Hot Rolled Steel Products From Argentina and South Africa

Investigation No. 701-TA-404 (Final) and
Investigations Nos. 731-TA-898 and 905 (Final)

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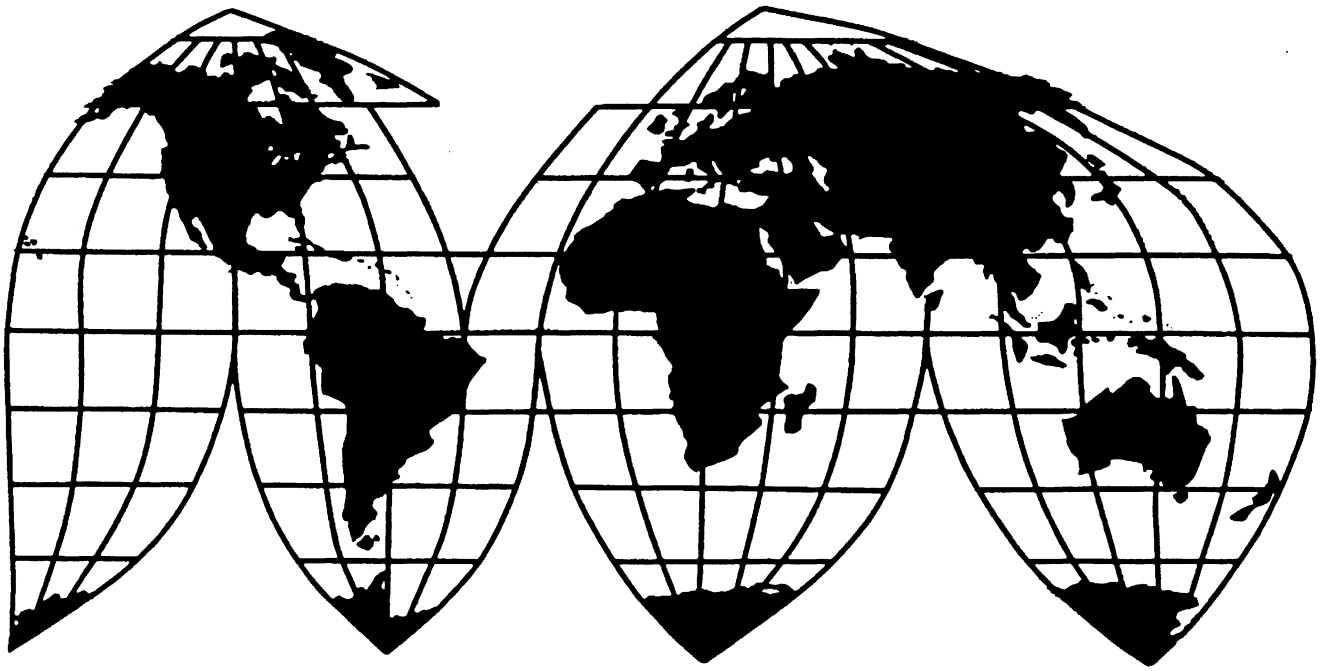

Washington, DC 20436

U.S. International Trade Commission

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GLOSSARY OF ABBREVIATIONS

Acindar	Acindar Industria Argentina de Aceros, S.A.
Acme	Acme Steel Co.
AD	Antidumping
AISI	American Iron and Steel Institute
AK	AK Steel Corp.
An Feng	An Feng Steel Co., Ltd.
Angang	Angang Group International Trade Corp.
Anshan	Anshan Iron & Steel (Group) Co.
Anyang	Anyang Iron and Steel Group
ASTM	American Society for Testing and Materials
Baosteel	Shanghai Baosteel Group Corp.
Benxi	Benxi Iron and Steel Group Co.
Beta	Beta Steel Corp.
Bethlehem	Bethlehem Steel Corp.
Cargill	Cargill Ferrous International Div. of Cargill, Inc.
China Steel	China Steel Corp.
C.i.f.	Cost, insurance, and freight
COGS	Cost of goods sold
Commerce	U.S. Department of Commerce
Commission/USITC	U.S. International Trade Commission
COMPAS	Commercial Policy Analysis System
Corus	Corus Staal B.V./Corus Steel USA, Inc.
CSI	California Steel Industries, Inc.
CTL plate	Cut-to-length plate
CVD	Countervailing duty
Essar	Essar Steel, Ltd.
EU	European Union
F.o.b.	Free on board
FR	*Federal Register*
Gallatin	Gallatin Steel Co.
Gavazzi	Gavazzi Steel, S.A.
Geneva	Geneva Steel Co.
Gulf States	Gulf States Steel, Inc.
Highveld/Vanadium	Highveld Steel and Vanadium Corp.
HSLA	High strength low alloy
HTS	Harmonized Tariff Schedule of the United States
IF	Interstitial free
Ilyich	Ilyich Iron and Steel Works
IMF	International Monetary Fund
IPSCO	IPSCO Steel, Inc.
Iscor	Iscor, Ltd.
Ispat	Ispat North America
Ispat/Inland	Ispat/Inland, Inc.
Ispat Industries	Ispat Industries, Ltd.
Ispat Karmet	Ispat Karmet JSC
Jindal	Jindal Iron and Steel
Krakatau	PT Krakatau Steel

