pipe, intermodal tank containers, and large tank fabrication. ***, another importer of stainless steel plate from Belgium, stated that 72" wide coil is available only from Belgium. *** said that Canadian imports have shorter delivery lead times than U.S. producers. *** said that Italian imports have a number of advantages over U.S.-produced stainless steel. These include improved qualities on certain grades, tighter tolerances on dimensions, better technical support, and shorter lead times than domestic mills.

Purchasers were asked to compare U.S.-produced plate with imported plate from each of the subject countries in selected characteristics, noting whether the domestic product was superior, comparable, or inferior to the imports. The characteristics chosen were availability, delivery terms, delivery time, minimum quantity requirements, packaging, product consistency, product quality, product range, reliability of supply, technical support/service, and price (tables II-2 through II-7).

Purchasers provided 15 comparisons for Belgium, 12 for South Africa, 9 each for Canada and Korea, and 8 each for Italy and Taiwan. In most cases U.S.-produced plate was rated either superior or comparable to the imported product in particular characteristics. With the exception of price, instances where the domestic product was ranked inferior were much less common. In the case of Belgium, the domestic product was ranked superior by the majority of purchasers in availability, delivery time, and technical support. It was ranked comparable to Belgian imports by a majority of purchasers in delivery terms, minimum quantity requirements, packaging, product consistency, product quality, and reliability of supply. However, the United States was ranked inferior to Belgium in product range. The domestic product was ranked superior to Canada by a majority of purchasers in product range and technical support. The United States was ranked superior to Italy by a majority in availability, delivery time, product consistency, product quality, reliability, and technical support. In the case of Korea, the United States was ranked superior by a majority in availability, delivery time, minimum quantity requirements, product range, reliability of and technical support, and in the case of Taiwan, the United States was rated superior in delivery time, product range, reliability of supply, and technical support. The United States was ranked superior to South Africa in availability, delivery time, reliability of supply, and technical support.

Purchasers were also asked to compare the United States with each of the subject countries in terms of which tends to have lower prices. Most purchasers indicated that prices of imports are lower. All purchasers that compared the United States with Taiwan in this category and the majority of

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[5] A number of the smaller importers did not compare the United States with imports from the 6 countries. However, factors other than price were reported to be significant by 2 of 4 importers with regard to Belgian imports, 1 of 5 with regard to Canadian imports, 1 of 3 with regard to Italian imports, 2 of 5 with regard to Korean imports, 0 of 2 with regard to South African imports, and 1 of 3 with regard to Taiwan imports.

[6] *** is opposed to the petition.

purchasers that compared the United States with Canada, Italy, Korea, and South Africa ranked the imports superior. In the case of Belgium, one importer ranked the United States lower, seven stated that the prices are comparable, and seven reported that Belgian prices are lower.

Comparisons of Products Imported from the Subject Countries

Two importers commented on factors other than price that influence competition between the different subject countries. *** stated that Belgium offers 72" wide coil that is not available from other import sources. In addition, *** said that it has significant lead time advantages over other importers and that it offers direct metallurgical support from its mills that is not available from other countries.

Purchasers were asked to compare stainless steel plate from the six subject countries in terms of availability, delivery terms, delivery time, minimum quantity requirements, packaging, product consistency, product quality, product range, reliability of supply, and technical support/service. The results are shown in tables D-1 through D-15 in appendix D. Most purchasers did not make these comparisons. In each of the 15 sets of two-country comparisons only two to four purchasers responded. In many cases countries received comparable rankings in all or most of the categories. However, there were some exceptions. Belgium was ranked superior to Italy in a majority of comparisons (two out of three) in product consistency, quality, range, reliability of supply, and technical support, and was ranked superior to both Korea and Taiwan in a majority of comparisons in product range, reliability of supply, and technical support. Belgium was also ranked superior to South Africa in three out of four comparisons in product consistency, product quality, and reliability of supply. Canada was ranked superior to Belgium in delivery time, to Italy in product consistency, quality, reliability of supply, and technical service, and to Taiwan in technical support. Korea and Taiwan both ranked superior to Italy in product consistency and quality.

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Table II-2
Certain stainless steel plate: Purchaser comparisons of U.S.-produced and Belgian product, by number of purchasers per category

Consideration	U.S. superior	Comparable	U.S. inferior
Availability	8	5	2
Delivery terms	7	8	0
Delivery time	10	4	1
Minimum quantity requirements	1	14	0
Packaging	0	14	1
Product consistency	0	15	0
Product quality	0	13	2
Product range	3	5	7
Reliability of supply	6	7	2
Technical support/service	10	5	0
Lower price[1]	1	7	7

[1] **The category "U.S. superior" means that the U.S. price is lower.**
Source: Compiled from information submitted in response to Commission questionnaires.

Table II-3
Certain stainless steel plate: Purchaser comparisons of U.S.-produced and Canadian product, by number of purchasers per category

Consideration	U.S. superior	Comparable	U.S. inferior
Availability	4	4	1
Delivery terms	3	6	0
Delivery time	3	5	1
Minimum quantity requirements	0	9	0
Packaging	0	9	0
Product consistency	3	6	0
Product quality	3	6	0
Product range	6	3	0
Reliability of supply	4	5	0
Technical support/service	6	3	0
Lower price[1]	0	4	5

[1] **The category "U.S. superior" means that the U.S. price is lower.**
Source: Compiled from information submitted in response to Commission questionnaires. II-10

Table II-4
Certain stainless steel plate: Purchaser comparisons of U.S.-produced and Italian product, by number of purchasers per category

Consideration	U.S. superior	Comparable	U.S. inferior
Availability	7	1	0
Delivery terms	1	6	0
Delivery time	6	2	0
Minimum quantity requirements	3	5	0
Packaging	0	8	0
Product consistency	5	3	0
Product quality	5	3	0
Product range	3	5	0
Reliability of supply	7	1	0
Technical support/service	7	1	0
Lower price[1]	0	3	5

[1] **The category "U.S. superior" means that the U.S. price is lower.**
Source: Compiled from information submitted in response to Commission questionnaires.

Table II-5
Certain stainless steel plate: Purchaser comparisons of U.S.-produced and Korean product, by number of purchasers per category

Consideration	U.S. superior	Comparable	U.S. inferior
Availability	7	2	0
Delivery terms	4	5	0
Delivery time	9	0	0
Minimum quantity requirements	5	3	1
Packaging	0	9	0
Product consistency	2	7	0
Product quality	2	6	1
Product range	6	3	0
Reliability of supply	6	3	0
Technical support/service	8	1	0
Lower price[1]	0	1	8

[1] **The category "U.S. superior" means that the U.S. price is lower.**
Source: Compiled from information submitted in response to Commission questionnaires.II-11

Table II-6
Certain stainless steel plate: Purchaser comparisons of U.S.-produced and South African product, by number of purchasers per category

Consideration	U.S. superior	Comparable	U.S. inferior
Availability	11	1	0
Delivery terms	5	7	0
Delivery time	11	1	0
Minimum quantity requirements	3	8	1
Packaging	0	12	0
Product consistency	4	8	0
Product quality	4	8	0
Product range	5	6	1
Reliability of supply	9	3	0
Technical support/service	11	1	0
Lower price[1]	0	1	11

[1] **The category "U.S. superior" means that the U.S. price is lower.**
Source: Compiled from information submitted in response to Commission questionnaires.

Table II-7
Certain stainless steel plate: Purchaser comparisons of U.S.-produced and Taiwan product, by number of purchasers per category

Consideration	U.S. superior	Comparable	U.S. inferior
Availability	4	3	1
Delivery terms	3	4	1
Delivery time	7	0	1
Minimum quantity requirements	1	7	0
Packaging	1	6	1
Product consistency	2	6	0
Product quality	2	6	0
Product range	5	2	1
Reliability of supply	6	2	0
Technical support/service	7	1	0
Lower price[1]	0	0	8

[1] **The category "U.S. superior" means that the U.S. price is lower.** II-12
Source: Compiled from information submitted in response to Commission questionnaires.

Comparisons of Domestic Products and Subject Imports to Nonsubject Imports

A very limited amount of information was available from purchasers on the influence of factors other than price on competition between the United States and nonsubject imports and between subject and nonsubject imports. The United States was compared with Germany by two purchasers and with Finland, Sweden, and the United Kingdom by one purchaser each. In the case of United States and Germany both purchasers ranked the countries comparable in product consistency and quality, but ranked the United States superior in delivery time. However, one purchaser rated the United States superior in product range, reliability of supply, and technical support, while the other purchaser rated Germany superior in the same categories. The United States was ranked superior to Finland in technical support and product range, inferior to Finland in product consistency and quality, and comparable in the other categories. The United States was rated superior to the United Kingdom in availability, delivery time, reliability of supply, and technical support, inferior in product range, and comparable in the other categories. The United States was rated superior to Sweden in availability and delivery time and comparable in the other categories.

Two purchasers compared Germany with Belgium and one purchaser compared Germany with each of the other subject countries. Germany and Belgium were ranked comparable in all categories by one purchaser, and in the majority of categories by the other purchaser. Canada was rated comparable to Germany in all 10 categories. However, Italy was rated superior to Germany in availability and product range, but inferior in product quality and technical support. Korea and Taiwan were both rated superior to Germany in availability, product range, and reliability of supply, but inferior in delivery time and technical support. South Africa was ranked superior to Germany in availability and product range, but inferior in delivery time, product consistency, and product quality.

ELASTICITY ESTIMATES

The elasticity estimates discussed in this section were used in the COMPAS analysis described in appendix E. The domestic supply elasticity for stainless steel plate measures the sensitivity of the quantity supplied by the domestic producer to a change in the U.S. market price of these products. On the basis of information relating to capacity utilization, ratios of inventories to sales, the importance of export markets, and the flexibility of facilities and equipment in shifting between stainless steel plate and other products, it is likely that the domestic supply elasticity falls in the range of 5 to 10. The U.S. demand elasticity for stainless steel plate measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of this product. Based on the information relating to substitute products and cost shares, it is likely that this elasticity is in the 0.5 to 1.0 range. The substitution elasticity is a measure of the degree to which domestically produced stainless steel plate and the imported plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan are substitutable across the range of possible uses. The information relating to such factors as differences in domestic and import availability, delivery lead times, product ranges, product quality, and other factors cited previously indicate that this elasticity probably falls in the 3 to 5 range for all six countries. It is likely that this elasticity is higher for some countries than for others. None of the parties commented on any of the estimates at the hearing or in their prehearing or posthearing briefs.

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PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V. Information on the other factors specified is presented in this section and/or part VI and (except as noted) is based on the questionnaire responses of six firms that accounted for 100 percent of U.S. production in 1997.

U.S. PRODUCERS

The six firms comprising the domestic industry producing certain stainless steel plate are shown in table III-1. All but one of the six firms are petitioners. The one firm that is not a petitioner, Avesta Sheffield NAD, Inc., ***.

Of the six U.S. producers comprising the domestic industry, three are majority-owned by firms domiciled outside of the United States, two are wholly owned by firms incorporated in the United States, and one holds a minority interest in a member of the group. Avesta Sheffield NAD, Inc., is wholly owned by the Swedish firm, Avesta Sheffield AB; J&L Specialty Steel is wholly owned by the French firm, Usinor;[1] and North American Stainless is 95-percent controlled by Acerinox S.A. of Spain and 5-percent owned by Armco, Inc., a U.S. competitor. Allegheny Ludlum Corp. is a wholly owned subsidiary of Allegheny Teledyne, Inc., and, Washington Steel is owned and controlled by Bethlehem Steel Corp.[2]

Armco is a NYSE-listed corporation that has a very small share in the stainless steel coiled plate market. Armco's main flat-rolling mill is located in Butler, PA, where it is capable of producing plate up to 48 inches wide. The caster in that plant can produce 63-inch wide slabs, which are hot-rolled by AK Steel Co., Middletown, OH (formerly owned by Armco, but now an independent firm), and sold as black band since Armco cannot anneal and pickle anything over 48 inches in width.[3] Until March 14, 1995, Armco was a majority shareholder in a firm known as Eastern Stainless Corp. Located in Baltimore, MD, Eastern Stainless was a significant producer of stainless steel plate. However, because of continuous losses, which Armco attributes in part to "low priced imports," Armco, effective March 15, 1995, sold substantially all of the assets of this subsidiary to Avesta Sheffield Holding Co.

Within the establishments in which it produces certain stainless steel plate, Armco also produces such other products as electrical steels, semi-finished stainless steels, and cold-rolled stainless steel sheet and strip. The same production-and-related workers that are used to produce certain stainless steel plate are also used to produce these other products. Armco accounted for *** percent of the domestic industry's production of certain stainless steel plate in 1997, ***.

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[1] Effective in December 1998, Usinor increased its ownership participation from *** percent to 100 percent.

[2] In May 1998, Bethlehem Steel acquired all of the outstanding capital stock of the stainless steel plate producer Lukens, Inc. Included in the assets acquired were Lukens' stainless steel melting and hot-rolling facility located in Houston, PA, and its wide anneal and pickle facility located in Massillon, OH. After incurring operating losses approaching $17 million on these operations, Bethlehem announced its intention to sell off these operations. In November 1998, Bethlehem and Allegheny Ludlum Corp. finalized an agreement whereby Allegheny would acquire the assets which Bethlehem acquired from Lukens, Inc. in May 1998.

[3] Memo from Gerry Houck, Apr. 29, 1998. Armco's sales of black band are made mainly to ***.

Table III-1
Certain stainless steel plate: U.S. producers and their plant locations, other products produced in the plants in which certain stainless steel plate is produced, and their shares of certain stainless steel plate production in 1997

Firm	Plant locations	Other products produced within the plant[1]	Share of U.S. production (*percent*)
Allegheny Ludlum Corp.[2]	Brackenridge, PA	Stainless hot-rolled band, silicon steel hot-roll bands	***
Armco, Inc.[2]	Butler, PA	Specialty stainless and electrical flat-rolled products	***
Avesta Sheffield NAD, Inc.	Baltimore, MD,[3] Schaumburg, IL	None	***
J&L Specialty Steel, Inc.[2]	Louisville, OH, Midland, PA	Stainless steel sheet and strip, stainless steel semi-finished products, and stainless steel bars	***
North American Stainless[2]	Ghent, KY	Cold-rolled sheet and strip	***
Washington Steel[2] [4]	Washington, PA, Massillon, OH	Stainless steel uncoiled plate, stainless steel sheet and strip	***

[1] Using the same machinery and equipment used to produce certain stainless steel plate.
[2] Petitioner.
[3] Started up in early 1996 and shut down in July 1998.
[4] Previously Washington Steel Division of Lukens, Inc.

Source: Compiled from data submitted in response to Commission questionnaires.

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Allegheny is a wholly owned subsidiary of Allegheny Teledyne, Inc., a NYSE-listed corporation. Allegheny's main plant is in Brackenridge, PA, where it can produce up to 48-inch wide stainless steel coiled plate. Its acquisition of the Massillon, OH, anneal and pickle line previously owned by Lukens gives Allegheny the capability to anneal and pickle plate up to 96 inches wide. Using the same machinery and equipment it uses to produce stainless steel plate, Allegheny also produces stainless hot-rolled band and silicon steel hot-rolled band. While accounting for only *** percent of domestic production in 1997, Allegheny figures to be a more prominent player in the industry in light of its 1998 acquisitions.

Avesta is owned by the Swedish firm Avesta Sheffield AB, which was formed by the 1992 merger of Avesta AB and British Stainless Steel. In 1995, Avesta purchased the stainless steel plate operations of Eastern Stainless Corp., then a subsidiary of Armco. These operations included a 48-inch wide anneal and pickle line for stainless steel plate, equipment for producing plate mill plate (PMP), and a melt shop for producing slab.[4] The 48-inch wide anneal and pickle line was taken out of production in March 1996 and a new 80-inch wide anneal and pickle line was started up in its place. This new line, however, was short-lived as it, along with all other manufacturing operations at the Baltimore facility, was discontinued in July 1998. Avesta cited the high cost of operating the Baltimore facility relative to domestic competition as the principal reason for the shutdown.[5]

Avesta is ***. In its postconference brief submitted in connection with the preliminary phase of these investigations, Avesta stated its belief that the scope of the petition, which excludes PMP and cut-to-length (CTL) plate, is both arbitrary and narrow in focus, reasoning that, if duties are imposed, the result could be an increase in imports of PMP and/or CTL plate. This, Avesta stated, would have serious implications for its New Castle, IN, piece plate finishing operations.[6] Avesta's production of *** short tons of certain stainless steel plate in 1997 represented *** percent of the industry's total production.

J&L is wholly owned by Usinor Sacilor SA, a French steel firm that is one of the largest steel companies in the world. J&L produces up to 63-inch wide slabs of stainless steel and can anneal and pickle the subject product up to 60 inches (as of the last quarter of 1997). It has no hot-rolling facilities and must rely on Weirton Steel Corp., Weirton, WV (with capabilities up to 48 inches in width) or LTV Steel, Cleveland, OH (with capabilities up to 60 inches in width) for toll hot-rolling.[7] The hot-bands are returned to J&L for finishing either at its Midland, PA, mill or one of its other mills in Louisville, OH, or Detroit, MI.[8] The firm's new direct roll and pickle line (DRAP) at Midland, PA, built at a cost of $*** and commissioned in 1997, represents a new approach to the finishing of hot- and cold-rolled stainless steel plate. By combining or even eliminating several production processes, this new technology is expected to result in considerable savings in production costs.[9] J&L was the *** domestic producer of certain stainless steel plate in 1997, accounting for *** percent of total U.S. production.

The Washington, PA, stainless steel plate facility formerly owned by Lukens currently exists as Washington Steel and is now owned by Bethlehem Steel. Historically, Lukens manufactured only carbon and alloy steel. In 1992, the company decided to broaden its product line by venturing into the stainless flat-rolled market. This was to be accomplished by a combination of acquisitions and capital investments.[10] Hence, in 1992, at a cost of more than $250 million, it acquired Washington Steel, with operations at

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[4] Slab produced at the Baltimore melt shop was shipped out to Weirton Steel and Lukens Steel for hot-rolling and then returned to Baltimore for annealing and pickling.

[5] See Avesta's supplemental response to the Commission's producer questionnaire dated Jan. 20, 1999.

[6] Avesta's postconference brief, p. 2.

[7] Memoranda from Gerry Houck, Apr. 29, 1998 and Dec. 17, 1998.

[8] Ibid.

[9] Ibid.

[10] Conference testimony of Mr. R.W. Van Sant, chairman and chief executive officer of Lukens, Inc.

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Washington, PA, Houston, PA, and Massillon, OH. This acquisition was followed by a capital investment program whose centerpiece was the installation of a Steckel hot-rolling mill at its facility in Conshohocken, PA.[11] This new addition enabled Lukens to roll stainless hot-band as wide as 96 inches. However, even with this new capability, Lukens lacked the capability to produce a finished, wide coiled, stainless steel plate product. To achieve this capability, Lukens undertook a second capital investment program which involved the construction of a new annealing and pickling line at its Massillon, OH, facility in 1996. Constructed at a cost of nearly $70 million, the new line is reported to be the largest coiled plate mill in the world, having the capability to produce coiled plate in widths up to 102 inches and up to 0.5 inch in thickness.[12] On May 29, 1998, Lukens, including Washington Steel, was acquired by Bethlehem Steel Corp. Because of sustained operating losses, and in spite of the recent investments that had been made by Lukens, Bethlehem opted to exit the stainless steel business and sell the former Lukens assets that were used only for stainless steel activities. The Massillon, OH, annealing and pickling line and the Houston, PA, melting and hot-rolling facilities were sold to Allegheny Teledyne, Inc. On January 7, 1999, Bethlehem announced its intention to permanently close, by March 31, 1999, the remaining facilities at Massillon, OH, and the stainless steel plate and sheet finishing facilities at Washington, PA. In its announcement, Bethlehem reiterated its intention to continue to seek a buyer for these facilities.[13] While under the control of Lukens, Washington Steel accounted for *** percent of total U.S. production of certain stainless steel plate in 1997.

North American Stainless (NAS), a majority-owned subsidiary of the Spanish steel maker Acerinox SA, began manufacturing operations in 1992 at its manufacturing facility located in Ghent, KY. Because NAS began its operations without a hot-rolling mill in place, the firm's initial manufacturing operations consisted of the processing and finishing (i.e., annealing and pickling) of semi-finished hot-bands, which it sourced primarily from its parent company in Spain. Some hot-bands were also purchased from its U.S.-minority shareholder, Armco. In late 1998, NAS completed the installation of a new Steckel hot-rolling mill, which reportedly is devoted to all stainless steel products produced in the firm's establishment. ***.[14]

As shown in table III-2, firms may produce coiled stainless steel plate in any number of forms, e.g., hot-rolled but not annealed and pickled ("black plate"), hot-rolled and annealed and pickled (HRAP), HRAP with a light "temper" pass through, and cold-rolled. For example, Armco, Allegheny, and Washington Steel produce both HRAP stainless steel coiled plate as well as non-annealed and non-pickled stainless steel plate, and Allegheny and J&L Specialty produce both HRAP and cold-rolled stainless steel coiled plate. Similarly, Avesta and NAS generally produce only HRAP stainless steel plate in coils.

Typically, very little toll production occurs among members of the domestic industry. In response to a question on toll arrangements in the Commission's producer questionnaire, *** reported that, since January 1, 1995, it has annealed and pickled the subject stainless steel plate for *** under a toll agreement. However, no such toll processing occurred in 1997. Similarly, *** reported that it had arranged for outside processors to perform finishing operations (i.e., slitting and cutting) on some of the stainless steel plate produced in its facilities as such operations were beyond the capabilities of its existing machinery and equipment. There is no U.S. production of certain stainless steel plate in a foreign trade zone, and there has

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[11] Ibid.

[12] Petitioners' posthearing brief at exhibit 1, p. 8.

[13] On Apr. 7, 1999, Bethlehen Steel announced that it had an agreement to sell the two mills to a company to be formed by SB International, Inc., a U.S. steel marketing company, and Jindal Strips Ltd., a New Delhi, India, steelmaker.

[14] Testimony presented at the Commission's hearing by Mr. Leonard Arnold, sales manager for NAS.

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Table III-2
Types of stainless steel plate in coils produced by firms comprising the domestic industry

Firm	Hot-rolled, not annealed and pickled	Hot-rolled, annealed and pickled	Hot-rolled, annealed and pickled, with light pass	Cold-rolled[1]
Allegheny Ludlum	No	Yes	No	Yes[2]
Armco	Yes	Yes	No	No
Avesta	No	Yes	No	No
J&L Specialty	Yes	Yes	Yes	Yes[3]
NAS	No	Yes	No	No
Washington Steel	Yes	Yes	No	No

[1] Although all domestic producers have the capability to produce a cold-rolled product, only two (Allegheny Ludlum and J&L) produced such a product during the period for which the Commission requested information.
[2] Allegheny reported production of *** short tons of cold-rolled plate in 1997.
[3] J&L's reported production and sales of this product totaled *** short tons in 1995, *** short tons in 1996, *** short tons in 1997, and *** short tons in interim 1997 and interim 1998, respectively.

Source: Compiled from data submitted in response to Commission questionnaires.

been no captive consumption of the subject merchandise by U.S. producers since Avesta closed its stainless steel plate operations in Baltimore, MD.

U.S. PRODUCTION CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

During the period for which the Commission requested information in its questionnaires, January 1, 1995, through September 30, 1998, the domestic industry producing certain stainless steel plate underwent a number of changes, most of which are mentioned earlier in part III. Allegheny Ludlum purchased two facilities that were previously owned first by Lukens and then by Bethlehem Steel. Similarly, Avesta purchased the stainless steel plate operations of Eastern Stainless Corp., formerly a subsidiary of Armco. No capacity was lost to the industry as a result of these transactions, however, as production of the subject merchandise continued under the new owners. However, Avesta's decision in mid-1998 to suspend its stainless steel plate operations is likely to have a negative impact on the industry's overall production output.

As was discussed earlier in this section of the report, three firms, J&L Specialty, NAS, and Washington Steel/Lukens made significant capital investments to improve their manufacturing operations during the period for which information was requested. J&L Specialty constructed a new DRAP line at its facility in Midland, PA, and NAS constructed a new hot-rolling mill at its Ghent, KY, manufacturing facility. Although the construction phases of these projects were completed during the period covered by

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the Commission's questionnaire, as of September 1998 both projects remained in the commissioning stage (i.e., adjustments to equipment were still being made) and were not fully operational. While these investments will ultimately result in additions to capacity to produce all products of these two firms' establishments, officials with both companies characterized the nature of their investments as directly related to cost reductions.[15]

Data concerning U.S. producers' certain stainless steel plate production capacity, production, and capacity utilization are presented in table III-3. U.S. producers' capacity to produce certain stainless steel plate rose steadily between 1995 and 1997, increasing by 11.5 percent from 1995 to 1996 and then by 16.1 percent from 1996 to 1997. Overall, capacity grew by 29.5 percent between 1995 and 1997. Between the interim periods, however, capacity dipped slightly, falling by 1.7 percent. It should be noted that one firm, NAS, accounted for a significant share of the industry's total capacity during the period for which information was requested. NAS's share of the industry's capacity stood at *** percent in 1995, *** percent in 1996, *** percent in 1997, *** percent in interim 1997, and *** percent in interim 1998.

Reported U.S. production of certain stainless steel plate rose unevenly between 1995 and 1997 and fell between the interim periods. U.S. production declined from 107,922 short tons in 1995 to 91,879 short tons in 1996, a decrease of 14.9 percent, and increased to 129,434 short tons in 1997, representing an increase of 40.9 percent over 1996 and an overall increase of 19.9 percent from 1995 to 1997. Between the interim periods, U.S. production fell by 19 percent, falling from 100,219 short tons to 81,180 short tons. Production trends for individual firms are shown in table III-4. As shown in the table, four of the six U.S. producers reported a decrease in production between 1995 and 1996, five of the six reported an increase between 1996 and 1997, and four of the six showed a decrease between interim 1997 and interim 1998.

As some indication of its intent to cease production, Washington Steel's reported production of certain stainless steel plate fell from *** short tons in interim 1997 to only *** short tons in interim 1998, a drop of *** percent. Similarly, reflecting its decision to mothball its production line in July 1998, Avesta's reported production fell from *** short tons in interim 1997 to *** short tons in interim 1998, a decline of *** percent.

U.S. producers' capacity utilization fell by 14 percentage points from 1995 to 1996, decreasing from 58.8 percent to 44.9 percent. On the strength of a 40.9-percent rise in production and a significantly lesser increase in capacity, capacity utilization rose to 54.5 percent in 1997, but it then declined to 45.9 percent in interim 1998, nearly equaling its 1996 rate. As shown in table III-5, capacity utilization varied widely among individual producers. Armco, J&L, and Washington Steel each show capacity utilization at a level well above the average for the industry in all periods. In contrast, Avesta and NAS generally operated at a capacity utilization rate below the industry average.

[15] See hearing testimony of Jack W. Shilling, president, Allegheny Ludlum Corp. at p. 65, and testimony of Leonard Arnold, sales manager, North American Stainless at p. 105.

Table III-3
Certain stainless steel plate: U.S. producers' production capacity, production, and capacity utilization, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
Production capacity (*short tons*)	183,600	204,800	237,700	179,750	176,750
Production (*short tons*)	107,922	91,879	129,434	100,219	81,180
Capacity utilization (*percent*)	58.8	44.9	54.5	55.8	45.9

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-4
Certain stainless steel plate: Percentage increases/(decreases) in U.S. producers' production, by firms, 1995-97, interim 1997, and interim 1998

Firm	1996 over 1995	1997 over 1996	1997 over 1995	Interim 1998 over interim 1997
Allegheny	***	***	***	***
Armco	***	***	***	***
Avesta	***	***	***	***
J&L Specialty	***	***	***	***
NAS	***	***	***	***
Washington Steel	***	***	***	***
Average	(14.9)	40.9	19.9	(19.0)

Source: Compiled from data submitted in response to Commission questionnaires.

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Table III-5
Certain stainless steel plate: U.S. producers' capacity utilization (in percent), by firms, 1995-97, interim 1997, and interim 1998

Firm	1995	1996	1997	Interim- -	
				1997	1998
Allegheny	***	***	***	***	***
Armco	***	***	***	***	***
Avesta	***	***	***	***	***
J&L Specialty	***	***	***	***	***
NAS	***	***	***	***	***
Washington Steel	***	***	***	***	***
Average	58.8	44.9	54.5	55.8	45.9

[1] No production.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

As there was only minuscule U.S. production of cold-rolled stainless steel plate in coils during the period for which the Commission requested information, U.S. producers' shipments of certain stainless steel plate consisted almost entirely of HRAP stainless steel plate.[16] Furthermore, except for very insignificant quantities of intercompany transfer shipments, which were made by ***, virtually all U.S. shipments of certain stainless steel plate consisted of open market shipments to unrelated firms.[17] Distributors and service centers accounted for an average of 65 percent of all such shipments in 1997, while end users and others made up the remainder.[18] U.S. producers' exports were relatively minor, accounting for between *** percent and *** percent of the total quantity of U.S. producers' total shipments between 1995 and interim 1998.

[16] As reported in table III-2, as compared with table III-3, production of cold-rolled stainless steel plate was negligible, accounting for well under *** percent of total production in all periods.

[17] ***.

[18] *** reported that only *** percent of its 1997 shipments went to distributors and service centers while the bulk (*** percent) went to end users. *** also reported that *** percent of shipments went to pipe and tube manufacturers.

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As shown in table III-6, widths up to 60 inches represented the bulk of U.S. producers' certain stainless steel plate shipments in 1997. Only two firms, ***, reported shipments of stainless steel plate in widths wider than 60 inches. Such wide stainless steel plate accounted for *** percent of *** stainless steel plate shipments in 1997 versus *** percent for ***.[19]

Data concerning U.S. producers' U.S. shipments and export shipments of certain stainless steel plate are presented in tables III-7 and III-8. Overall, the quantity and value of U.S. producers' total shipments of certain stainless steel plate declined between 1995 and 1996, increased from 1996 to 1997, and declined between the interim periods. Specifically, U.S. producers' total shipments fell by 12.9 percent on the basis of quantity and 28.0 percent on the basis of value from 1995 to 1996, increased by 29.7 percent and by 14.2 percent, respectively, from 1996 to 1997, and declined by 9.2 percent and 24.1 percent, respectively, between interim 1997 and interim 1998. As shown in table III-8, three of five firms experienced a decline in the quantity of their total shipments between 1995 and 1996, while all five firms saw the value of their total shipments fall over the same period. Between 1996 and 1997, all six firms experienced positive growth in the volume of their total shipments of certain stainless steel plate, while *** and *** suffered declines of *** percent and *** percent, respectively, in terms of the value of such shipments. Between interim 1997 and interim 1998, four of six firms experienced a decline in their shipments on the basis of quantity and five of six experienced a decrease on the basis of value.

Four firms reported exports of certain stainless steel plate in their questionnaire responses. These were ***. Although such reported exports were minuscule relative to U.S. producers' total shipments, nonetheless, the quantity of U.S. producers' exports nearly tripled from 1995 to 1997 and increased by 12.7 percent between the interim periods.

U.S. PRODUCERS' INVENTORIES

Data concerning U.S. producers' end-of-period inventories of certain stainless steel plate are presented in table III-9. Such inventories rose steadily between 1995 and 1997, increasing by 16.5 percent between 1995 and 1996 and by 27.7 percent from 1996 to 1997. Overall, U.S. producers' end-of-period inventories increased by 48.8 percent from yearend 1995 to yearend 1997. Between the interim periods, such end-of-period inventories declined by 6.6 percent. Three firms were principally responsible for the significant accumulation of inventories at yearend 1997 as compared with yearend 1996. ***'s inventories rose by *** percent from yearend 1996 to yearend 1997; *** experienced a ***-percent increase in its end-of-period inventories over the same period; and finally, *** reported a nearly ***-percent jump in its yearend inventories from 1996 to 1997.

The ratio of U.S. producers' inventories to production fluctuated between 23.9 percent and 32.7 percent between 1995 and 1997 and rose from 26.2 percent in interim 1997 to 30.2 percent in interim 1998. The ratio of inventories to total shipments fluctuated similarly, increasing from 24.7 percent in 1995 to 33.0 percent in 1996, falling back to 32.5 percent in 1997, and rising from 28.3 percent in interim 1997 to 29.1 percent in interim 1998.

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[19] Washington Steel estimates that its production/shipments of wide stainless steel coiled plate totaled *** short tons in 1996, *** short tons in 1997, and *** short tons in interim 1998. These numbers would represent *** percent of the firm's total stainless steel coiled plate production in 1996, *** percent in 1997, and *** percent in interim 1998.

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Table III-6
Certain stainless steel plate: Share (percent) of sales of U.S.-produced product, by width categories and by firms, 1997

Firm	Width category			
	Up to 36 inches	Over 36 inches but not over 48 inches	Over 48 inches but not over 60 inches	Over 60 inches
Allegheny Ludlum	***	***	***	***
Armco	***	***	***	***
Avesta	***	***	***	***
J&L Specialty	***	***	***	***
NAS	***	***	***	***
Washington Steel	***	***	***	***
Average	16.6	20.6	57.8	4.9

Source: Compiled from data submitted in response to Commission questionnaires.

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Table III-7
Certain stainless steel plate: U.S. producers' shipments, by types, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
	Quantity (*short tons*)				
U.S. shipments[1]	103,528	89,533	114,911	89,775	80,867
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
	Value (*$1,000*)				
U.S. shipments[2]	246,543	174,036	200,472	159,495	117,906
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
	Unit value (*per short ton*)				
U.S. shipments	$2,383	$1,971	$1,734	$1,814	$1,518
Export shipments	2,269	1,840	1,694	1,697	1,413
Average	2,382	1,968	1,733	1,810	1,514

[1] ***.
[2] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

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Table III-8
Certain stainless steel plate: Percentage increases/(decreases) in U.S. producers' total shipments, by firms, 1995-97, interim 1997, and interim 1998

Firm	1996 over 1995	1997 over 1996	1997 over 1995	Interim 1998 over interim 1997
	On the basis of quantity (*in percent*)			
Allegheny	***	***	***	***
Armco	***	***	***	***
Avesta	***	***	***	***
J&L Specialty	***	***	***	***
NAS	***	***	***	***
Washington Steel	***	***	***	***
Average	(12.9)	29.7	12.9	(9.2)
	On the basis of value (*in percent*)			
Allegheny	***	***	***	***
Armco	***	***	***	***
Avesta	***	***	***	***
J&L Specialty	***	***	***	***
NAS	***	***	***	***
Washington Steel	***	***	***	***
Average	(28.0)	14.2	(17.8)	(24.1)

[1] No production in 1995.

Source: Compiled from data submitted in response to Commission questionnaires.

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Table III-9
Certain stainless steel plate: U.S. producers' end-of-period inventories, as of Dec. 31, 1995-97, Sept. 30, 1997, and Sept. 30, 1998

Item	As of Dec. 31--			As of Sept. 30-	
	1995	1996	1997	1997	1998
Inventories (*short tons*)	25,813	30,082	38,411	35,042	32,716
Ratio to production (*percent*)	23.9	32.7	29.7	26.2	30.2
Ratio to U.S. shipments (*percent*)	24.9	33.6	33.4	29.3	30.3
Ratio to total shipments (*percent*)	24.7	33.0	32.5	28.3	29.1

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

In general, the employment trends for U.S. producers of certain stainless steel plate closely paralleled the trends for other industry indicia discussed earlier in this section of the report. Key employment indicators, such as the number of production-and-related workers producing certain stainless steel plate and the number of hours worked and wages paid to such workers, turned downward in 1996, took an upturn in 1997, and again turned downward, except for wages paid, between the interim periods. Avesta's decision to shut down its Baltimore operations was not apparent in the employment data it reported, principally because this action occurred in July 1998, two months prior to the close of the period for which the Commission requested information in its questionnaires.[20]

Employment data for the U.S. industry producing certain stainless steel plate are shown in table III-10. The number of production-and-related workers (PRWs) employed in producing certain stainless steel plate, as well as the number of hours worked by such workers, increased unevenly by 8.3 percent and 8.9 percent, respectively, from 1995 to 1997 and declined by 5.5 percent and 3.0 percent, respectively, from interim 1997 to interim 1998. Wages paid to PRWs fell by 8.1 percent between 1995 and 1996, increased by 22.8 percent from 1996 to 1997, and rose by 0.7 percent from interim 1997 to interim 1998. U.S. producers' unit labor costs fluctuated between 1995 and 1997, falling overall by 5.9 percent over the period, and then increased sharply between the interim periods, rising by 24.4 percent from interim 1997 to interim 1998. Productivity of PRWs rose overall by 10.2 percent from 1995 to 1997 and declined by 16.5 percent between the interim periods. As shown in figure III-1, worker productivity varied widely among U.S. producers. *** enjoyed particularly high productivity rates from its PRWs, who produced *** short tons per 1,000 hours worked in 1996 and *** short tons per 1,000 hours worked in 1997. Those PRWs employed by *** had the lowest productivity of all PRWs during the period for which information was

[20] In January 1999, Bethlehem Steel (Washington Steel) announced its decision to permanently close its Washington, PA, and Massillon, OH, facilities. Bethlehem estimates that a total of *** jobs, *** of which related to stainless steel coiled plate, will be lost due to this action. (See petitioners' posthearing brief at exhibit 1, p. 21 and exhibit 8.)

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Table III-10
Average number of production-and-related workers (PRWs) producing certain stainless steel plate, hours worked, wages paid to such workers, and hourly wages, productivity, and unit labor costs, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
Number of PRWs	218	198	236	238	225
Hours worked by PRWs (*1,000*)	450	406	490	370	359
Wages paid to PRWs (*$1,000*)	8,986	8,260	10,142	7,698	7,755
Hourly wages	$19.97	$20.34	$20.70	$20.81	$21.60
Productivity (*short tons per 1,000 hours worked*)	239.8	226.3	264.2	270.9	226.1
Unit labor costs (*per short ton*)	$83.26	$89.90	$78.36	$76.81	$95.53

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
Certain stainless steel plate: Productivity of U.S. producers' production and related workers, by firms, 1995-97

* * * * * * *

requested, averaging combined productivity of *** short tons per 1,000 hours worked in 1995, *** short tons in 1996, and *** short tons in 1997.

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PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

In these investigations, the Commission sent importer questionnaires to nearly 60 firms that it believed may have imported certain stainless steel plate during the period January 1, 1995, through September 30, 1998. Responses were received from 42 firms. The majority of the firms, 26 in total, indicated in their response that they did not import the subject merchandise during any part of the period for which information was requested. Fourteen firms reported that they did import the subject merchandise and supplied usable information in their responses. Additionally, two domestic producers also imported the subject merchandise during the period for which information was requested and supplied information with respect to their U.S. imports. It is believed that these 16 firms accounted for the vast majority of U.S. imports from the countries which are the subject of these investigations, i.e., Belgium, Canada, Italy, Korea, South Africa, and Taiwan.

The two domestic producers that imported certain stainless steel plate are ***. During January-September 1998, *** imported *** net tons of HRAP stainless steel plate manufactured by ***. Such U.S. imports, valued at $***, represented *** percent of the firm's production in that period.[1] In its questionnaire response, *** noted that its imports in that one period ***.[2] *** imported both HRAP and cold-rolled stainless steel plate in coils from ***. Much of the firm's imports of HRAP plate occurred ***. *** explained that it imported the cold-rolled product "***." In ***, *** U.S. imports of HRAP plate represented *** percent of its production in that period. Of the 14 other firms that supplied usable data on their U.S. imports, one is owned or affiliated with the Italian producer Acciali Speciali Terni SpA; four are owned or affiliated with Korean producers and/or exporters; one is owned or affiliated with a Taiwan firm; one is owned or affiliated with a Swiss firm; one is owned or affiliated with a Finnish producer/exporter; and, one, while located in Canada, is directly owned by a U.S. steel producer.

U.S. IMPORTS

Because official statistics of the Department of Commerce contain nonsubject material along with subject imports in the HTS categories identified, data from Commission questionnaires are relied upon. In relying on the questionnaires, the Commission compared U.S. importers' questionnaire data with the export data reported in the Commission's foreign producer questionnaire by foreign producers/exporters in each of the six subject countries. The comparisons reveal that the two data sets are somewhat similar for Belgium, Canada, South Africa, and Taiwan, and less so for Italy and Korea (see figure IV-1). Because of the disparity in the data for Italy and Korea, the export data supplied by foreign producers in those countries are relied upon as a substitute for U.S. imports. Data from petitioners are used as the best information available for imports from nonsubject sources.[3]

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[1] ***'s production of certain stainless steel plate in interim 1998 totaled *** short tons.