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GLOSSARY OF ABBREVIATIONS–*Continued*

Laiwu	Laiwu Iron and Steel Group
Leavitt	Leavitt Co., L.L.C.
Lone Star	Lone Star Steel Co.
LTFV	Less than fair value
LTV	LTV Steel Co., Inc.
Lukens	Lukens Steel Co.
Metagrimex	Metagrimex, S.A.
Metalexportimport	Metalexportimport, S.A.
Metanef	Metanef, S.A.
Nakornthai	Nakornthai Strip Mill Public Co., Ltd.
National	National Steel Corp.
Newport	Newport Steel Corp.
North Star/BHP	North Star BHP Steel L.L.C.
Nucor	Nucor Corp.
Oregon	Oregon Steel Mills, Inc.
Pangang	Pangang Group International Economic & Trading Corp.
Panzhihua	Panzhihua Iron & Steel (Group) Co.
Primary Steel	Primary Steel Inc.
PRW	Production and related worker
R&D	Research and development
Rafferty	Rafferty-Brown Steel Co., Inc.
Rheem	Rheem Manufacturing Co.
Rouge	Rouge Steel Co.
SAE	Society of Automotive Engineers
Sahaviriya	Sahaviriya Steel Industry Public Co., Ltd.
SAI	Steel Authority of India, Ltd.
Saldanha	Saldanha Steel, Ltd.
Saldanha/Iscor	Saldanha Steel (Pty.) Corp./Iscor, Ltd.
SDI	Steel Dynamics, Inc.
SG&A expenses	Selling, general, and administrative expenses
Sharon	Sharon Tube Corp.
Siam	Siam Strip Mill Public Co., Ltd.
Siderar	Siderar Saic
Sidex	Sidex SA Galati
Sidex/SRL	Sidex Trading/SRL/Sidex International, Plc
Stupp	Stupp Co.
Tata	The Tata Iron and Steel Co., Ltd.
Thomas	Thomas Steel Strip Corp.
TR	Transcript
Trico	Trico Steel Co.
Tuscaloosa	Tuscaloosa Steel Corp.
USS	U.S. Steel
USX	U.S. Steel Group, division of USX Corp.
Vanex	Vanex Corp.
WCI	WCI Steel, Inc.
Weirton	Weirton Steel Corp.
Wheatland	Wheatland Tube Co.

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GLOSSARY OF ABBREVIATIONS–*Continued*

Worthington	Worthington Steel
Worldclass	Worldclass Processing, Inc.
WPS	Wheeling-Pittsburgh Steel Corp.
Wugang	International Economic & Trading Corp. Wugang Group
Wuhan	Wuhan Iron and Steel Group
Yieh Loong	Yieh Loong Enterprise Co., Ltd.
Zaporizhstal	Zaporizhstal Iron & Steel Works

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-404 (Final) and 731-TA-898 and 905 (Final)

HOT ROLLED STEEL PRODUCTS FROM ARGENTINA AND SOUTH AFRICA

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission determines, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Argentina of hot rolled steel products, provided for in subheadings 7208.10.15, 7208.10.30, 7208.10.60, 7208.25.30, 7208.25.60, 7208.26.00, 7208.27.00, 7208.36.00, 7208.37.00, 7208.38.00, 7208.39.00, 7208.40.60, 7208.53.00, 7208.54.00, 7208.90.00, 7211. 14.00, 7211.19.15, 7211.19.20, 7211.19.30, 7211.19.45, 7211.19.60, and 7211.19.75,[2] of the Harmonized Tariff Schedule of the United States (HTS), that have been found by the Department of Commerce to be subsidized by the Government of Argentina and sold in the United States at less than fair value (LTFV).

The Commission also determines, 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 from South Africa of hot rolled steel products, provided for in the HTS subheadings listed above, that have been found by the Department of Commerce to be sold in the United States at LTFV.