[2] See also petitioners' posthearing brief at pp. 10 and 11.

[3] Petitioner modified official statistics using a methodology that examined average unit values to determine imports of nonsubject black band and other nonsubject products. Memo from Collier, Shannon, Rill & Scott, Apr. 16, 1998, and petition, exh. G-2. Petitioners originally argued in the preliminary investigations against using data from questionnaire responses for imports from Belgium, which are half of petitioners' estimates in 1997,

(continued...)

IV-1

Figure IV-1
Certain stainless steel plate: Foreign producers' reported exports to the United States and U.S. importers' reported U.S. imports, 1997

* * * * * * *

Data on the quantity and value of U.S. imports of certain stainless steel plate in coils are shown in table IV-1 and data on the *per country* share of total U.S. imports of such product are presented in table IV-2. The quantity of total U.S. imports of certain stainless steel plate in coils rose unevenly between 1995 and 1997, increasing from 25,442 short tons, valued at $56.7 million, in 1995 to 31,766 short tons, valued at $52.4 million, in 1997. U.S. imports continued on the increase in interim 1998 compared with the interim 1997 period, increasing from 22,384 short tons, valued at $38.1 million, in interim 1997 to 26,108 short tons, valued at $39.7 million, in interim 1998. Cumulated U.S. imports of the subject product from Belgium, Canada, Italy, Korea, South Africa, and Taiwan more than doubled on the basis of quantity from 1995 and 1997, increasing from 11,382 short tons, valued at $26.1 million, in 1995 to 28,818 short tons, valued at $47.6 million, in 1997. Between the interim periods, such cumulated U.S. imports increased by 15.9 percent on the basis of quantity and by 3.3 percent on the basis of value. The average unit value of such cumulated U.S. imports declined in all periods, falling by 10.2 percent from 1995 to 1996, by 19.0 percent from 1996 to 1997, and by 10.8 percent from interim 1997 to interim 1998. As the data show, while the quantity of U.S. imports from the subject countries was increasing during 1995-97, U.S. imports from nonsubject countries were falling sharply, declining from 14,060 short tons in 1995 to 2,948 short tons in 1997, a decrease of 79.0 percent. As a result of this decrease, U.S. imports from nonsubject countries fell from 55.3 percent of the quantity of total U.S. imports in 1995 to just 9.3 percent of total imports in 1997. Conversely, U.S. imports from subject countries increased from 44.7 percent of the quantity of total U.S. imports in 1995 to 90.7 percent of the total in 1997.

Based on information supplied in the questionnaire responses of 10 U.S. importers, certain stainless steel plate in widths up to and including 60 inches comprised the bulk of these firms' U.S. sales (in aggregate) of the subject product imported from Belgium, Canada, Italy, Korea, and South Africa during 1997.[4] As shown in table IV-3, certain stainless steel plate measuring over 48 inches wide but not over 60 inches wide made up 51.8 percent of such stainless steel plate sales in 1997, compared with 20.6 percent accounted for by plate measuring wider than 60 inches. As represented in the table, Belgium, primarily, and Italy secondly, accounted for nearly all U.S. imports of stainless steel plate measuring over 60 inches wide. An estimated *** percent (*** short tons) of the stainless steel plate sales of the U.S. importer of the Belgium product, ***, consisted of stainless steel plate over 60 inches in width, whereas only *** percent (*** short tons) of the sales of U.S. importers of the Italian product was comprised of the wider product.

---

[3] (...continued)
requesting that the Commission verify such information before using it in its determinations. Petitioners' postconference brief, p. 29. ***.

[4] No U.S. importer of the Taiwan product provided the requested information.

Table IV-1
Certain stainless steel plate: U.S. imports, by sources, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim–	
				1997	1998
	Quantity (*short tons*)				
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy[1]	***	***	***	***	***
Korea[1]	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	11,382	21,902	28,818	20,271	23,490
All other[2]	14,060	10,290	2,948	2,113	2,618
Total	25,442	32,192	31,766	22,384	26,108
	Value (*$1,000*)				
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy[3]	***	***	***	***	***
Korea[3]	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan[4]	***	***	***	***	***
Subtotal	26,115	45,122	48,103	33,916	35,039
All other[2]	30,585	20,753	4,833	4,157	4,669
Total	56,700	65,875	52,936	38,073	39,708
	Unit value (*per short ton*)				
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***

Table continued on next page.

IV-3

Table IV-1
Certain stainless steel plate: U.S. imports, by sources, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim–	
				1997	1998
	Unit value (*per short ton*)				
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Average	$2,294	$2,060	$1,669	$1,673	$1,492
All other	2,175	2,017	1,639	1,967	1,783
Average	2,229	2,046	1,666	1,701	1,521

[1] Based on foreign producers' export data.
[2] Data are based on petitioners' estimates.
[3] Estimated by using the average unit values of U.S. importers' reported U.S. imports.
[4] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

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Table IV-2
Certain stainless steel plate: *Per country* share of the quantity and value of total U.S. imports, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
	Share of quantity (*percent*)				
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	44.7	68.0	90.7	90.6	90.0
All other	55.3	32.0	9.3	9.4	10.0
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)				
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	46.1	68.5	90.9	89.1	88.2
All other	53.9	31.5	9.1	10.9	11.8
Total	100.0	100.0	100.0	100.0	100.0

Source: Table IV-1.

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Table IV-3
Certain stainless steel plate: Share (percent) of U.S. importers' 1997 sales of the imported product, by sources and by widths

Item	Up to 36 inches wide	Over 36 inches wide but not over 48 inches wide	Over 48 inches wide but not over 60 inches wide	Over 60 inches wide
U.S. product imported from- -				
Belgium	***	***	***	***
Canada	***	***	***	***
Italy	***	***	***	***
Korea	***	***	***	***
South Africa	***	***	***	***
Average	3.8	23.9	51.8	20.6

Source: Compiled from data submitted in response to Commission questionnaires.

Belgium

Belgium accounted for between *** percent and *** percent of the total quantity of U.S. imports of certain stainless steel plate during the period for which information was requested. The quantity and value of such U.S. imports from Belgium rose sharply from 1995 to 1996, increasing by *** percent and *** percent, respectively, declined by *** percent and *** percent, respectively, from 1996 to 1997, and jumped by *** percent and *** percent, respectively, from interim 1997 to interim 1998. The average unit value of U.S. imports from Belgium fell steadily throughout the period, falling by *** percent from 1995 to 1997 and by *** from interim 1997 to interim 1998.

Canada

Two firms accounted for the total of U.S. imports from Canada during the period for which the Commission requested information. These were Atlas Stainless and ***.[5] Based on information supplied in its questionnaire response, *** U.S. imports were minimal and sporadic, occurring only in 1995 and 1997. Such imports, *** short tons in 1995 and *** short tons in 1997, consisted entirely of HRAP

[5] ***.

IV-6

stainless steel plate. The quantity of U.S. imports of certain stainless steel plate from Canada increased unevenly (by *** percent) between 1995 and 1997 and decreased (by *** percent) between the interim periods. The value of such imports fell by *** percent from 1995 to 1997 and decreased further between the interim periods, falling by *** percent. These opposing trends, i.e., increasing volumes coupled with declining values, reflect steadily falling unit values. The average unit value of U.S. imports from Canada declined by *** percent between 1995 and 1997 and decreased by *** percent between the interim periods. As a share of the quantity of total U.S. imports, U.S. imports from Canada fell from *** percent in 1995 to *** percent in 1996, increased to *** percent in 1997, and fell back to *** percent in interim 1998.

Italy

The U.S. importer Acciali Speciali Terni U.S.A., Inc. accounts for the vast majority of U.S. imports of certain stainless steel plate from Italy. The *** firm *** also reported some imports from Italy but the volume of its reported U.S. imports was small, comprising only *** percent of the quantity reported by Acciali in 1997. Because questionnaire data for U.S. importers may be understated, the data in table IV-1 and this discussion rely on Italian producers' reported exports to the United States. However, values assigned to such exports/imports are based on the average unit values derived from U.S. importers' questionnaire data. The quantity and value of U.S. imports of certain stainless steel plate from Italy rose sharply between 1995 and 1997, with much of the increase occurring in 1996. Although the value of such U.S. imports declined by *** percent between 1996 and 1997, the 1997 number was considerably greater than the 1995 figure. Between the interim periods, the quantity and value of U.S. imports from Italy rose by *** percent and *** percent, respectively.[6] The average unit value of U.S. imports from Italy fell steadily between 1995 and 1997 and between the interim periods. The 1995-97 decrease was *** percent while the decrease between the interim periods was less than *** percent. On the basis of quantity, Italy's share of total U.S. imports of certain stainless steel plate increased from *** percent in 1995 to *** percent in 1997 and stood at *** percent in interim 1998.

Korea

Four firms reported having imported certain stainless steel plate from Korea into the United States during the period for which information was requested. However, because of the difference between the quantity of imports reported by U.S. importers and the quantity of exports to the United States reported by Korean producers, the data in table IV-4 and this discussion rely on the foreign producer export data. Based on these data, the volume of Korean imports of certain stainless steel plate into the United States

[6] Stainless steel floor plate, a product designed for non-skid applications, is included in U.S. imports from Italy. AST USA began selling stainless steel floor plate in coils into the U.S. market in mid-1996. Although there currently is no domestic production of this product, Avesta manufactured floor plate in discrete form during the period of investigation. According to information supplied by AST USA in its response to the Commission's importer questionnaire, floor plate accounted for *** percent of the firm's total stainless steel plate imports in 1996, *** percent in 1997, *** percent in interim 1997, and *** percent of its total imports in interim 1998. In actual amounts, AST's imports of floor plate totaled *** short tons in 1996, *** short tons in 1997, *** short tons in interim 1997, and *** short tons in interim 1998.

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remained virtually unchanged from 1995 to 1996. Between 1996 and 1997, however, such imports more than doubled. The estimated value of Korean imports into the United States increased steadily between 1995 and 1997, increasing by nearly *** percent. Such imports fell sharply between interim 1997 and interim 1998, falling by *** percent on the basis of quantity and by *** percent on the basis of value. The estimated average unit value of Korean imports fluctuated downward between 1995 and 1997 and declined still further between the interim periods. Based on the foreign producer's export data, U.S. imports of certain stainless steel plate from Korea accounted for between *** percent and *** percent of the quantity and between *** percent and *** percent of the value of U.S. imports from all sources during 1995-97.

South Africa

Four firms, including the domestic producer ***, reported data on their U.S. imports of certain stainless steel plate from South Africa. The quantity and value of such imports, consisting solely of HRAP stainless steel plate, increased sharply between 1995 and 1996 and then declined from 1996 to 1997. Due mostly to one-time imports in interim 1998 by two U.S. importers, ***, the quantity and value of U.S. imports from South Africa rose sharply between the interim periods. The average unit value of the subject imports from South Africa fell by *** percent from 1995 to 1997 and increased *** percent between the interim periods. As a share of the quantity of total U.S. imports of certain stainless steel plate, South Africa increased from *** percent of the total in 1995 to *** percent in 1997, and increased from *** percent in interim 1997 to *** percent in interim 1998.

Taiwan

Two firms, *** and ***, reported data on their U.S. imports of certain stainless steel plate from Taiwan during the period for which information was requested. *** is the principal U.S. importer of the subject merchandise from Taiwan. *** reported having imported the subject merchandise from Taiwan only in 1996; the bulk of its imports in all periods were from ***. These two firms' combined U.S. imports of certain stainless steel plate from Taiwan increased from *** short tons in 1995 to *** short tons in 1997. The estimated value of such U.S. imports increased similarly, rising from $*** in 1995 to $*** in 1997. Between the interim periods, however, the quantity and value of such U.S. imports from Taiwan fell by *** percent and *** percent, respectively. The estimated average unit value of such U.S. imports fell by *** percent between 1995 and 1997 and decreased by *** percent from interim 1997 to interim 1998. On the basis of the total quantity of U.S. imports of certain stainless steel plate, Taiwan's share increased from *** percent in 1995 to *** percent in 1997.

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain stainless steel plate, based on U.S. producers' and U.S. importers' U.S. shipments (for Belgium, Canada, South Africa, and Taiwan) and foreign producers' exports to the United States (for Italy and Korea) are shown in table IV-4. As U.S. production of cold-rolled stainless steel plate was minuscule during the period for which the Commission requested information, and because U.S. imports of such product are only minimal relative to total U.S. imports, apparent U.S. consumption of certain stainless steel plate consists principally of HRAP stainless steel plate. However, data on apparent U.S. consumption of cold-rolled stainless steel plate are presented in summary table C-3.

The quantity of apparent U.S. consumption of certain stainless steel plate rose, unevenly, by 11.3 percent from 1995 to 1997 and declined by 6.7 percent from interim 1997 to interim 1998. The value of

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Table IV-4
Certain stainless steel plate: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
	Quantity (*short tons*)				
U.S. producers' shipments	103,528	89,533	114,911	89,775	80,867
U.S. shipments of imports from--					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	11,176	20,549	25,398	16,880	18,003
All other	14,060	10,290	2,948	2,113	2,618
Total	25,236	30,839	28,346	18,993	20,621
Apparent consumption	128,764	120,372	143,257	108,768	101,488
	Value (*$1,000*)				
U.S. producers' shipments	246,739	176,449	199,302	162,821	122,747
U.S. shipments of imports from--					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	25,970	44,161	44,717	29,590	27,710
All other	30,585	20,753	4,833	4,157	4,669
Total	56,555	64,914	49,550	33,747	32,379
Apparent consumption	303,294	241,363	248,852	196,568	155,126

Source: Compiled from data submitted in response to Commission questionnaires.

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apparent U.S. consumption fluctuated downward between 1995 and 1997, falling by 18.0 percent, and declined by 21.1 percent between the interim periods.

U.S. MARKET SHARES

Certain stainless steel plate U.S. market share data are presented in tables IV-5 and IV-6. U.S. producers' share of the U.S. market based on apparent consumption quantity dipped from 80.4 percent in 1995 to 74.4 percent in 1996 and rose back to 80.2 percent in 1997, and fell to 79.7 percent in interim 1998. U.S. producers' market share on the basis of apparent consumption value decreased and increased similarly over the same period. Based on apparent consumption quantity, the cumulated market share for Belgium, Canada, Italy, Korea, South Africa, and Taiwan increased from 8.7 percent in 1995 to 17.7 percent in 1997 and rose from 15.5 percent in interim 1997 to 17.7 percent in interim 1998. Such market shares increased similarly on the basis of value, rising from 8.6 percent in 1995 to 18.0 percent in 1997, and increasing from 15.1 percent in interim 1997 to 17.9 percent in interim 1998.

Belgium

Belgium's share of the U.S. certain stainless steel market based in quantity increased from *** percent in 1995 to *** percent in 1996 and fell back to *** percent in 1997. Between the interim periods, Belgium's share increased from *** percent in interim 1997 to *** percent in interim 1998. On the basis of value, Belgium's market shares were somewhat higher, reaching *** percent in 1995, *** percent in 1996, *** percent in 1997, and *** percent in interim 1998.

Canada

Market share data for Canada showed little or no change over the period for which data are presented. Whether measured on the basis of apparent consumption quantity or value, Canada's share of the U.S. certain stainless steel plate market generally persisted in the *** percent range between 1995 and 1997 and during interim 1998.

Italy

Italy's estimated market share increased from *** percent, on the basis of quantity and value, in 1995 to *** percent in 1996, dipped to *** percent and *** percent, respectively, in 1997 and rose from *** percent and *** percent, respectively, in interim 1997 to *** percent and *** percent, respectively, in interim 1998.

Korea

Korea's estimated share of the U.S. certain stainless steel plate market based on quantity rose from *** percent to *** percent from 1995 to 1997. Using value as a basis of market shares, Korea's share increased from *** percent to *** percent. Korea's share fell sharply on the basis of quantity and value between the interim periods.

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Table IV-5
Certain stainless steel plate: Apparent U.S. consumption and market shares based on quantity, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
	Quantity (*short tons*)				
Apparent consumption	128,764	120,372	143,257	108,768	101,488
	Share of quantity (*percent*)				
U.S. producers' shipments	80.4	74.4	80.2	82.5	79.7
U.S. shipments of imports from--					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	8.7	17.1	17.7	15.5	17.7
All other	10.9	8.5	2.1	1.9	2.6
Total imports	19.6	25.6	19.8	17.5	20.3

Source: Compiled from data submitted in response to Commission questionnaires.

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Table IV-6
Certain stainless steel plate: Apparent U.S. consumption and market shares based on value, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
	Value (*$1,000*)				
Apparent consumption	303,294	241,363	248,852	196,568	155,126
	Share of value (*percent*)				
U.S. producers' shipments	81.4	73.1	80.1	82.8	79.1
U.S. shipments of imports from--					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	8.6	18.3	18.0	15.1	17.9
All other	10.1	8.6	1.9	2.1	3.0
Total imports	18.6	26.9	19.9	17.2	20.9

Source: Compiled from data submitted in response to Commission questionnaires.

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South Africa

South Africa's share of the U.S. certain stainless steel plate market rose unevenly from *** percent on the basis of both quantity and value in 1995 to *** percent on the basis of quantity and *** percent on the basis of value in 1997. South Africa's market shares peaked in interim 1998, reaching *** percent on the basis of both quantity and value.

Taiwan

Taiwan's share of the U.S. certain stainless steel market increased from *** percent on the basis of quantity and value in 1995 to *** percent on the basis of quantity and *** percent on the basis of value in 1997. Such market shares changed little between the interim periods, rising from *** percent on the basis of quantity and *** percent on the basis of value in interim 1997 to *** percent and *** percent, respectively, in interim 1998.

IV-13

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

Prices of stainless steel plate are influenced by costs of processing and raw materials and by transportation costs, exchange rates, and market competition. Processing costs are a significant component of the total cost of the plate. One producer estimated that front-end melting costs 8¢ to 10¢ per pound, hot-rolling costs 5¢ to 6¢ per pound, annealing and pickling costs 4¢ to 5¢ per pound, and cold-rolling costs 7¢ per pound.[1] In some cases demand factors can influence prices. For example, some purchasers may be willing to pay more for plate in wider coils, because it requires fewer welds when fabricating large process vessels and large diameter pipe.[2]

Raw Material Costs

The combined costs of raw materials including nickel, chromium, molybdenum, and stainless steel scrap are substantial, representing about half of the total cost of stainless steel plate in coils. The material components vary based on the grade of stainless steel produced and the proportion of scrap materials used. In 1995 some producers introduced alloy surcharges to pass on the rising costs of these inputs to purchasers. The surcharges are additions to price that are triggered when the prices of nickel, chromium, and molybdenum exceed certain levels. The price of nickel is currently below the level that would trigger a surcharge.

*** argued in its questionnaire that declining nickel prices partially explain the decreases in prices of stainless steel plate described in the section entitled "Price Trends." Producers' questionnaire responses indicate that the average cost of the nickel used in producing stainless steel plate declined from 1995 to 1997. During 1995 the average cost per pound ranged from $3.45 to $3.64 per pound. By 1997 the cost had fallen significantly, resulting in a range of $2.83 to $3.37 per pound. During January-September 1998 the cost of nickel ranged between $2.03 and $2.62 per pound. The costs of chromium, molybdenum, and stainless steel scrap have also declined as discussed in the financial section of the report.

Transportation Costs to the U.S. Market

Ocean transportation costs for shipping stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan to the United States are estimated to be 3.4, 1.0, 4.9, 5.3, 4.7, and 6.2 percent, respectively. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared to a customs value basis.[3]

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[1] Conference transcript, pp. 53-59.

[2] Conference transcript, p. 108. Also, a representative of *** stated that in its operations, there was less waste from using the 60-inch wide subject product as opposed to 48-inch (telephone conversation, Apr. 23, 1998).

[3] These estimates were derived using data for the HTS numbers for the subject plate that were applicable during 1997.

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U.S. Inland Transportation Costs

Five of 6 U.S. producers and 10 of 13 importers were able to estimate their U.S. inland transportation costs as a percentage of total delivered costs. For *** the costs were *** percent, respectively. *** reported that these costs varied by distance, ranging from less than 1 percent in the *** area, to 3 percent for shipments to ***, to nearly 10 percent for shipments to the ***. Among responding importers, seven reported that their inland transport costs were 1 percent or less of the total delivered cost and two stated that they were approximately 2 percent. *** reported that its transportation costs vary, ranging from 1 percent for distances of less than 100 miles to 2.5 percent for 500 miles and up to 7 percent for shipments to the West Coast. *** noted that its costs are low because most of its customers tend to be located close to ports.

Exchange Rates

Nominal and real exchange rate data for the subject countries are presented on a quarterly basis in figure V-1.[4] The nominal exchange rates were available for all six countries for the entire period from January-March 1995 through July-September 1998 and real exchange rate data for Belgium, Canada, South Africa, and Korea were also available for the entire period. Real exchange rates for Italy and Taiwan were available only through the second quarter of 1998. The data show that the nominal and real exchange rates of the Canadian dollar and the Italian lire were largely unchanged relative to the U.S. dollar during the period, while the rates for the Belgian franc, the Korean won, the South African rand, and the new Taiwan dollar all depreciated in relation to the U.S. dollar in varying degrees over the period.

PRICING PRACTICES

Prices of stainless steel plate are usually determined through negotiations between buyers and sellers. Producers commonly publish price lists but generally use the lists only as a starting point in negotiations. They commonly give discounts from the price lists. In contrast to producers, importers do not normally make use of price lists.[5] Most importers reported that prices are negotiated on a transaction by transaction basis.

Five of six U.S. producers quote prices on an f.o.b. mill basis, while importers quote in a variety of ways. *** is the one U.S. producer that quotes prices on a delivered basis. Six importers quote prices on an f.o.b. port basis. Three other importers stated that prices are quoted on a delivered basis. One importer said that it quotes prices either on a c.i.f. duty-paid, port-of-entry basis or a delivered basis. Two other importers reported quoting on a c.i.f. duty-paid basis. *** quotes on an f.o.b. mill basis.

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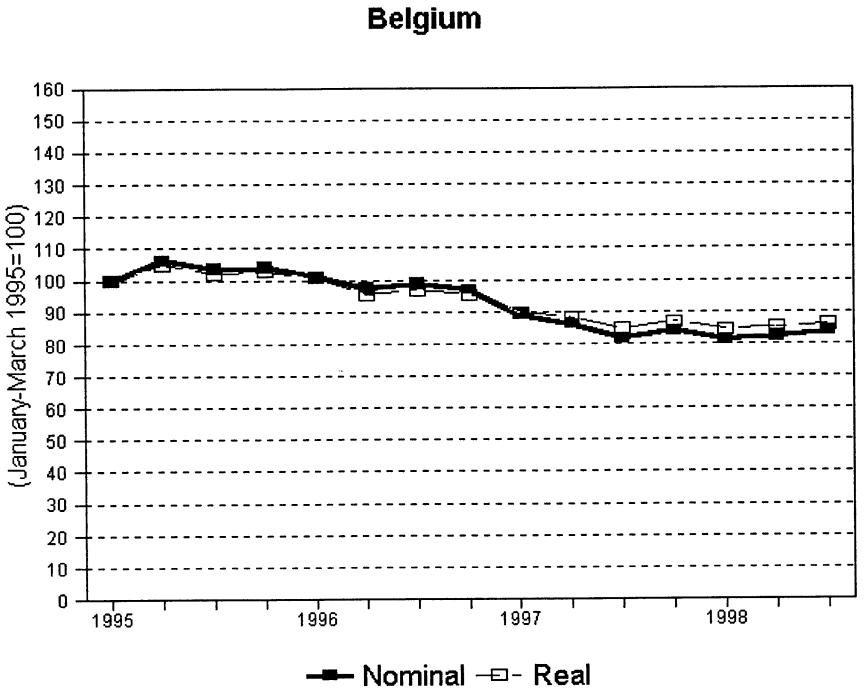
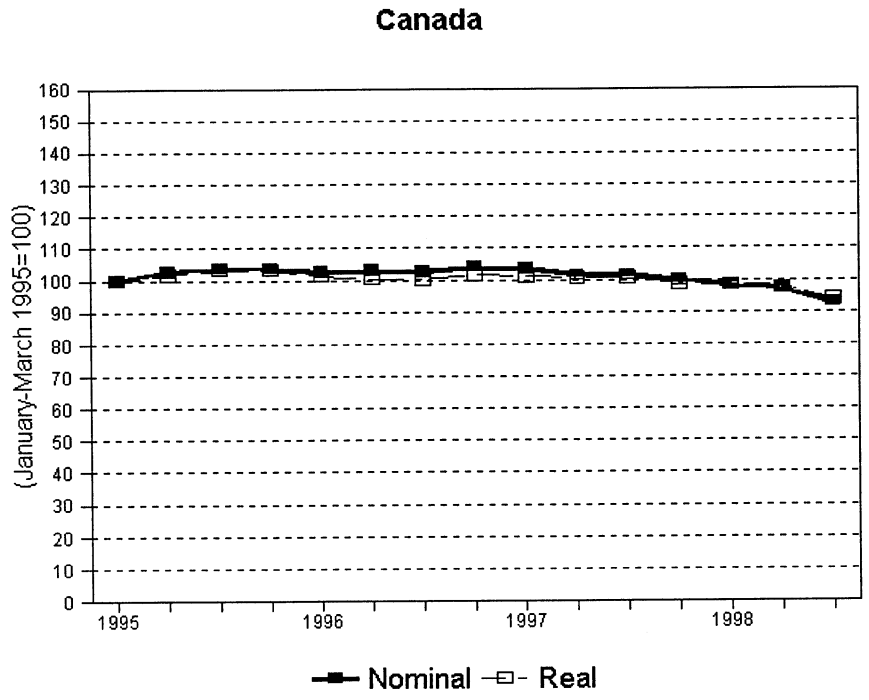
[4] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and the respective foreign countries.

[5] *** reported that it uses price lists when selling its imports from ***.

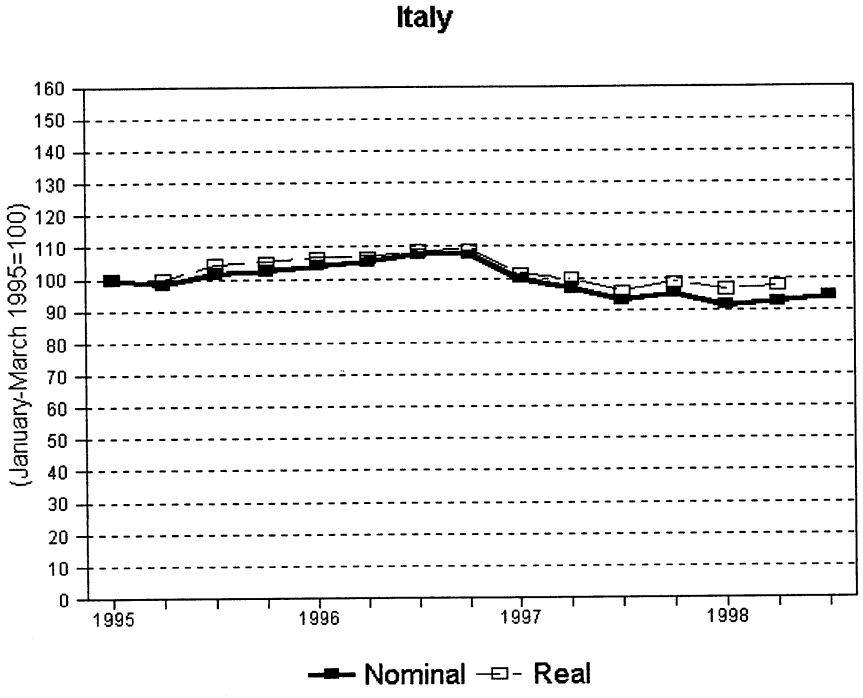
Figure V-1
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Belgium, Canada, Italy, Korea, South Africa, and Taiwan in relation to the U.S. dollar, by quarters, Jan. 1995-Sept. 1998

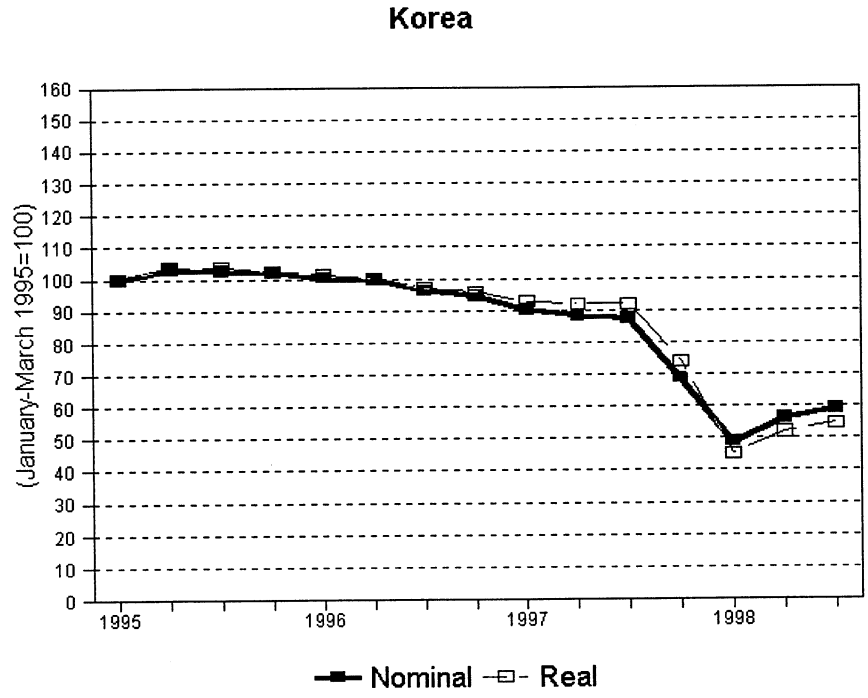




Continued on the following page.

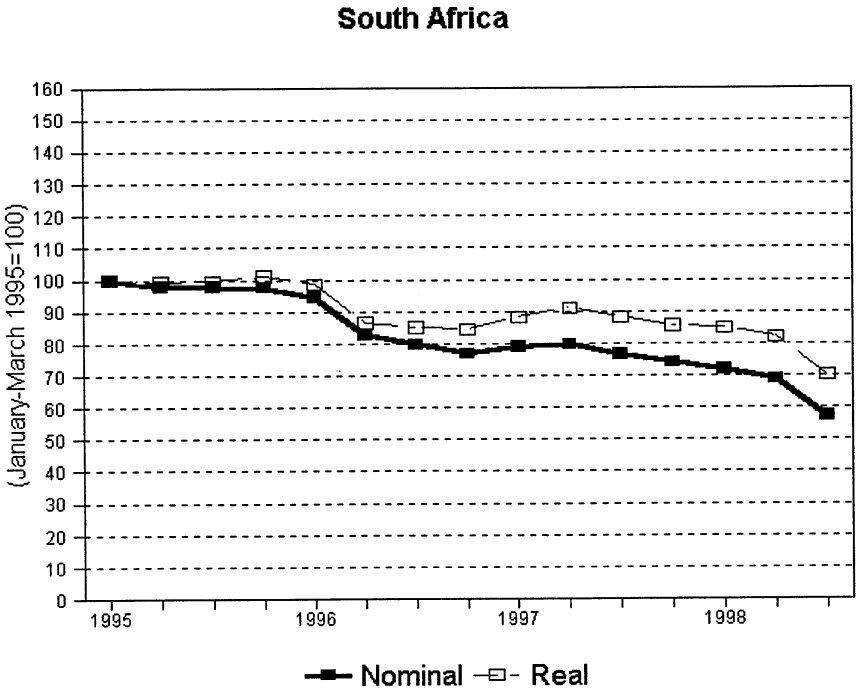
Figure V-1--Continued
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Belgium, Canada, Italy, Korea, South Africa, and Taiwan in relation to the U.S. dollar, by quarters, Jan. 1995-Sept. 1998

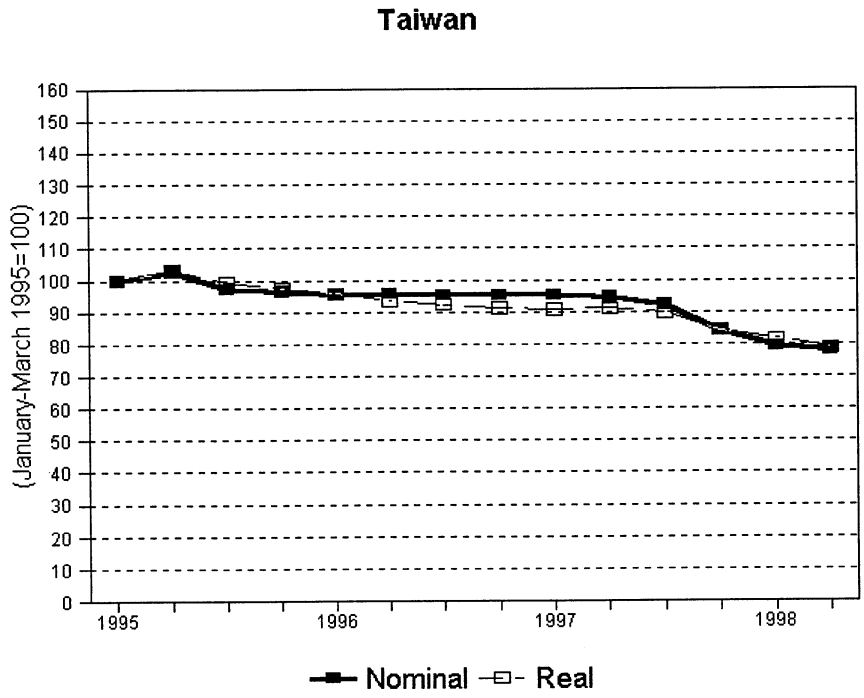




Continued on the following page.

Figure V-1--Continued
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Belgium, Canada, Italy, Korea, South Africa, and Taiwan in relation to the U.S. dollar, by quarters, Jan. 1995-Sept. 1998





Source: IMF, *International Financial Statistics*, March 1999 and the July 1998 issue of *Financial Statistics* published by Taiwan's central bank.

Sales Terms and Discounts

All six U.S. producers reported giving discounts based upon various factors such as the quantity involved in an individual sale, the potential annual purchases of a given customer, and the prices offered by competitors. Monthly, quarterly, and annual rebates are also provided in some cases. In addition to discounts off the list or starting price, producers also provide discounts for payment within a specified time period, usually 10 days. These discounts ranged from 0.5 to 0.75 percent, with the majority reporting a 0.75 percent discount for payment within 10 days. In contrast to producers, most importers don't have a formal structure of discounts based upon volume or sales potential.[6] However, *** stated that it negotiates prices based upon expected quarterly volumes. *** also reported that it negotiates discounts on sales of *** imports taking into account anticipated volume. *** said that it offers lower unit prices for larger transactions than for smaller transactions. *** also offers a 1-percent discount for payment within 10 days. In addition, *** stated that it provides a discount of 0.75 percent for payment within 10 days.

Stainless steel plate is most commonly sold on a spot basis rather than a contract basis by both producers and importers. *** sells exclusively on a spot basis and *** reported that virtually all of its sales are spot. *** stated that 95 percent of its sales are on a spot basis and *** and *** both reported that 80 percent of their sales are on a spot basis. Seventy percent of *** sales are spot. All imports from Italy, South Africa, and Canada and a majority of imports from Korea are sold on a spot basis. However, the majority of imports from Belgium and Taiwan are sold on a contract basis.

Contract terms are fairly similar for those mills and importers that sell on that basis. Most cover periods of 3 to 6 months with prices and quantities often fixed during the period. However, *** reported that its small number of contracts are generally for periods of 12 to 18 months. Contracts are typically renegotiated quarterly although periods of 6 months and 1 year were also reported. Most of the firms said that their contracts do not contain meet-or-release clauses, which allow for changes in the agreed upon prices while the contract is in force. *** was the only firm that offers contracts with these provisions. Some producers reported that their contracts contained standard quantity requirements. The requirements typically averaged about 50 tons per month during the contract period. *** were the only importers to report standard quantity requirements. *** requires a minimum of 15 metric tons per item and *** requires a minimum purchase of 20 tons but it accepts smaller purchases if orders are placed permitting combined shipments, or if a price premium of approximately 1 percent is paid.

When asked what percentages of sales are made from inventories, most producers reported some sales from inventories and a majority of importers said that they do not maintain inventories. Among producers, only *** reported selling strictly on a production basis. For the other five producers the percentages of sales from inventory ranged from 10 percent for *** to 90 percent for ***. Among producers, prices of products sold from inventory are generally the same as products sold directly from production. However, *** said that stock sales are sold at a premium in some cases. Generally custom orders are supplied from production, and the standard sizes are regularly produced and provided from inventory. Eight of 13 importers, including ***, do not maintain inventories. Among importers, *** all sell entirely from inventory. *** reported that *** percent, respectively, of their sales were from inventory. *** stated that prices are higher for sales from inventory because of the cost of maintaining the inventory, shorter delivery times, and smaller volumes of inventory sales. *** reported that market conditions determine the actual premium for inventory sales, but that 2 percent is usually a minimum and 7 to 10 percent is the maximum.

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[6] This information was obtained from questionnaire responses and from surveys of selected importers that were undertaken after the hearing.

PRICE DATA

Quarterly quantity and value information were requested from producers and importers for the first quarter of 1995 through the third quarter of 1998 for the following commonly marketed products on sales to service centers/distributors and to end users:

Product 1– Grade 304, thickness 0.25 inch (0.24-.295 inch), width 48-60 inches
Product 2– Grade 304, thickness 0.1875 inch (0.1870-.2325 inch), width 48-60 inches
Product 3– Grade 304, thickness 0.1875 inch (0.1870-.2325 inch), width 72 inches
Product 4– Grade 304, thickness 0.1875 inch- 0.25 inch, width 36-48 inches
Product 5– Grade 304L, thickness 0.25 inch (0.24-.295 inch), width 48-60 inches
Product 6– Grade 316L, thickness 0.25 inch (0.24-.295 inch), width 48-60 inches
Product 7– Grade 316L, thickness 0.1875 inch (0.1870-.2325 inch), width 48-60 inches
Product 8– Grade 410S, thickness 0.25 inch (0.24-.295 inch), width 48-60 inches

Quantities were requested in tons and values were requested in dollars, and respondents were asked to exclude any cold-rolled stainless steel plate or floor plate from the price data.[7]

Six U.S. producers and 14 importers provided pricing data but no firm reported prices for all 8 products in all 15 quarters. Most of the pricing data were for sales to distributors and service centers. Product categories where prices were reported are shown by country in the following tabulation:

Country	Product category
Belgium	1, 2, 3, 5, 6, 7, 8
Canada	1, 2, 4, 5, 6, 7
Italy	1, 2, 5, 6, 7, 8
Korea	1, 2, 5, 6
South Africa	1, 2, 4, 5, 6, 7, 8
Taiwan	1, 2, 5
United States	1, 2, 3, 4, 5, 6, 7, 8

Price data reported for the eight products captured a large share of U.S. producers' shipments and importers' shipments for Canada, Italy, South Africa, and Taiwan as shown in table V-1. However, the coverage was less extensive for Belgium and Korea. In the case of Belgium, a large percentage of shipments within the United States consisted either of cold-rolled stainless steel plate and/or wider products that are not covered by seven of the eight categories. In 1997 for example, over half of all sales of Belgian imports consisted of products with a width greater than 60 inches. Only product 3 with a width of 72 inches meets this specification. In addition, some imports from Belgium are made from grades of stainless steel such as 321, 317L, 309S, and 409 modified that are not included within the price product categories.

[7] Because floor plate's distinct patterned non-slip finish adds value, it is not comparable to other suppliers' products.

V-7

Table V-1
Reported price data as a percentage of U.S. producers' shipments and U.S. importers' shipments from subject countries, 1995-97

Source	1995	1996	1997
United States	48.4	45.4	39.8
Belgium	***	***	***
Canada	***	***	***
Italy	***	***	***
Korea	***	***	***
South Africa	***	***	***
Taiwan	***	***	***

Source: Compiled from data submitted in response to Commission questionnaire

In the case of Korea the limited coverage is probably due to the fact that most imports consist of only a few grades of stainless steel plate that are used mainly in the manufacture of pipe and tube. In addition, one large importer of the Korean product said that the majority of its imports consist of products with thicknesses or widths that do not fit into of any of the eight product categories.[8]

Although imports from Taiwan all fall within six of the eight specified product categories, only very crude estimates of quarterly prices were provided in most cases.[9] ***, an executive with ***, reported aggregate quarterly shipments of products 1, 2, 4, 5, 6, and 7 from the second quarter of 1996 through the third quarter of 1998, but did not separately break out the quantities and values for each category. He said that the prices for all products were approximately the same and that about ***.