BACKGROUND

The Commission instituted these investigations effective November 13, 2000, following receipt of a petition filed with the Commission and Commerce on behalf of Bethlehem Steel Corp.; Gallatin Steel Co.; IPSCO Steel, Inc.; LTV Steel Co., Inc.; National Steel Corp.; Nucor Corp.; Steel Dynamics, Inc.; U.S. Steel Group of USX Corp.; Weirton Steel Corp; and the labor union representing the organized workers at Weirton Steel Corp. known as the Independent Steelworkers Union. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of hot rolled steel products from Argentina were being subsidized and sold at LTFV within the meaning of sections 703(b) and 733(b) of the Act (19 U.S.C. § 1671b(b) and 1673b(b)) and that imports of hot rolled steel products from South Africa were being sold at LTFV within the meaning of section 733(b) of the Act. 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 May 10, 2001 (66 FR 23950). The hearing was held in Washington, DC, on July 17, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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] Certain hot-rolled flat-rolled carbon-quality steel covered by these investigations, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel, may also enter under the following tariff numbers: 7225.11.00, 7225.19.00, 7225.30.30, 7225.30.70, 7225.40.70, 7225.99.00, 7226.11.10, 7226.11.90, 7226.19.10, 7226.19.90, 7226.91.50, 7226.91.70, 7226.91.80, and 7226.99.00. Subject merchandise may also enter under 7210.70.30, 7210.90.90, 7211.14.00, 7212.40.10, 7212.40.50, and 7212.50.00.

VIEWS OF THE COMMISSION

Based on the record in these final investigations, we determine that an industry in the United States is materially injured by reason of imports of hot-rolled steel products from Argentina that are subsidized and by reason of imports of hot-rolled steel products from Argentina and South Africa that the U.S. Department of Commerce ("Commerce") has determined to be sold in the United States at less than fair value ("LTFV").[1]

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 imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[2] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic 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]

The 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 may consider other factors it deems relevant based on the facts of a particular investigation.[6] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[7]

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[1] The petitions regarding subsidized imports from Argentina and LTFV imports from Argentina and South Africa were filed on the same day as petitions regarding subsidized imports from India, Indonesia, South Africa, and Thailand, and LTFV imports from China, India, Indonesia, Kazakhstan, Netherlands, Romania, Taiwan, Thailand, and Ukraine. CR at I-1-I-2, PR at I-1-I-2. Commerce has not yet issued its final determinations in the remaining investigations. CR at I-3, PR at I-3.

[2] 19 U.S.C. § 1677(4)(A).

[3] Id.

[4] 19 U.S.C. § 1677(10).

[5] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). 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).

[6] See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

[7] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are

(continued...)

Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise that has been found to be subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[8]

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as:

> certain HRS [hot-rolled steel] of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight length, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.
>
> Specifically included within the scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.
>
> Steel products to be included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:
>
> 1.80 percent of manganese, or
> 2.25 percent of silicon, or
> 1.00 percent of copper, or
> 0.50 percent of aluminum, or
> 1.25 percent of chromium, or
> 0.30 percent of cobalt, or
> 0.40 percent of lead, or

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[7] (...continued)
not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[8] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to this investigation is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by this investigation, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel may also enter under the following tariff classification numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00.[9]

[9] 66 Fed. Reg. 37,001 (July 16, 2001). Although the HTS subheadings are provided for convenience and U.S. Customs purposes, Commerce's written description of the merchandise under investigation is dispositive.

C. Domestic Like Product

In the preliminary phase of these investigations the Commission found a single domestic like product consisting of all domestically-produced hot-rolled steel, including those steels with slightly elevated levels of microalloying elements.[10] No party has challenged the Commission's domestic like product determination in the final phase of these investigations and no new evidence has been obtained that would call into question the Commission's reasoning in the preliminary determinations.[11] Based on the record in these investigations, we determine that there is one domestic like product consisting of all hot-rolled steel products corresponding to the scope for the reasons stated in the preliminary determination.

D. Domestic Industry

Section 771(4) of 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 the major proportion of that product."[12] 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.[13] Based on our definition of the like product, we find that the domestic industry consists of all domestic producers of hot-rolled steel.

E. Related Parties

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[14] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[15]

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[10] Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408 (Preliminary) and 731-TA-898-908 (Preliminary), USITC Pub. 3381 (Jan. 2001) at 4 ("Hot-Rolled Preliminary").