PRICE TRENDS

Weighted-average prices for U.S.-produced and imported products sold to service centers and distributors are presented in tables V-2 through V-9 and figures V-2 through V-9, and weighted-average prices on sales to end users are shown in tables V-10 through V-14 and figures V-10 through V-14. Prices for most product categories showed overall decreases during the periods where data were reported. U.S. producer prices exhibited a consistent pattern for all products where prices were complete, or largely complete for the 15 quarter period. Prices increased from the first quarter of 1995 to a peak level in late 1995 or 1996 and then declined during the next 2 to 3 years. For all products, domestic prices reached lower levels in 1998 than in any of the earlier years. Trends in prices of imports from Belgium, Canada, and South Africa displayed similar patterns to U.S. producer prices in product categories where the series were complete enough to determine a trend. Prices on sales to service centers/distributors of products 1, 2, and 5 from Belgium increased during 1995, reaching peak levels in

[8] Telephone conversation with ***, Mar. 24, 1999. In addition, Posco's posthearing brief cited some specific products used by pipe producers that it exports to the United States that are not included in the eight product categories. ***. Posco's posthearing brief, p. 8.

[9] In addition to the data from ***, *** reported one quarterly price for product 1 and one quarterly price for product 2.

V-8

Table V-2
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold t o service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

Period	United States		Belgium		Canada		Italy		Korea		South Africa		Taiwan	
	Price (Dollars per ton)	Quantity (Tons)	Price (Dollars per ton)	Quantity (Tons)	Price (Dollars per ton)	Quantity (Tons)	Price (Dollars per ton)	Quantity (Tons)	Price (Dollars per ton)	Quantity (Tons)	Price (Dollars per ton)	Quantity (tons)	Price (Dollars per ton)	Quantity (Tons)
1995--														
Jan.-Mar.	$1,753	3,684	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	2,028	4,649	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	2,263	3,643	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	2,205	2,519	***	***	***	***	***	***	***	***	***	***	***	***
1996--														
Jan.-Mar.	2,042	3,604	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,847	3,428	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,642	2,981	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	1,544	3,163	***	***	***	***	***	***	***	***	***	***	***	***
1997--														
Jan.-Mar.	1,522	3,574	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,551	2,988	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,524	2,630	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	1,444	2,439	***	***	***	***	***	***	***	***	***	***	***	***
1998--														
Jan.-Mar.	1,356	3,772	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,296	2,784	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,272	2,447	***	***	***	***	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

V-9

Table V-3
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold t o service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

Period	United States		Belgium		Canada		Italy		South Africa		Taiwan	
	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)
1995--												
Jan.-Mar.	$1,788	3,446	***	***	***	***	***	***	***	***	***	***
Apr.-June	2,036	4,803	***	***	***	***	***	***	***	***	***	***
July-Sept.	2,153	3,406	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	2,127	1,934	***	***	***	***	***	***	***	***	***	***
1996--												
Jan.-Mar.	1,995	2,391	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,852	2,633	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,626	2,279	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	1,524	2,108	***	***	***	***	***	***	***	***	***	***
1997--												
Jan.-Mar.	1,500	2,681	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,534	3,141	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,531	2,238	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	1,429	1,934	***	***	***	***	***	***	***	***	***	***
1998--												
Jan.-Mar.	1,361	1,989	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,285	2,077	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,265	1,627	***	***	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

V-10

Table V-4
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

the fourth quarter of that year, and then declined sharply in later periods. Prices of other products from Belgium also showed decreases in those categories where sufficient data were available to infer trends. Prices on sales to service centers/distributors of Canadian products 1, 2, 4, 5, 6, and 7 showed overall increases during 1995 but declined in later years. Prices on sales to service centers/distributors of products 1, 2, and 5 from South Africa increased from the first quarter of 1995 to the first quarter of 1996 and then declined during later periods. Prices of other products from South Africa also generally declined during periods where data were available. While prices on sales to service centers/distributors of products 1 and 2 from Italy fluctuated with no clear trend between during 1995 and 1998, prices of other products from Italy generally declined. Prices of imports from Korea and Taiwan, which were only available from 1996 onward, also showed declines.

V-11

Table V-5
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

Period	United States		Canada		South Africa	
	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*
1995--						
Jan.-Mar.	$1,648	388	***	***	***	***
Apr.-June	1,864	463	***	***	***	***
July-Sept.	2,127	504	***	***	***	***
Oct.-Dec.	2,024	448	***	***	***	***
1996--						
Jan.-Mar.	2,074	439	***	***	***	***
Apr.-June	2,001	1,167	***	***	***	***
July-Sept.	1,631	506	***	***	***	***
Oct.-Dec.	1,537	344	***	***	***	***
1997--						
Jan.-Mar.	1,459	695	***	***	***	***
Apr.-June	1,485	1,004	***	***	***	***
July-Sept.	1,410	925	***	***	***	***
Oct.-Dec.	1,405	686	***	***	***	***
1998--						
Jan.-Mar.	1,365	1,672	***	***	***	***
Apr.-June	1,283	1,254	***	***	***	***
July-Sept.	1,261	1,144	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

V-12

Table V-6
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

Period	United States		Belgium		Canada		Italy		Korea		South Africa		Taiwan	
	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)	Price (Dollars pre ton)	Quantity (*Tons*)	Price (*Dollars per ton*)	Quantity (*Tons*)
1995--														
Jan.-Mar	$1,707	867	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,999	1,460	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	2,136	1,452	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec	2,171	838	***	***	***	***	***	***	***	***	***	***	***	***
1996--														
Jan.-Mar	2,008	721	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,870	1,005	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,650	1,004	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec	1,548	1,525	***	***	***	***	***	***	***	***	***	***	***	***
1997--														
Jan.-Mar	1,542	1,487	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,530	1,569	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,664	1,618	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec	1,484	1,057	***	***	***	***	***	***	***	***	***	***	***	***
1998--														
Jan.-Mar	1,371	1,392	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,348	1,041	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,269	821	***	***	***	***	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

V-13

Table V-7
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

Period	United States		Belgium		Canada		Italy		Korea		South Africa	
	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*
1995--												
Jan.-Mar	$2,703	1,725	***	***	***	***	***	***	***	***	***	***
Apr.-June	3,048	2,301	***	***	***	***	***	***	***	***	***	***
July-Sept.	3,066	1,290	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	2,944	931	***	***	***	***	***	***	***	***	***	***
1996--												
Jan.-Mar	2,695	1,044	***	***	***	***	***	***	***	***	***	***
Apr.-June	2,427	1,917	***	***	***	***	***	***	***	***	***	***
July-Sept.	2,266	1,007	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	2,100	1,393	***	***	***	***	***	***	***	***	***	***
1997--												
Jan.-Mar	2,068	2,272	***	***	***	***	***	***	***	***	***	***
Apr.-June	2,113	1,780	***	***	***	***	***	***	***	***	***	***
July-Sept.	2,095	1,644	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	2,017	1,125	***	***	***	***	***	***	***	***	***	***
1998--												
Jan.-Mar	1,925	1,609	***	***	***	***	***	***	***	***	***	***
Apr.-June	1,765	1,321	***	***	***	***	***	***	***	***	***	***
July-Sept.	1,768	1,040	***	***	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

V-14

Table V-8
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

Period	United States		Belgium		Canada		Italy		South Africa	
	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*	Price *(Dollars per ton)*	Quantity *(Tons)*
1995--										
Jan.-Mar.	$2,672	1,243	***	***	***	***	***	***	***	***
Apr.-June	3,109	1,469	***	***	***	***	***	***	***	***
July-Sept.	3,223	989	***	***	***	***	***	***	***	***
Oct.-Dec.	2,905	748	***	***	***	***	***	***	***	***
1996--										
Jan.-Mar.	2,731	777	***	***	***	***	***	***	***	***
Apr.-June	2,381	1,097	***	***	***	***	***	***	***	***
July-Sept.	2,173	979	***	***	***	***	***	***	***	***
Oct.-Dec.	2,087	787	***	***	***	***	***	***	***	***
1997--										
Jan.-Mar.	2,088	1,149	***	***	***	***	***	***	***	***
Apr.-June	2,051	1,268	***	***	***	***	***	***	***	***
July-Sept.	2,111	1,010	***	***	***	***	***	***	***	***
Oct.-Dec.	1,941	813	***	***	***	***	***	***	***	***
1998--										
Jan.-Mar.	1,899	817	***	***	***	***	***	***	***	***
Apr.-June	1,837	857	***	***	***	***	***	***	***	***
July-Sept.	1,765	829	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

V-15

Table V-9
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Table V-10
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Table V-11
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Table V-12
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Table V-13
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Table V-14
Certain stainless steel plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-2
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 1 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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V-16

Figure V-3
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 2 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-4
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 3 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-5
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 4 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-6
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 5 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-7
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 6 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-8
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 7 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

Figure V-9
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 8 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-10
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 1 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-11
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 2 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-12
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 5 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-13
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 6 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

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Figure V-14
Certain stainless steel plate: Weighted-average f.o.b. prices of domestic and imported product 7 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

PRICE COMPARISONS

Price comparisons between domestic and imported products for each of the eight products on sales to both service centers/distributors/processors and to end users are presented in tables V-15 through V-20.[10] Belgian imports were priced lower than the domestic product in 12 of 53 quarters, by margins ranging from 0.3 percent to 27.1 percent. Canadian imports were priced lower than the domestic product in 47 of 85 quarters by margins ranging from 0.1 to 28.4 percent. Imports from Italy were priced lower than the domestic product in 17 of 57 quarters, by margins ranging from 0.1 percent to 32.2 percent. Korean prices were lower in 7 of 15 quarters, with underselling margins ranging from 2.9 percent to 11.8 percent. South African prices were lower than domestic prices in 32 of 67 quarters, by margins ranging from 0.9 percent to 19.4 percent. Comparisons between domestic prices and the estimated Taiwan prices for products 2 and 5 indicate that underselling occurred in 3 of 21 quarters, by margins ranging from 2.6 percent to 7.9 percent.[11]

In addition to these comparisons, aggregate unit values of U.S. shipments of various combinations of the eight products were compared to aggregate unit values of shipments of imported products (derived from table IV-4 and appendix table C-2) for the five countries where instances of overselling exceeded instances of underselling. These comparisons are of more value in the case of Italy, South Africa, and Taiwan, where pricing data covered a large percentage of total shipments, than for Belgium and Korea, where the price data accounted for a much smaller percentage of total shipments.

Table V-15
Certain stainless steel plate: Margins of under/(over)selling for product 1 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

[10] The Commission contacted most of the importers of stainless steel plate including *** to ensure that the pricing data that they reported was on an f.o.b., U.S. point of shipment basis, and that any discounts on their sales were reflected in the transaction prices.

[11] Only very rough price comparisons were possible for Taiwan since *** did not provide detailed price breakouts for the products that it sells.

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Table V-16
Certain stainless steel plate: Margins of under/(over)selling for product 2 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

Table V-17
Certain stainless steel plate: Margins of under/(over)selling for products 3 and 4 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

Table V-18
Certain stainless steel plate: Margins of under/(over)selling for product 5 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

Table V-19
Certain stainless steel plate: Margins of under/(over)selling for product 6 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

Table V-20
Certain stainless steel plate: Margins of under/(over)selling for products 7 and 8 sold to service centers/distributors, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

Table V-21
Certain stainless steel plate: Margins of under/(over)selling for products 1, 2, 5, 6, and 7 sold to end users, by sources and by quarters, Jan. 1995-Sept. 1998

* * * * * * *

For Belgium the aggregate unit values of shipments of U.S. products 1, 2, 3, 5, 7, and 8 to distributors and product 6 to both distributors and end users were combined for comparison with Belgium's unit values of HRAP plate on an annual basis during 1995-97 and January-September 1998. All shipments of product 4 were excluded from the comparison since importers did not report any shipments of product 4 from Belgium during the period, and shipments to end users of products 1, 2, 3, 5, and 7 were also excluded since there were no shipments to end users. As shown in the tabulation below, the average unit value per ton of the HRAP imports is consistently higher than the calculated

V-19

domestic unit values. However, a large percentage of the Belgian shipments consists of wider products that are not included in any of the price product categories.

	1995	1996	1997	Jan.-Sept. 1998
United States	$2,368	$1,920	$1,693	$1,466
Belgium	***	***	***	***

For the comparisons for Italy, the aggregate unit values for the United States included products 1 and 2 sold to distributors and products 5, 6, and 7 sold to both distributors and end users since these are the product categories in which importers reported prices. In order to improve the comparison, floor plate was subtracted from the aggregate unit values for Italy, since this is an expensive product that is not offered by U.S. producers. The results shown below indicate that the Italian unit value was lower in 1995 and 1997, but higher in 1996 and January-September 1998.

	1995	1996	1997	Jan.-Sept. 1998
United States	$2,381	$1,928	$1,695	$1,467
Italy	***	***	***	***

For Korea, the aggregate unit values for the United States included only products 1, 5, and 6 sold to distributors and end users and product 2 sold to end users since these are the only products where Korean prices were reported. The aggregate Korean unit values were lower in all periods shown.

	1995	1996	1997	Jan.-Sept. 1998
United States	$2,265	$1,919	$1,697	$1,458
Korea	***	***	***	***

For South Africa, the aggregate unit values for the United States included products 1, 2, 4, 5, 6, 7, and 8 sold at the distributor level, since no sales of South African imports of these products were sold to end users. The comparisons indicate that South African unit values were lower than those of the United States in 1995 and 1996 but higher in 1997 and interim 1998.

	1995	1996	1997	Jan.-Sept. 1998
United States	$2,345	$1,910	$1,659	$1,432
South Africa	***	***	***	***

V-20

For Taiwan, the aggregate unit values for the United States included products 1, 2, 4, 5, 6, 7, and 8 sold at the distributor level, since no sales of Taiwan imports of these products were sold to end users. *** sells all of these products, although *** together make up about 85 percent of its shipments. All comparisons are for periods after 1995 since no shipments occurred until the second quarter of 1996. As shown below, the average unit values of Taiwan shipments were consistently lower than the average unit values of U.S. shipments.

	Apr.-Dec. 1996	1997	Jan.- Sept. 1998
United States	$1,832	$1,659	$1,432
Taiwan	***	***	***

Purchasers that bought imported stainless steel plate from one or more of the subject countries were asked approximately how much higher the price of the imported plate would have to have been before they would have bought domestic plate in place of it. Seven purchasers provided general answers relating to all six countries. Two firms said that they would switch to the domestic product if the prices of imports were any higher. For the other five firms, estimates of the amount that import prices would have to increase ranged from 3 percent to 10 percent. Twelve purchasers provided numerical estimates relating to one or more countries. The ranges were 0 to 8 percent for Belgium, 0 to 10 percent for Canada, 0 to 15 percent for Italy, 5 to 19 percent for Korea, 0 to 15 percent for South Africa, and 2 to 15 percent for Taiwan.

Price Leadership

When asked to name a price leader, answers from the 27 purchasers varied widely.[12] Twenty purchasers listed one or more firms as price leaders, with most naming U.S. producers. Six other firms were either unable to identify a price leader or did not believe that a leadership pattern existed. Among domestic producers, Allegheny was named 14 times, J&L was named 10 times, Washington Steel was cited 4 times, NAS was mentioned twice, and Avesta was listed by one purchaser. Among foreign producers, Columbus of South Africa was named twice, and Posco and Pusan of Korea and AST of Italy were each mentioned once. In addition, Ta Chen, the main importer of stainless steel plate from Taiwan, was mentioned once.

When asked to describe how the firm or firms exert price leadership, responses ranged from the very general to the highly specific. In some cases firms were identified as price leaders for having the lowest prices or for being recognized industry leaders in their markets, or for providing the largest tonnages of stainless steel. However, Allegheny was described as a price leader by six purchasers because its price announcements are normally followed by other firms or because it is generally the first to announce price changes.[13] J&L, Avesta, NAS, and Washington were also named as firms that are either

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[12] A price leader was defined in the questionnaire as "(1) one or more firms that initiate a price change, either upward or downward, that is followed by other firms, or (2) one or more firms that have a significant impact on prices. A price leader does not have to be the lowest priced supplier."

[13] At the hearing, questions were raised concerning whether Allegheny is the industry price leader, and whether it leads prices up or down. See hearing transcript, pp. 59-62. In their posthearing brief the petitioners

(continued...)

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the first or among the first to announce price changes. J&L was mentioned by three purchasers and Avesta, NAS, and Washington were each mentioned by one purchaser. In addition, two purchasers named Columbus of South Africa and one named Posco of Korea as price leaders for lowering prices below U.S. producer levels. Another purchaser named Italian and Korean producers and Ta Chen as price leaders for lowering prices and disrupting the market.

LOST SALES AND LOST REVENUES

The Commission received 30 allegations of lost sales to 12 firms, which totaled $2,609,160, and 6 allegations of lost revenue to 2 firms, which totaled $27,625. The Commission was able to contact all of the purchasers cited. The producers' allegations and customers' responses are summarized in tables V-22 and V-23.

Table V-22
Lost sales summary

*	*	*	*	*	*	*	

Table V-23
Lost revenue summary

*	*	*	*	*	*	*	

Petitioners alleged that they lost eight sales, which totaled ***, to *** due to unfair competition from subject imports. Four of these allegations concerned competition from ***. ***. Staff contacted ***, who acknowledged that domestic producers had lost these four sales, which totaled ***, to competition from *** on the basis of price.

Other allegations of lost sales at *** involved ***, and ***'s records did not match the claims made in the petition. ***.

Petitioners alleged that they lost two sales at *** due to competition from imports from ***.[14] Staff contacted ***, who agreed that the ***. *** did not remember the specific sales, but stated that the allegations were conceivable since they purchased the subject product from *** firms as well as from firms in the United States and other countries. He stated that there was usually not much difference between the U.S. and foreign prices because competition drove the U.S. price down. He stated that he usually purchased from various sources and cut the product to size for further sales. He stated that his company did not track the source of certain steel plate in the cut product but averaged the price together from different sources.

Petitioners alleged losing a sale of *** due to competition from *** imports. Staff contacted ***. *** remembered the sale in question and stated that the petitioners had lost the sale to another domestic producer and not to ***. *** added that *** shears, edges, and repacks stainless steel plate. He stated that the domestic producers used a complicated method of applying volume discounts to make their price competitive with the foreign competition, but *** could not benefit from those discounts because it is a

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[13](...continued)
provided copies of announced price increases by Allegheny from late 1994 through January 1999. See petitioner's posthearing brief, Apps. 1 and 3.

[14] ***.

V-22

small user. He said that *** would not provide price quotes to ***. He added that the U.S. market for HRAP stainless steel plate is the most expensive in the world.

Petitioners alleged the loss of two sales of *** due to competition from *** imports. Staff contacted *** who acknowledged the first lost sale in ***. The petitioners' second alleged lost sale was for ***. *** stated that in this time frame ***.

Petitioners alleged losing a sale in *** due to imports from ***. ***. Staff contacted ***, who did not recall purchasing the product in question from ***. ***. He said he mostly purchases domestic stainless steel plate but occasionally purchases from ***.

Petitioners alleged that they lost three sales at *** due to competition from *** imports. ***. Staff contacted ***. *** reported back that he performed a complete sales search and could not find any sales during the month, or several months before and after, of the purported sales that supported the lost sale allegations.

Petitioners alleged that they lost two sales at *** due to price competition from *** imports. ***. Staff contacted ***, who remembered purchasing similar products from *** at approximately this time. *** stated that he had purchased various foreign stainless steel products from *** and in each case the offshore price was less than the domestic price. ***.

Petitioners alleged the loss of four sales to *** due to LTFV imports from the subject countries. Petitioners claimed the loss of a sale of ***. Staff contacted ***. *** denied placing an order with ***, or any other company, for *** during the time frame in question. The second alleged lost sale at ***. *** stated that this order was placed with ***.

The third alleged lost sale with ***.

The fourth alleged lost sale at ***.[15]

Petitioners alleged losing two sales at ***. Each sale was in ***. Staff contacted ***, who acknowledged these lost sales.

Petitioners alleged losing one sale to *** due to LTFV imports from ***. The alleged lost sale was for ***.

Petitioners alleged losing one sale to ***. *** searched the records of his firm's purchases but could not find any record of the alleged purchase from *** near the time in question. ***.

Petitioners alleged losing two sales to ***. *** remembered making several purchases from *** importers, and in each case the *** product was priced less than the U.S. product.

Petitioners alleged six instances of low-priced subject imports forcing them to lower their price to retain the sale. Allegations involving ***, which accounted for five of the six instances, totaled ***. All of these lost revenue allegations were for sales of ***. Staff spoke to ***. He confirmed all other allegations of the petitioners. ***.

The other lost revenue allegation involved ***. *** confirmed that price competition with foreign imports had driven down the U.S. price.

[15] ***.

V-23

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Six U.S. producers[1] supplied financial data on their operations on certain stainless steel plate. Two U.S. producers produced minimal quantities of cold-rolled stainless steel plate. Hence, the data presented in this section represent operations on HRAP stainless steel plate. These data accounted for virtually all U.S. production of certain stainless steel plate in 1997. Eastern Stainless Corp., a majority-owned subsidiary of Armco, sold substantially all of its assets to Avesta in March 1995. Avesta started coiled plate production at its Baltimore facility on March 1, 1996, and it changed its fiscal year to end March 31st from December 31st in that year. Hence, its data for fiscal year 1995 are for one month. Washington added Steckel mill advanced rolling technology which produces carbon, alloy, and stainless plate and stainless sheet at its Conshohocken, PA, facility in 1995 and added a wide anneal and pickle line for processing stainless steel plate at its Massillon, OH, plant in 1996.

Allegheny's questionnaire data were verified by the Commission. ***. All changes are reflected in the data presented in this report.

OPERATIONS ON CERTAIN STAINLESS STEEL PLATE

Income-and-loss data for the U.S. producers on their certain stainless steel plate operations are presented in table VI-1 and figure VI-1; data on a per-short-ton basis are shown in table VI-2. Selected financial data, by firms, are presented in table VI-3. The operating income margin dropped from 19.0 percent in 1995 to 3.6 percent in 1996 and 1.8 percent in January-September 1997, and then turned into a negative margin of 0.6 percent in full year 1997 and a negative margin of 5.3 percent in January-September 1998.

From 1995 to 1996, the volume of total net sales decreased by 10 percent and average selling price fell by 18 percent, whereas the average cost of goods sold and SG&A expenses decreased only slightly, resulting in much lower operating income. From 1996 to 1997, the volume of total net sales jumped by 24 percent but average selling price again declined faster than the decrease in average cost of goods sold, resulting in lower gross profit which was not enough to cover SG&A expenses. From January-September 1997 to January-September 1998, the volume of total net sales declined by 9 percent, average selling price declined by 16 percent, and average cost of goods sold decreased by 10 percent, resulting in a further deterioration in financial performance and a small negative gross profit.

* * * * * * *2 3 4 5 6

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[1] U.S. producers and their fiscal year ends are ***.

[2] ***'s letter dated Jan. 26, 1999.

[3] ***'s letter dated Jan. 20, 1999.

[4] Letters dated Jan. 29, and Feb. 5, 1999, from Steptoe & Johnson LLP, attorneys for Avesta.

[5] Id.

[6] ***'s letter dated February 2, 1999.

Table VI-1
Results of operations of U.S. producers in the production of certain stainless steel plate, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998

Item	Fiscal year			Jan.-Sept.	
	1995	1996	1997	1997	1998
	Quantity (*short tons*)				
Trade sales	***	***	***	***	***
Company transfers	***	***	***	***	***
Total sales	104,803	94,548	117,414	92,779	84,244
	Value (*$1,000*)				
Trade sales	***	***	***	***	***
Company transfers	***	***	***	***	***
Total sales	249,649	185,590	203,024	167,916	127,507
Cost of goods sold	193,404	171,006	194,643	157,396	127,853
Gross profit or (loss)	56,245	14,584	8,381	10,520	(346)
SG&A expenses	8,881	7,960	9,522	7,500	6,427
Operating income or (loss)	47,364	6,624	(1,141)	3,020	(6,773)
Interest expense	3,196	2,441	3,440	2,347	2,890
Other expense	1,009	263	531	171	160
Other income items	280	433	496	135	75
Net income or (loss)	43,439	4,353	(4,616)	637	(9,748)
Depreciation/amortization	7,105	7,571	8,340	6,426	6,435
Cash flow	50,544	11,924	3,724	7,063	(3,313)
	Ratio to net sales (*percent*)				
Cost of goods sold	77.5	92.1	95.9	93.7	100.3
Gross profit or (loss)	22.5	7.9	4.1	6.3	(0.3)
SG&A expenses	3.6	4.3	4.7	4.5	5.0
Operating income or (loss)	19.0	3.6	(0.6)	1.8	(5.3)
Net income or (loss)	17.4	2.3	(2.3)	0.4	(7.6)
	Number of firms reporting				
Operating losses	1	3	4	4	4
Data	6	6	6	6	6

Source: Compiled from data submitted in response to Commission questionnaires.

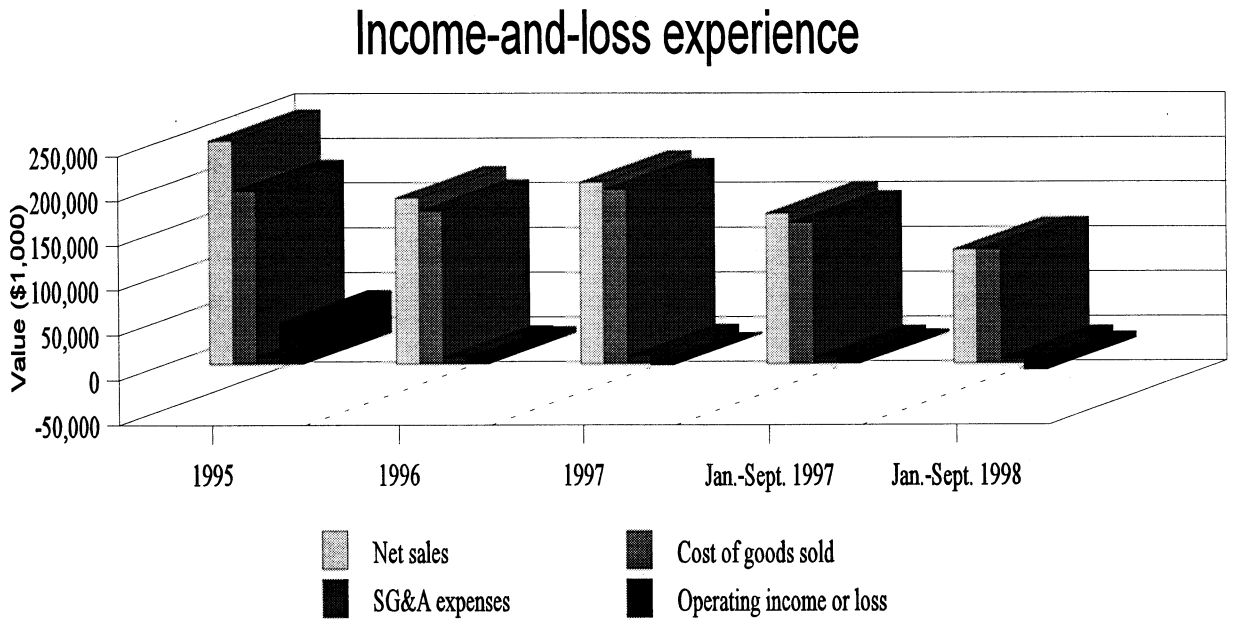
VI-2

Table VI-2
Results of operations (per short ton) of U.S. producers in the production of certain stainless steel plate, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998

Item	Fiscal year			Jan.-Sept.	
	1995	1996	1997	1997	1998
Net sales	$2,382	$1,963	$1,729	$1,810	$1,514
Cost of goods sold	1,845	1,809	1,658	1,696	1,518
Gross profit or (loss)	537	154	71	113	(4)
SG&A expenses	85	84	81	81	76
Operating income or (loss)	452	70	(10)	33	(80)

Source: Compiled from data submitted in response to Commission questionnaires.

Figure VI-1
Certain stainless steel plate: U.S. producers' net sales, cost of goods sold, SG&A expenses, and operating income or loss, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998



Source: Table VI-1.

VI-3

Table VI-3
Results of operations of U.S. producers, by firms, in the production of certain stainless steel plate, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998

* * * * * * *

All responding firms provided data on raw materials, direct labor, and other factory costs. These data on a per-short-ton basis are shown in the following tabulation:

Value *(per short ton)*

Item	1995	1996	1997	Jan.-Sept. 1997	Jan.-Sept. 1998
Raw materials	$1,259	$1,364	$1,213	$1,253	$1,108
Direct labor	104	90	100	99	105
Other factory costs	482	355	345	345	304

Detailed raw materials data are shown in table VI-4. Four firms provided the quantity and value of purchases of raw material components, while two firms, ***, supplied the estimated value per pound of such raw materials used in the production of HRAP stainless steel plate. The per-pound value of nickel for all reporting firms except *** trended down from 1995 to 1996 and further declined for all firms in 1997 and January-September 1998. The per-pound value of chromium showed a downward trend for all reporting firms during the period of investigation except for *** in 1997. The per-pound value of molybdenum decreased from 1995 to 1996 except for ***, increased in 1997, and then declined in January-September 1998. Raw materials for *** are black bands; therefore, their average cost of raw materials is higher than that for the other producers. ***. Average cost of total raw materials per pound is lower in 1995 than in 1996. Each producer reported declining total raw material costs per pound during 1995-97, which further dropped in January-September 1998.

The variance analysis for the six U.S. producers of certain stainless steel plate is presented in table VI-5. The information for this variance analysis is derived from table VI-1. Export sales were minor and averaged less than 2.5 percent of total shipments in short tons during the period of investigation. There were small quantities of company transfers. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is more effective when the product involved is a homogeneous product with no variation in product mix. The analysis shows that the decrease in operating income from 1995 to 1997 is attributable to the much higher unfavorable price variance compared to favorable net cost/expense variance and net volume variance; the decline in operating income from January-September 1997 to January-September 1998 is attributable to the much higher unfavorable price variance and small net volume variance compared to favorable net cost/expense variance.

Table VI-4
Raw materials of U.S. producers used in the production of HRAP stainless steel plate, by types and by firms, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998

* * * * * * *

Table VI-5
Variance analysis for certain stainless steel plate operations, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998

Item	Fiscal year			Jan.-Sept.
	1995-97	1995-96	1996-97	1997-98
	Value (*$1,000*)			
Trade sales:				
Price variance	***	***	***	***
Volume variance	***	***	***	***
Trade sales variance	***	***	***	***
Company transfers:				
Price variance	***	***	***	***
Volume variance	***	***	***	***
Transfer variance	***	***	***	***
Total net sales:				
Price variance	(76,665)	(39,631)	(27,450)	(24,962)
Volume variance	30,040	(24,428)	44,884	(15,447)
Total net sales variance	(46,625)	(64,059)	17,434	(40,409)
Cost of sales:				
Cost variance	22,033	3,473	17,720	15,064
Volume variance	(23,272)	18,925	(41,357)	14,479
Total cost variance	(1,239)	22,398	(23,637)	29,543
Gross profit variance	(47,864)	(41,661)	(6,203)	(10,866)
SG&A expenses:				
Expense variance	428	52	363	383
Volume variance	(1,069)	869	(1,925)	690
Total SG&A variance	(641)	921	(1,562)	1,073
Operating income variance	(48,505)	(40,740)	(7,765)	(9,793)
Summarized as:				
Price variance	(76,665)	(39,631)	(27,450)	(24,962)
Net cost/expense variance	22,461	3,525	18,083	15,447
Net volume variance	5,699	(4,635)	1,602	(278)

Note: Unfavorable variances are shown in parentheses; all others are favorable.
Source: Compiled from data submitted in response to Commission questionnaires.

VI-5

INVESTMENT IN PRODUCTIVE FACILITIES, CAPITAL EXPENDITURES, AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment on all products of their overall establishment within which certain stainless steel plates are produced as well as on their certain stainless steel plate operations are shown in table VI-6. ***. Capital expenditures for both overall establishment and for certain stainless steel plate showed a declining trend during the period of investigation. R&D expenses were incurred by two firms–***.

Table VI-6
Value of assets, capital expenditures, and research and development expenses of U.S. producers of certain stainless steel plate, fiscal years 1995-97, Jan.-Sept. 1997, and Jan.-Sept. 1998

Item	Fiscal year			Jan.-Sept.	
	1995	1996	1997	1997	1998
	Value (*$1,000*)				
Capital expenditures:					
Overall establishment	254,734	205,640	176,759	146,945	51,917
Stainless steel plate	18,561	11,652	6,337	4,815	974
R&D expenses:					
Overall establishment	***	***	***	***	***
Stainless steel plate	***	***	***	***	***
Fixed assets:					
Overall establishment:					
Original cost	2,013,639	2,163,714	2,474,532	2,232,675	2,487,537
Book value	1,215,246	1,241,528	1,455,615	1,250,059	1,408,678
Stainless steel plate					
Original cost	92,172	96,517	116,759	100,738	109,665
Book value	61,049	59,593	77,514	63,013	68,278

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of certain stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, or Taiwan on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix F.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(I)). Information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in appendix F. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

Key data pertaining to the operations of foreign producers of certain stainless steel plate within the six countries that are the subject of these investigations are shown in figure VII-1. As shown in the figure, all of the economic indicators presented pointed upward from 1995 to 1997, most of which nearly doubled over the period. Based on foreign producers' projections, nearly all of the indicators were expected to fall from 1997 to 1998 and are projected to decline further in 1999. A discussion of the industries in Belgium, Canada, Italy, Korea, South Africa, and Taiwan is presented below.

THE INDUSTRY IN BELGIUM

ALZ, N.V. (ALZ) asserts that it accounts for 100 percent of the production in Belgium of the merchandise that is the subject of these investigations. It is ALZ's belief that, because it is the only producer in Belgium with annealing and pickling capabilities, any exports of the subject merchandise to the United States in excess of its own exports are in actuality nonsubject merchandise (such as black plate) produced and exported by Fabrique de Fer Charleroi S.A., another Belgium producer.[1] Because it lacks annealing and pickling capability, Fabrique de Fer Charleroi is believed to produce and export to the United States semi-finished black plate only. This product is imported into the United States under the same tariff classification as subject certain stainless steel plate.[2]

ALZ began in 1961 as a joint venture with Allegheny Ludlum. Its plant in Belgium employs 1,400 people and produces about 550,000 tons of stainless steel from hot melt per year. The plant produces slab as well as hot- and cold-rolled stainless steel plate and sheet in coils. Hot- and cold-rolled stainless steel plate in coils represented about *** percent of ALZ's total establishment sales in its most recent fiscal year. ALZ is capable of producing 78-inch wide plate in coils and can cold-roll plate with a 30-percent reduction as thick as 5/16 inch.[3] Asked in the Commission's questionnaire whether it had any plans to add to, expand, curtail, or shut down production capacity of certain stainless steel plate, the firm responded that ***. Based also on its questionnaire response, ALZ ***.

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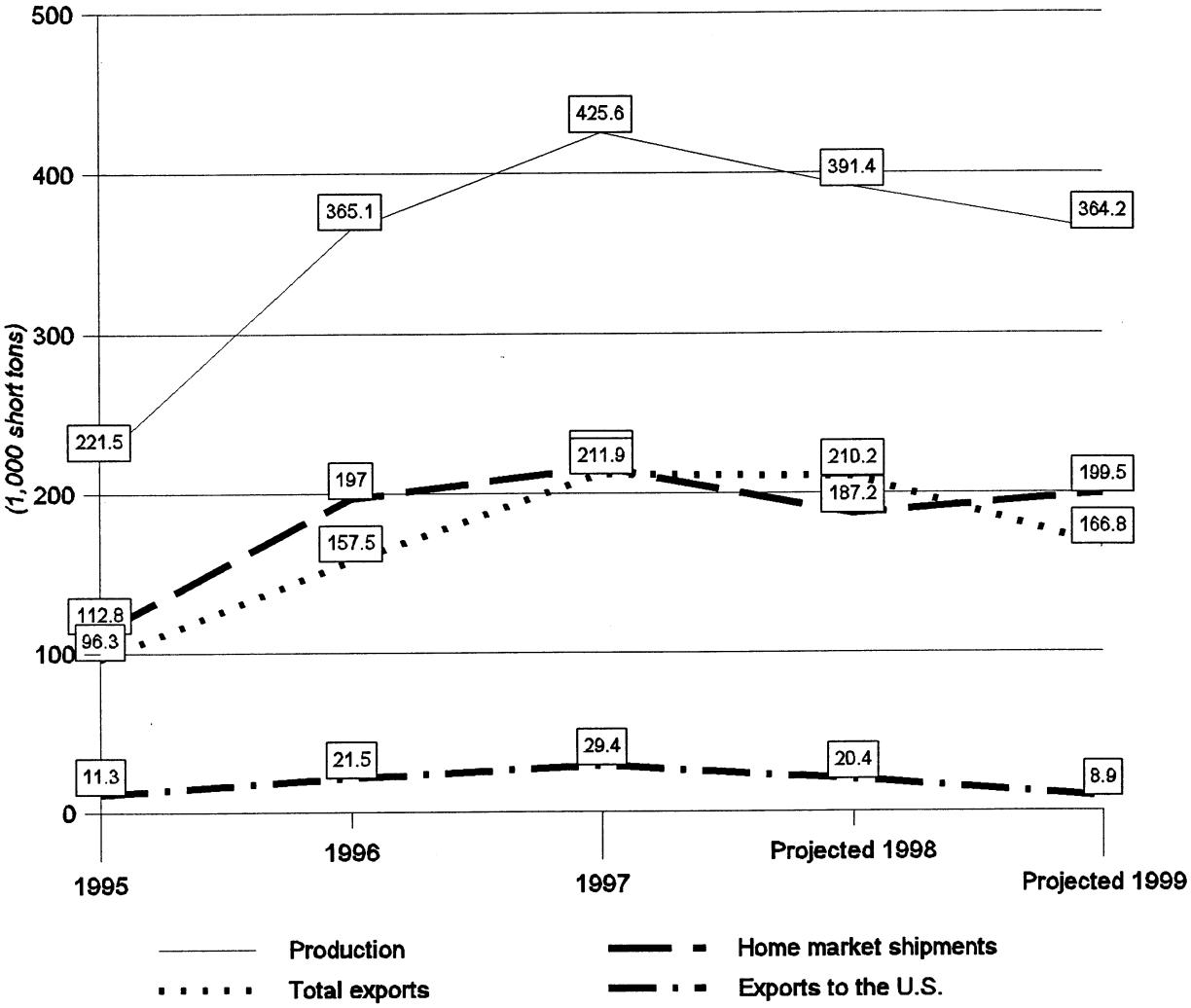
[1] Fabrique de Fer Charleroi is owned by the French firm Usinor, the same firm that also owns the U.S. producer, J&L Specialty.

[2] See ALZ's response to the Commission's foreign producer questionnaire at clarification to notes 3 and 4. See also, postconference brief on behalf of ALZ, N.V., at pages 4 through 6. ALZ estimates that Fabrique de Fer Charleroi's exports to the United States in 1997 totaled *** tons, representing nearly *** percent of total exports of stainless steel plate from Belgium.

[3] Transcript of the preliminary conference, pp. 123-124, and Belgian postconference brief, p. 4.

Figure VII-1
Certain stainless steel plate: Aggregate production, home market shipments, exports to the United States, and total exports as reported by producers in Belgium, Canada, Italy, Korea, South Africa, and Taiwan, 1995-97, projected 1998, and projected 1999



Source: Compiled from data submitted in response to Commission questionnaires.

VII-2

Data provided by ALZ on its certain stainless steel plate operations in Belgium are presented in tables VII-1 through VII-3. ALZ's production of certain stainless steel plate, the bulk of which consists of HRAP coiled plate, fluctuated significantly between 1995 and 1997, increasing by nearly *** percent between 1995 and 1996 and falling by *** percent from 1996 to 1997 (table VII-1). However, ALZ projected 1998 production to increase by about *** percent over 1997 and foresees a continuing improvement in 1999 over 1998. The volume of ALZ's total shipments of certain stainless steel plate rose and fell similarly between 1995 and 1997, increasing by *** percent between 1995 and 1996 and falling by *** percent from 1996 to 1997. Home market sales accounted for only *** percent of ALZ's total shipments between 1995 and 1997, making export markets its target. Exports to the United States accounted for *** percent of its total exports between 1995 and 1997. The bulk of its exports, however, were directed to such other markets as ***. ALZ's production of cold-rolled stainless steel plate in coils (table VII-3) increased from *** percent of certain stainless steel plate production in 1995 to *** percent in 1996 and *** percent in 1997. Exports to its principal market, the United States, accounted for *** percent of total cold-rolled shipments in 1997 and *** percent in interim 1998.

Table VII-1
Certain stainless steel plate: ALZ's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

Table VII-2
HRAP stainless steel plate: ALZ's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

Table VII-3
Cold-rolled stainless steel plate: ALZ's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

THE INDUSTRY IN CANADA

Atlas Stainless Steels, a division of Atlas Steels, Inc., is the sole Canadian producer of certain stainless steel plate.[4] Atlas was formed in 1962 as a specialty steel producer of niche products. It has a fully integrated mill dedicated to the production of stainless steel sheet, strip, and plate in widths up to 48

[4] Prior to Mar. 31, 1998, Atlas Stainless Steels was a wholly owned subsidiary of Sammi Atlas, Inc., itself a subsidiary of the Korean steel producer, Sammi Steel.

inches, in both coil and cut-to-length forms. Atlas also produces some cold-rolled plate.[5] Certain stainless steel plate made up *** percent of Atlas' total establishment sales in its most recent fiscal year, while cold-rolled stainless steel sheet and strip represented *** percent of such sales in the same period.[6]

Data supplied by Atlas on its certain stainless steel plate operations in Canada are shown in tables VII-4-VII-6. During the period for which the Commission requested information, Atlas operated at *** percent of capacity for both its HRAP stainless steel plate (table VII-5) and its cold-rolled stainless steel plate operations (table VII-6). Although production increased by about *** percent in 1997 after declining by *** percent between 1995 and 1996, Atlas projected its full-year 1998 production volume at below its 1997 production level and projects only a slight increase for 1999. The majority of Atlas' shipments of certain stainless steel plate in all periods remained in the Canadian market. Exports were confined to the United States. Even so, Atlas projects that its exports to the U.S. market will decrease significantly in 1999, when Atlas projects that such exports will represent just *** percent of its total shipments of certain stainless steel plate.

Table VII-4
Certain stainless steel plate: Atlas Stainless Steels' production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

Table VII-5
HRAP stainless steel plate: Atlas Stainless Steels' production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

Table VII-6
Cold-rolled stainless steel plate: Atlas Stainless Steels' production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

THE INDUSTRY IN ITALY

The only known producer of certain stainless steel plate in Italy is the firm Acciai Speciali Terni SpA (AST). AST produces a range of stainless steel flat products, including sheet and strip. Certain stainless steel plate accounted for just under *** percent of its total gross sales in 1997. Stainless steel cold-rolled products represented *** percent of the firm's total net sales in the year. AST is capable of hot

[5] Atlas' postconference brief, exh. 4.

[6] During the period for which the Commission requested information, Atlas was forced to rebuild capacity due to an accident in the melt shop. As the "destocking" in the marketplace reduced demand for plate, Atlas shifted production away from plate to cold-rolled sheet.

rolling stainless steel plate up to 1/4 inch thick and 60 inches wide.[7] Data provided by AST on its certain stainless steel plate operations in Italy are presented in tables VII-7-VII-9. AST attributes the *** of its certain stainless steel plate and HRAP stainless steel plate capacity from *** to *** (tables VII-7 and VII-8) to ***. AST also used as the basis for reporting its capacity that portion of its total capacity actually used to produce the subject product. Capacity, therefore, for a given product is no less a function of product mix than a revamping or modification of a production line.[8] Thus, the evidence indicates parallel trends of AST's production of HRAP stainless steel plate (table VII-8) and cold-rolled stainless steel plate (table VII-9) with its reported increases in capacity for the two products. While AST projected no change in its production volume in 1998 as compared with its production in 1997, it does anticipate somewhat lower production of certain stainless steel plate in 1999. AST maintains no inventories of the subject merchandise either in Italy or the United States.

Table VII-7
Certain stainless steel plate: Acciai Speciali Terni's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

Table VII-8
HRAP stainless steel plate: Acciai Speciali Terni's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

Table VII-9
Cold-rolled stainless steel plate: Acciai Speciali Terni's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

In terms of shipments of certain stainless steel plate, between *** percent and *** percent of AST's production was consumed in its home market between 1995 and 1997. In addition to the United States, other key export markets include ***. A portion of its exports to the United States during the period for which it supplied data were re-exported to Canada. AST did not export cold-rolled plate to the United States during the period of investigation. AST projects a significant increase in its home market shipments in 1999, while also projecting zero exports to the U.S. market in the same period.

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[7] Conference transcript., p. 136.

[8] AST officials deny petitioners' claim that AST has plans to convert large scale carbon steel melting facilities to melt stainless steel, thereby greatly increasing capacity in the future. (See Petition, p. 218, and conference transcript, pp. 38 and 136.)

VII-5

THE INDUSTRY IN KOREA

There are two producers of stainless steel flat-rolled products in Korea, Pohang Iron & Steel Co., Ltd. (POSCO) and Sammi Special Steel (Sammi).[9] POSCO is Korea's largest and the world's second largest producer of steel. Its annual steelmaking capacity totals approximately 24 million tons, and it employs just under 20,000 people. POSCO is the only Korean producer of hot-rolled stainless steel products, which it began production of in 1989 along with hot-rolled stainless steel coils and wire rod.[10] In 1990, it began producing cold-rolled coils and cut-to-length plate. POSCO has two annealing and pickling lines that have a combined capacity of *** metric tons, or *** short tons.[11] The first of these two lines started up in 1989 and the second went into production in 1996. POSCO is capable of producing hot-rolled coils in thicknesses above and below 4.75 mm and is capable of hot-rolling plate up to 60 inches in width. The firm's cold-rolled production line produces coils only up to 3.0 mm in thickness (i.e., sheet and strip). Sammi produces only cold-rolled products, which are not exported to the United States.[12]

Data supplied by POSCO on its certain stainless steel plate operations in Korea are shown in table VII-10. Because POSCO reported its capacity on the basis of its combined capability to produce annealed and pickled as well as non-annealed and pickled merchandise, and because its reported production included coiled plate over and under 4.75 mm in thickness, these data are not presented.[13] POSCO's shipments of certain stainless steel plate have been, to a significant degree, home market oriented. As a share of total shipments, such home market shipments stood at *** percent in 1995, *** percent in 1996, and *** percent in 1997. For 1999, POSCO projects that its home market shipments of certain stainless steel plate will increase to *** percent of its total shipments of such merchandise. While total exports as a share of total shipments increased significantly between 1995 and 1997, exports to the United States as a share of total shipments remained somewhat static at between *** and *** percent over the same period. Such exports are projected to decrease to about *** percent in 1999, based on what POSCO foresees as declining price levels in the United States and increased demand at home and in other Asian markets due to a stronger home market economy.[14]

Table VII-10
Certain (HRAP only) stainless steel plate: POSCO's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

[9] In a press release dated Sep. 26, 1997, POSCO announced that it had agreed with three other Korean companies to form a consortium for the purpose of acquiring Sammi Steel Co. POSCO reportedly will hold less than a 20-percent share in the venture.

[10] Postconference brief submitted on behalf of POSCO, app. 1.

[11] Ibid.

[12] Ibid., see also conference transcript., pp. 136-137.

[13] POSCO's combined annealed and pickled and non-annealed and pickled capacity was reported as *** short tons in 1995, *** short tons in 1996, *** short tons in 1997, and a projected *** short tons in 1998 and 1999. Reported production of coiled plate measuring 4.75 mm and over in thickness and coiled plate measuring under 4.75 mm in thickness totaled *** short tons in 1995, *** short tons in 1996, *** short tons in 1997, a projected *** short tons in 1998, and a projected *** short tons in 1999.

[14] POSCO's response to the Commission's supplemental questionnaire.

VII-6

THE INDUSTRY IN SOUTH AFRICA

The only known producer of certain stainless steel plate in South Africa is Columbus Stainless (Columbus), a division of Columbus Joint Venture. Located in Middelburg, South Africa, Columbus' origins date back to 1964 when it started up as the Southern Cross Steel Co. Pty. Ltd. Starting out with approximately 20,000 tons annual capacity, capacity was expanded to about 100,000 tons in the late 1970s and again in 1992-93 to its current level of 360,000 tons for all stainless products. By the year 2000, the firm expects that its capacity will have increased to between 450,000 and 500,000 tons.[15] Columbus produces numerous stainless steel products, including stainless steel slabs and hot- and cold-rolled coiled sheet and plate. According to information supplied in its response to the Commission's foreign producer questionnaire, Columbus estimates that certain stainless steel plate represented *** percent of its overall establishment sales in 1997, based on tonnage.[16] Again, based on information provided, the firm ***. Additionally, none of its exports of the subject merchandise are subject to antidumping findings or remedies in any World Trade Organization member country.

Data on Columbus' certain stainless steel plate operations are presented in table VII-11. As shown in the table, the firm's production capacity and production *** between 1995 and 1996 and increased further between 1996 and 1997. Columbus' production of certain stainless steel plate is export driven, as shipments within the South African market did not exceed *** percent in any period. As a share of total shipments, exports to the United States increased from *** percent in 1995 to *** percent in 1996 and fell back to *** percent in 1997. Columbus projects that its exports to the United States will fall to *** in 1999. Other 1999 projections show stable capacity, lower production, increased home market shipments, and slightly higher exports to countries other than the United States, primarily countries in Europe and Asia. Over the period for which information was requested, Columbus' end-of-period inventories were relatively insignificant, fluctuating between *** percent and *** percent of production between 1995 and 1997 and projected to decrease to only *** percent of production in 1999.

Table VII-11
Certain stainless steel plate: Columbus Stainless's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

THE INDUSTRY IN TAIWAN

The petition named several firms, Yieh United Steel Corp. (Yieh); Tung Mung Development Co., Ltd. (Tung Mung); Tang Eng Iron Works, Co., Ltd. (Tang Eng); Chang Mien Industries Co., Ltd. (Chang Mien); Chia Far Industrial Factory Co. (Chia); China Steel Corp.; and Chien Shing Stainless Steel (Chien Shing), as producers of the subject product in Taiwan.[17] Questionnaire responses were provided by China Steel, Tang Eng, Tung Mung, and Yieh. In a letter to the Commission dated December 16, 1998, Chia stated that it had no individual operations in connection with the subject merchandise. Similarly, in its

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[15] Conference transcript, p. 133.

[16] Sales of all products in 1997 totaled *** metric tons.

[17] China Steel, Tang Eng, and Chang Mien did not export the subject product to the United States during 1995-97; letters to Olympia Hand, Apr. 24-28, 1997. Chia Far produces only cold-rolled products; letter to Lynn Featherstone, Apr. 28, 1998.

VII-7

response to the Commission's questionnaire, China Steel also stated that it has no production lines which it uses to produce either hot-rolled or cold-rolled stainless steel plate in coils. Tung Mung's questionnaire response shows that it had minimal (*** tons) production of the subject merchandise in 1996 and zero production in subsequent periods. The firm reported that *** percent of its sales in its most recent fiscal year were sales of ***. As for Tang Eng, its response to the Commission's questionnaire reveals that certain stainless steel plate made up only *** percent of its total establishment sales in its most recent fiscal year, whereas cold-rolled stainless steel in thicknesses of 3.0 mm or less (i.e., sheet and strip) represented *** percent of such sales.

Yieh is the one producer in Taiwan whose production and exports of the subject merchandise are believed to comprise the bulk of the Taiwan industry. Formed in 1988, Yieh's annual raw steel capacity totals approximately 800,000 metric tons; its stainless steel plate operations had their start up in 1995. From an initial HRAP stainless steel plate capacity of *** tons in 1995, capacity quickly jumped to *** short tons in 1996 and remains at that level currently. Yieh reported no production of cold-rolled stainless steel plate in coils during the period for which information was requested. In addition to certain stainless steel plate, Yieh also produces stainless steel slabs, billets, and hot- and cold-rolled sheet in coils. According to its questionnaire response, certain stainless steel plate accounted for *** percent of its total establishment sales in its most recent fiscal year.

Aggregate data supplied by Tang Eng, Tung Mong, and Yieh on their certain stainless steel operations in Taiwan are shown in table VII-12. As shown in the table, the combined average capacity utilization for the three firms for which data are presented went from better than *** percent in 1995 to *** percent in 1996 and *** percent in 1997. The low operating rates for 1996-97 were due almost entirely to the rapid addition to capacity between 1995 and 1996 by Yieh, following its initial startup of stainless steel plate operations. While aggregate production increased significantly between 1995 and 1997, production continued to be far below available capacity. Exports rose from *** percent of total shipments in 1995 to *** percent of such shipments in 1997. Exports to the United States were small relative to total shipments, increasing from less than *** percent of total shipments in 1995 to *** percent in 1997. The quantity of inventories held by Taiwan producers increased significantly from yearend 1995 to yearend 1997; however, as a share of production, such yearend inventories fell from *** percent of production in 1995 to *** percent in 1996 and 1997.

Table VII-12
Certain (HRAP only) stainless steel plate: Taiwan's production capacity, production, shipments, and inventory data, 1995-97, interim 1997, interim 1998, and projected data for 1998 and 1999

* * * * * * *

In terms of the extent of their certain stainless steel plate operations in 1999 as compared with 1998, Yieh, the largest of the three firms, expects to see no change in either its capacity or production between the periods and about a *** percent decrease in total exports as well as total shipments. Exports to the United States are projected to decline by *** percent, while exports to all other markets are expected to increase by *** percent.

VII-8

U.S. INVENTORIES OF PRODUCT FROM BELGIUM, CANADA, ITALY, KOREA, SOUTH AFRICA, AND TAIWAN

As shown in table VII-13, U.S. importers' reported inventories of certain stainless steel plate imported from the six subject countries rose significantly between 1995 and 1997 and from interim 1997 to interim 1998. The subject products from Belgium, Italy, and Taiwan accounted for the bulk of the accumulated inventories. U.S. inventories of the product produced in Taiwan were especially high in all periods relative to U.S. imports and the shipments of such imports from that country. HRAP stainless steel plate accounted for about *** percent of U.S. importers' inventories. Only U.S. importers of the product produced in Belgium reported inventories of cold-rolled stainless steel plate. Such inventories accounted for *** percent of U.S. importers' total certain stainless steel plate inventories in 1997 and *** of the total in interim 1998.

VII-9

Table VII-13
Certain stainless steel plate: U.S. importers' end-of-period inventories, by sources, 1995-97, interim 1997, and interim 1998

Item	1995	1996	1997	Interim--	
				1997	1998
Inventories (*short tons*):					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Total	659	2,413	6,388	5,620	12,285
Ratio to imports (*percent*):					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Average	6.2	12.6	31.9	35.4	50.0
Ratio to U.S. shipments of imports (*percent*):					
Belgium	***	***	***	***	***
Canada	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
South Africa	***	***	***	***	***
Taiwan	***	***	***	***	***
Average	4.7	10.3	26.8	29.1	51.7

Source: Compiled from data submitted in response to Commission questionnaires.

VII-10

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–376–379 (Final) and 731–TA–788–793 (Final)]

Certain Stainless Steel Plate From Belgium, Canada, Italy, The Republic of Korea, South Africa, and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigations Nos. 701–TA–376, 377, and 379 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigations Nos. 731–TA–788–793 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized imports from Belgium, Italy, and South Africa and by reason of less-than-fair-value imports from Belgium, Canada, Italy, the Republic of Korea (Korea), South Africa, and Taiwan of certain stainless steel plate in coils, provided for in subheadings 7219.11.00, 7219.12.00, 7219.31.00, 7219.90.00, 7220.11.00, 7220.20.10, 7220.20.60, and 7220.90.00 of the Harmonized Tariff Schedule of the United States.[1] Section 207.21(b) of

[1] For purposes of these investigations, Commerce has defined the subject merchandise as certain stainless steel plate in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject plate products are flat-rolled products, 254 mm or over in width and 4.75 mm or more in thickness, in coils, and annealed or otherwise heat treated and pickled or otherwise descaled. The subject plate may also be further processed (e.g., cold-rolled, polished, etc.), provided that it maintains the specified dimensions of plate following such

the Commission's rules provides that, where the Department of Commerce has issued a negative preliminary determination, the Commission will not publish a notice of scheduling of the final phase of its investigation unless and until it receives an affirmative final determination from Commerce. Although the Department of Commerce has preliminarily determined that countervailable subsidies are not being provided to producers and exporters of certain stainless steel plate in coils from Korea, for purposes of efficiency the Commission hereby waives rule 207.21(b) and gives notice of the scheduling of the final phase of countervailing duty investigation No. 701–TA–378 (Final) under section 705(b) of the Act. The Commission is taking this action so that the final phases of the countervailing duty and antidumping investigations may proceed concurrently in the event that Commerce makes an affirmative final countervailing duty determination with respect to Korea. If Commerce makes a final negative countervailing duty determination with respect to Korea, the Commission will terminate its countervailing duty investigation under section 705(c)(2) of the Act (19 U.S.C. 1671d(c)(2)), and section 207.21(d) of the Commission's rules.

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: November 4, 1998.

FOR FURTHER INFORMATION CONTACT: Woodley Timberlake (202–205–3188), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in Belgium, Italy, and South Africa of certain stainless steel plate in coils, and that such imports from Belgium, Canada, Italy, Korea, South Africa, and Taiwan are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The final phase of the countervailing duty investigation with respect to Korea is being scheduled, under waiver of section 207.21(b), discussed above, for purposes of efficiency. The investigations were requested in petitions filed on March 31, 1998, by Armco, Inc., Pittsburgh, PA; J&L Specialty Steel, Inc., Pittsburgh, PA; Lukens, Inc., Coatesville, PA; North American Stainless, Ghent, KY; and the United Steelworkers of America, AFL–CIO/CLC.

Participation in the Investigations and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on March 9, 1999, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on March 23, 1999, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before March 16, 1999. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on March 18, 1999, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is March 16, 1999. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is March 29, 1999; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the

processing. Excluded from the scope of these investigations are the following: (1) plate not in coils, (2) plate that is not annealed or otherwise heat treated and pickled or otherwise descaled, (3) sheet and strip, and (4) flat bars.

investigations on or before March 29, 1999. On April 16, 1999, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before April 20, 1999, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: December 1, 1998.

Donna R. Koehnke,

Secretary.

[FR Doc. 98–32678 Filed 12–8–98; 8:45 am]

BILLING CODE 7020–02–P

APPENDIX B

CALENDAR OF THE PUBLIC HEARING

B-1

Those listed below appeared as witnesses at the United States International Trade Commission's hearing held in connection with the following investigations:[1]

SUBJECT	:	Certain Stainless Steel Plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan
INVS. NOS.	:	701-TA-376-379 (Final) and 731-TA-788-793 (Final)
DATE AND TIME	:	March 23, 1999 - 9:30 A.M.

Sessions were held in connection with the investigations in the Main hearing room of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE IMPOSITION OF COUNTERVAILING/ ANTIDUMPING DUTIES:

Collier, Shannon, Rill & Scott
Washington, DC
on behalf of

Allegheny Ludlum Corp., Armco, Inc., J&L Specialty Steel, Inc., North American Stainless, Bethlehem Steel Washington Steel Division (formerly Washington Steel), and the United Steelworkers of America, AFL-CIO/CLC

Jack W. Shilling, president, Allegheny Ludlum Corp.
Robert W. Rutherford, senior vice president, commercial, Allegheny Ludlum Corp.
Leonard Arnold, sales manager, North American Stainless
Matthew Guza, operations accounting manager, Washington Steel Division, Bethlehem Steel
David Pudelsky, vice president, commercial, J&L Specialty Steel, Inc.
Thomas Antal, staff representative, District 10, United Steel Workers of America, AFL-CIO/CLC

Patrick J. Magrath, economic consultant, Georgetown Economic Services, LLC
Gina E. Beck, economic consultant, Georgetown Economic Services, LLC

David A. Hartquist)
Paul C. Rosenthal)
Kathleen W. Cannon) OF COUNSEL
R. Alan Luberda)
John M. Herrmann)
Grace W. Kim)

[1]No respondents in these investigations appeared at the hearing as witnesses.

B-3

APPENDIX C

SUMMARY DATA

C-1

Table C-1
Certain stainless steel plate: Summary data concerning the U.S. market, 1995-97, January-September 1997, and January-September 1998

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			January-September		Period changes			Jan.-Sept.
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. consumption quantity:									
Amount	128,764	120,372	143,257	108,768	101,488	11.3	-6.5	19.0	-6.7
Producers' share (1)	80.4	74.4	80.2	82.5	79.7	-0.2	-6.0	5.8	-2.9
Importers' share (1):									
Belgium	***	***	***	***	***	0.3	2.2	-1.8	1.2
Canada	***	***	***	***	***	-0.1	-0.4	0.4	-0.6
Italy	***	***	***	***	***	2.6	3.2	-0.6	0.7
Korea	***	***	***	***	***	1.6	0.1	1.4	-1.8
South Africa	***	***	***	***	***	1.8	2.6	-0.8	2.5
Taiwan	***	***	***	***	***	2.8	0.7	2.1	0.2
Subtotal	8.7	17.1	17.7	15.5	17.7	9.0	8.4	0.7	2.2
Other sources	10.9	8.5	2.1	1.9	2.6	-8.9	-2.4	-6.5	0.6
Total imports	19.6	25.6	19.8	17.5	20.3	0.2	6.0	-5.8	2.9
U.S. consumption value:									
Amount	303,294	241,363	248,852	196,568	155,126	-18.0	-20.4	3.1	-21.1
Producers' share (1)	81.4	73.1	80.1	82.8	79.1	-1.3	-8.2	7.0	-3.7
Importers' share (1):									
Belgium	***	***	***	***	***	1.2	3.7	-2.6	0.6
Canada	***	***	***	***	***	-0.3	-0.6	0.3	-0.4
Italy	***	***	***	***	***	2.7	3.3	-0.5	1.2
Korea	***	***	***	***	***	1.4	0.4	1.1	-1.5
South Africa	***	***	***	***	***	1.9	2.4	-0.5	2.7
Taiwan	***	***	***	***	***	2.5	0.6	1.9	0.3
Subtotal	8.6	18.3	18.0	15.1	17.9	9.4	9.7	-0.3	2.8
Other sources	10.1	8.6	1.9	2.1	3.0	-8.1	-1.5	-6.7	0.9
Total imports	18.6	26.9	19.9	17.2	20.9	1.3	8.2	-7.0	3.7
U.S. shipments of imports:									
Belgium:									
Quantity	***	***	***	***	***	19.5	41.7	-15.7	22.8
Value	***	***	***	***	***	2.6	43.4	-28.4	-12.2
Unit value	***	***	***	***	***	-14.1	1.2	-15.1	-28.5
Ending inventory quantity	***	***	***	***	***	613.3	240.6	109.5	255.8
Canada:									
Quantity	***	***	***	***	***	8.1	-26.4	46.9	-33.0
Value	***	***	***	***	***	-29.1	-44.7	28.1	-40.4
Unit value	***	***	***	***	***	-34.4	-24.8	-12.8	-11.1
Ending inventory quantity	***	***	***	***	***	(2)	(2)	(2)	(2)
Italy:									
Quantity	***	***	***	***	***	428.1	420.0	1.6	23.5
Value	***	***	***	***	***	310.0	361.7	-11.2	23.0
Unit value	***	***	***	***	***	-22.4	-11.2	-12.6	-0.4
Ending inventory quantity	***	***	***	***	***	224.8	109.9	54.7	186.4
Korea:									
Quantity	***	***	***	***	***	130.7	0.4	129.8	-60.6
Value	***	***	***	***	***	109.1	9.8	90.4	-67.9
Unit value	***	***	***	***	***	-9.4	9.4	-17.2	-18.6
Ending inventory quantity	***	***	***	***	***	338.2	67.6	161.4	205.1
South Africa:									
Quantity	***	***	***	***	***	611.0	721.8	-13.5	177.2
Value	***	***	***	***	***	580.0	731.0	-18.2	177.9
Unit value	***	***	***	***	***	-4.4	1.1	-5.4	0.3
Ending inventory quantity	***	***	***	***	***	(2)	(2)	-100.0	(2)
Taiwan:									
Quantity	***	***	***	***	***	(2)	(2)	363.5	0.0
Value	***	***	***	***	***	(2)	(2)	323.6	-10.9
Unit value	***	***	***	***	***	(2)	(2)	-8.6	-10.9
Ending inventory quantity	***	***	***	***	***	4169.3	1035.2	276.1	55.3
Subtotal:									
Quantity	11,176	20,549	25,398	16,880	18,003	127.3	83.9	23.6	6.7
Value	25,970	44,161	44,717	29,590	27,710	72.2	70.0	1.3	-6.4
Unit value	$2,323.77	$2,149.05	$1,760.66	$1,752.95	$1,539.18	-24.2	-7.5	-18.1	-12.2
Ending inventory quantity	659	2,413	6,388	5,620	12,285	869.3	266.2	164.7	118.6
Other sources:									
Quantity	14,060	10,290	2,948	2,113	2,618	-79.0	-26.8	-71.4	23.9
Value	30,585	20,753	4,833	4,157	4,669	-84.2	-32.1	-76.7	12.3
Unit value	$2,175.32	$2,016.81	$1,639.42	$1,967.35	$1,783.42	-24.6	-7.3	-18.7	-9.3
Ending inventory quantity	509	115	23	23	0	-95.5	-77.4	-80.0	-100.0
All sources:									
Quantity	25,236	30,839	28,346	18,993	20,621	12.3	22.2	-8.1	8.6
Value	56,555	64,914	49,550	33,747	32,379	-12.4	14.8	-23.7	-4.1
Unit value	$2,241.06	$2,104.93	$1,748.05	$1,776.80	$1,570.19	-22.0	-6.1	-17.0	-11.6
Ending inventory quantity	1,168	2,528	6,411	5,643	12,285	448.9	116.4	153.6	117.7

Table continued on next page.

C-3

Table C-1--Continued
Certain stainless steel plate: Summary data concerning the U.S. market, 1995-97, January-September 1997, and January-September 1998

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-September					Jan.-Sept.
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. producers':									
Average capacity quantity	183,600	204,800	237,700	179,750	176,750	29.5	11.5	16.1	-1.7
Production quantity	107,922	91,879	129,434	100,219	81,180	19.9	-14.9	40.9	-19.0
Capacity utilization (1)	58.8	44.9	54.5	55.8	45.9	-4.3	-13.9	9.6	-9.8
U.S. shipments:									
Quantity	103,528	89,533	114,911	89,775	80,867	11.0	-13.5	28.3	-9.9
Value	246,739	176,449	199,302	162,821	122,747	-19.2	-28.5	13.0	-24.6
Unit value	$2,383.31	$1,970.77	$1,734.40	$1,813.66	$1,517.89	-27.2	-17.3	-12.0	-16.3
Export shipments:									
Quantity	***	***	***	***	***	183.8	40.3	102.3	12.7
Value	***	***	***	***	***	112.0	13.8	86.3	-6.2
Unit value	$2,268.50	$1,839.88	$1,694.36	$1,697.27	$1,412.51	-25.3	-18.9	-7.9	-16.8
Ending inventory quantity	25,813	30,082	38,411	35,042	32,716	48.8	16.5	27.7	-6.6
Inventories/total shipments (1)	***	***	***	***	***	7.8	8.3	-0.5	0.8
Production workers	218	198	236	238	225	8.3	-9.2	19.2	-5.5
Hours worked (1,000s)	450	406	490	370	359	8.9	-9.8	20.7	-3.0
Wages paid ($1,000s)	8,986	8,260	10,142	7,698	7,755	12.9	-8.1	22.8	0.7
Hourly wages	$19.97	$20.34	$20.70	$20.81	$21.60	3.7	1.9	1.7	3.8
Productivity (short tons per hour)	239.8	226.3	264.2	270.9	226.1	10.1	-5.6	16.7	-16.5
Unit labor costs	$83.26	$89.90	$78.36	$76.81	$95.53	-5.9	8.0	-12.8	24.4
Net sales:									
Quantity	104,803	94,548	117,414	92,779	84,244	12.0	-9.8	24.2	-9.2
Value	249,649	185,590	203,024	167,916	127,507	-18.7	-25.7	9.4	-24.1
Unit value	$2,382.08	$1,962.92	$1,729.13	$1,809.85	$1,513.54	-27.4	-17.6	-11.9	-16.4
Cost of goods sold (COGS)	193,404	171,006	194,643	157,396	127,853	0.6	-11.6	13.8	-18.8
Gross profit or (loss)	56,245	14,584	8,381	10,520	(346)	-85.1	-74.1	-42.5	-103.3
SG&A expenses	8,881	7,960	9,522	7,500	6,427	7.2	-10.4	19.6	-14.3
Operating income or (loss)	47,364	6,624	(1,141)	3,020	(6,773)	-102.4	-86.0	-117.2	-324.3
Capital expenditures	18,561	11,652	6,337	4,815	974	-65.9	-37.2	-45.6	-79.8
Unit COGS	$1,845.41	$1,808.67	$1,657.75	$1,696.46	$1,517.65	-10.2	-2.0	-8.3	-10.5
Unit SG&A expenses	$84.74	$84.19	$81.10	$80.84	$76.29	-4.3	-0.6	-3.7	-5.6
Unit operating income or (loss)	$451.93	$70.06	($9.72)	$32.55	($80.40)	-102.2	-84.5	-113.9	-347.0
COGS/sales (1)	77.5	92.1	95.9	93.7	100.3	18.4	14.7	3.7	6.5
Operating income or (loss)/ sales (1)	19.0	3.6	(0.6)	1.8	(5.3)	-19.5	-15.4	-4.1	-7.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

C-4

Table C-2
HRAP stainless steel plate: Summary data concerning the U.S. market, 1995-97, January-September 1997, and January-September 1998

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Table C-3
Cold-rolled stainless steel plate: Summary data concerning the U.S. market, 1995-97, January-September 1997, and January-September 1998

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C-5

APPENDIX D

PURCHASER COMPARISONS OF PRODUCT CHARACTERISTICS OF IMPORTS FROM BELGIUM, CANADA, ITALY, KOREA, SOUTH AFRICA, AND TAIWAN

D-1

Table D-1
Certain stainless steel plate: Purchaser comparisons of Belgian and Canadian product, by number of purchasers per category

Consideration	Belgian superior	Comparable	Belgian inferior
Availability	1	2	1
Delivery terms	1	3	0
Delivery time	0	1	3
Minimum quantity requirements	0	4	0
Packaging	0	4	0
Product consistency	2	2	0
Product quality	2	2	0
Product range	2	1	1
Reliability of supply	1	2	1
Technical support/service	2	1	1

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-2
Certain stainless steel plate: Purchaser comparisons of Belgian and Italian product, by number of purchasers per category

Consideration	Belgian superior	Comparable	Belgian inferior
Availability	1	2	0
Delivery terms	0	3	0
Delivery time	1	2	0
Minimum quantity requirements	0	3	0
Packaging	0	3	0
Product consistency	2	1	0
Product quality	2	1	0
Product range	2	1	0
Reliability of supply	2	1	0
Technical support/service	2	1	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-3

Table D-3
Certain stainless steel plate: Purchaser comparisons of Belgian and Korean product, by number of purchasers per category

Consideration	Belgian superior	Comparable	Belgian inferior
Availability	1	1	0
Delivery terms	0	2	0
Delivery time	1	1	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	1	1	0
Product quality	1	1	0
Product range	2	0	0
Reliability of supply	2	0	0
Technical support/service	2	0	0

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-4
Certain stainless steel plate: Purchaser comparisons of Belgian and South African product, by number of purchasers per category

Consideration	Belgian superior	Comparable	Belgian inferior
Availability	1	3	0
Delivery terms	0	4	0
Delivery time	2	2	0
Minimum quantity requirements	0	4	0
Packaging	0	4	0
Product consistency	3	1	0
Product quality	3	1	0
Product range	2	2	0
Reliability of supply	3	1	0
Technical support/service	1	3	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-4

Table D-5
Certain stainless steel plate: Purchaser comparisons of Belgian and Taiwan product, by number of purchasers per category

Consideration	Belgian superior	Comparable	Belgian inferior
Availability	1	1	1
Delivery terms	0	3	0
Delivery time	1	1	1
Minimum quantity requirements	0	3	0
Packaging	0	3	0
Product consistency	1	2	0
Product quality	1	2	0
Product range	2	1	0
Reliability of supply	2	1	0
Technical support/service	3	0	0

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-6
Certain stainless steel plate: Purchaser comparisons of Canadian and Italian product, by number of purchasers per category

Consideration	Canadian superior	Comparable	Canadian inferior
Availability	0	1	1
Delivery terms	0	1	1
Delivery time	1	1	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	2	0	0
Product quality	2	0	0
Product range	1	0	1
Reliability of supply	2	0	0
Technical support/service	2	0	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-5

Table D-7
Certain stainless steel plate: Purchaser comparisons of Canadian and Korean product, by number of purchasers per category

Consideration	Canadian superior	Comparable	Canadian inferior
Availability	0	1	1
Delivery terms	0	1	1
Delivery time	1	1	0
Minimum quantity requirements	0	1	1
Packaging	0	2	0
Product consistency	0	2	0
Product quality	0	2	0
Product range	0	2	0
Reliability of supply	0	1	1
Technical support/service	1	1	0

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-8
Certain stainless steel plate: Purchaser comparisons of Canadian and South African product, by number of purchasers per category

Consideration	Canadian superior	Comparable	Canadian inferior
Availability	0	2	0
Delivery terms	0	1	1
Delivery time	1	1	0
Minimum quantity requirements	0	1	1
Packaging	0	1	1
Product consistency	1	1	0
Product quality	1	1	0
Product range	0	2	0
Reliability of supply	1	1	0
Technical support/service	1	1	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-6

Table D-9
Certain stainless steel plate: Purchaser comparisons of Canadian and Taiwan product, by number of purchasers per category

Consideration	Canadian superior	Comparable	Canadian inferior
Availability	0	2	1
Delivery terms	0	2	1
Delivery time	1	2	0
Minimum quantity requirements	0	3	0
Packaging	0	3	0
Product consistency	1	2	0
Product quality	1	2	0
Product range	0	3	0
Reliability of supply	1	1	1
Technical support/service	3	0	0

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-10
Certain stainless steel plate: Purchaser comparisons of Italian and Korean product, by number of purchasers per category

Consideration	Italian superior	Comparable	Italian inferior
Availability	0	2	0
Delivery terms	0	2	0
Delivery time	0	2	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	0	0	2
Product quality	0	0	2
Product range	1	1	0
Reliability of supply	0	1	1
Technical support/service	1	1	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-7

Table D-11
Certain stainless steel plate: Purchaser comparisons of Italian and South African product, by number of purchasers per category

Consideration	Italian superior	Comparable	Italian inferior
Availability	0	3	0
Delivery terms	0	3	0
Delivery time	0	3	0
Minimum quantity requirements	0	3	0
Packaging	0	3	0
Product consistency	0	3	0
Product quality	0	3	0
Product range	0	3	0
Reliability of supply	0	3	0
Technical support/service	0	3	0

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-12
Certain stainless steel plate: Purchaser comparisons of Italian and Taiwan product, by number of purchasers per category

Consideration	Italian superior	Comparable	Italian inferior
Availability	0	2	0
Delivery terms	0	2	0
Delivery time	0	2	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	0	0	2
Product quality	0	0	2
Product range	1	1	0
Reliability of supply	0	1	1
Technical support/service	0	1	1

Source: Compiled from information submitted in response to Commission questionnaires.

D-8

Table D-13
Certain stainless steel plate: Purchaser comparisons of Korean and South African product, by number of purchasers per category

Consideration	Korean superior	Comparable	Korean inferior
Availability	0	2	0
Delivery terms	0	2	0
Delivery time	0	2	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	1	1	0
Product quality	1	1	0
Product range	0	1	1
Reliability of supply	0	1	1
Technical support/service	0	1	1

Source: Compiled from information submitted in response to Commission questionnaires.

Table D-14
Certain stainless steel plate: Purchaser comparisons of Korean and Taiwan product, by number of purchasers per category

Consideration	Korean superior	Comparable	Korean inferior
Availability	0	2	0
Delivery terms	0	2	0
Delivery time	0	2	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	0	2	0
Product quality	0	2	0
Product range	0	2	0
Reliability of supply	0	2	0
Technical support/service	0	2	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-9

Table D-15
Certain stainless steel plate: Purchaser comparisons of South African and Taiwan product, by number of purchasers per category

Consideration	South African superior	Comparable	South African inferior
Availability	0	2	0
Delivery terms	0	2	0
Delivery time	0	2	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Product consistency	0	1	1
Product quality	0	1	1
Product range	1	1	0
Reliability of supply	1	1	0
Technical support/service	0	2	0

Source: Compiled from information submitted in response to Commission questionnaires.

D-10

APPENDIX E

RESULTS OF THE COMPAS MODEL

E-1

Methodology

The COMPAS model is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion in part II of this report, the staff selects a range of estimates that represent price-supply, price-demand, and product substitution relationships (i.e., elasticities of supply, demand, and substitution) in the U.S. market for stainless steel plate. The model uses these estimates with data on market shares and Commerce's dumping and subsidy margins to analyze the likely effect on the U.S. like product industry of removing the subject imports from Belgium, Canada, Italy, Korea, South Africa, and Taiwan.

Findings

The model examines different scenarios of economic effects that correspond to various combinations of the ranges of elasticities discussed in part II of this report. In addition to the elasticities, inputs into the model include the 1997 domestic market share and 1997 subject import value shares for each of the six subject countries. Separate estimates were performed for an industry consisting only of HRAP stainless steel plate and an industry consisting only of cold-rolled stainless steel plate. For the HRAP industry analysis the domestic market share was *** percent and the import value shares were *** percent for Belgium, *** percent for Canada, *** percent for Italy, *** percent for Korea, *** percent for South Africa, and *** percent for Taiwan. For the cold-rolled industry analysis the domestic market share was *** percent and the import value shares were *** percent for Belgium and *** percent for Canada. There are no cold-rolled steel imports from the other subject countries. Because of the large average dumping margins that apply to the imports from Italy and South Africa, meaningful estimates were not possible under many of the scenarios, and it was necessary to apply a "but-for" analysis in place of the upper limit of the estimates.

Estimates of the effects of dumping are presented in tables E-1 through E-12. Dumping and subsidy estimates relating to Belgium for an industry consisting only of HRAP stainless steel are shown in tables E-1 and E-2 and similar estimates for Belgium for an industry consisting of cold-rolled stainless steel plate are shown in tables E-3 and E-4. Dumping estimates for Canada for separate industries consisting of HRAP and cold-rolled are shown in tables E-5 and E-6. Estimates for all of the other countries are for HRAP industries. Dumping and subsidy estimates for Italy are in tables E-7 and E-8, dumping estimates for Korea are in E-9, dumping and subsidy estimates for South Africa are in E-10 and E-11, and dumping estimates for Taiwan are in E-12. Because of the large dumping margin for Italy only the "but for" analysis is meaningful for the upper range of estimates of the effects of dumping. As shown in table E-7 the results indicate that in the absence of dumping the domestic price would have been *** percent to *** percent higher in 1997, domestic output would have been *** percent to *** percent higher, and domestic revenue would have been *** percent to *** percent higher. A similar "but-for" analysis was used in the case of South Africa to measure the upper limits of the effects of dumping because of its large dumping margin. The results indicate that in the absence of dumping the domestic price would have been *** percent to *** percent higher in 1997, domestic output would have been *** percent to *** percent higher, and domestic revenue would have been *** percent to *** percent higher.

E-3

Table E-1
HRAP stainless steel plate: Estimated effects of LTFV imports from Belgium

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Table E-2
HRAP stainless steel plate: Estimated effects of subsidized imports from Belgium

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Table E-3
Cold-rolled stainless steel plate: Estimated effects of LTFV imports from Belgium

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Table E-4
Cold-rolled stainless steel plate: Estimated effects of subsidized imports from Belgium

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Table E-5
HRAP stainless steel plate: Estimated effects of LTFV imports from Canada

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Table E-6
Cold-rolled stainless steel plate: Estimated effects of LTFV imports from Canada

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Table E-7
HRAP stainless steel plate: Estimated effects of LTFV imports from Italy

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Table E-8
HRAP stainless steel plate: Estimated effects of subsidized imports from Italy

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Table E-9
HRAP stainless steel plate: Estimated effects of LTFV imports from Korea

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Table E-10
HRAP stainless steel plate: Estimated effects of LTFV imports from South Africa

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Table E-11
HRAP stainless steel plate: Estimated effects of subsidized imports from South Africa

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Table E-12
HRAP stainless steel plate: Estimated effects of LTFV imports from Taiwan

* * * * * * *

E-4

APPENDIX F

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

F-1

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of certain stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, or Taiwan on their return on investment or their growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or their scale of capital investments undertaken as a result of such imports. Their responses are as follows:

* * * * * * *