[11] In its posthearing submission, Dutch respondent argued that battery-quality hot band ("BQHB") is "so specialized a product that it should quality [sic] for separate 'like product' consideration by the Commission." Dutch Respondent's Posthearing Brief at Exh. U, p.6 n.2. We did not take this brief discussion to indicate that Dutch respondent was in fact urging the Commission to treat BQHB as a separate like product. In any case, Dutch respondent also argued that there is no domestic production of BQHB, Dutch Respondent's Posthearing Brief at Exh. U, p.6-7. Since the statute requires us to identify the most similar product if there is no domestic product "like" the subject imports, we would find hot-rolled steel to be the product most like BQHB.

[12] 19 U.S.C. § 1677(4)(A).

[13] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[14] 19 U.S.C. § 1677(4)(B).

[15] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the

(continued...)

In the preliminary phase of these investigations, the Commission determined not to exclude ***.[16] *** is ***, which is affiliated with ***.[17] *** is owned by ***.[18]

*** has never imported subject merchandise. It accounted for *** percent of reported total domestic production in 2000 and ***.[19] Its financial performance has been *** throughout the period of investigation ("POI", from January 1998 through March 2001), and there is no evidence of any benefit to *** from its relationship with the ***.[20]

*** accounted for *** percent of total domestic production in 2000.[21] Its financial performance has been *** throughout the POI.[22] ***.[23] *** purchases from 1998-2000 of subject merchandise were equivalent to *** percent of its production during those years.[24] Imports from *** affiliated subject producer in *** consisted of products which *** does not market or sell in the same channels of distribution as its own prime domestically-produced hot-rolled steel.[25]

The Commission has also concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial.[26] *** purchased *** short tons of subject imports form

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[15] (...continued)
related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

[16] USITC Pub. 3381 at 6. The Commission considered, but was unable to resolve, whether Trico was a related party by virtue of its ownership by a third party who also owned a subject foreign producer. USITC Pub. 3381 at 5-6. Trico has ceased production and F***. CR at III-1 n.1, PR at III-1 n.1.

[17] CR at Table III-1, PR at Table III-1.

[18] CR at Table III-1, PR at Table III-1; ***. *** also purchased subject imports from ***. CR at Table III-8, PR at Table III-8.

[19] CR at Table III-1, PR at Table III-1.

[20] CR at Table VI-6, PR at Table VI-6.

[21] CR at Table III-1, PR at Table III-1.

[22] CR at Tables III-1 and VI-6, PR at Tables III-1 and VI-6.

[23] CR at Table III-1, PR at Table III-1.

[24] CR at Table III-8, PR at Table III-8; Producer Questionnaire of ***at Question II-9.

[25] ***.

[26] See, e.g., Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12
(continued...)

Taiwan in 1998.[27] It is unclear whether the purchases would result in direct or indirect control of any importer or exporter of subject imports from Taiwan.

*** accounted for *** percent of total domestic production in 2000, it *** the petitions, and its financial performance has been ***.[28] *** purchase of subject merchandise from Taiwan in 1998 was equivalent to *** percent of its production that year.[29] The ***.[30]

Petitioners acknowledge the existence of related parties but argue that appropriate circumstances do not exist to exclude any related party producer from the domestic industry.[31] No respondent has argued for the exclusion of any producer on related party grounds. Based on the evidence in the final phase of these investigations, we determine that appropriate circumstances do not exist to exclude any producer from the domestic industry as a related party.

II. NEGLIGIBILITY

A. In General

The statute provides that imports from a subject country corresponding to a domestic like product that account for less than three percent of total imports imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[32] However, if the aggregate volume from all countries whose imports individually are below three percent exceeds seven percent, imports from those countries shall not be deemed negligible.[33] By operation of law, a finding of negligibility terminates the Commission's investigations with respect to such imports.[34] The Commission is authorized to make "reasonable estimates on the basis of available statistics" of pertinent import levels for purposes of deciding negligibility.[35]

The statute also provides that different standards are to be used when determining negligibility in countervailing duty investigations of subject imports from countries designated by the United States Trade Representative ("USTR") as "developing countries."[36] Subsidized imports from developing countries shall not be deemed negligible if they exceed four percent of total imports, or if the aggregate

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[26] (...continued)
(April 1999); Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997).

[27] CR at Table III-8, PR at Table III-8.

[28] CR at Tables III-1 and VI-6, PR at Tables III-1 and VI-6.

[29] CR at Table III-8, PR at Table III-8; Producer Questionnaire of *** at Question II-9.

[30] CR at IV-5-IV-6, PR at IV-1.

[31] Posthearing Brief of Bethlehem Steel Corporation, LTV Steel Company, Inc., National Steel Corporation, and United States Steel LLC ("Bethlehem Posthearing Brief") at Exh. 1, Answers to Written Questions at 7-9.

[32] 19 U.S.C. § 1677(24)(A)(i)(I).

[33] 19 U.S.C. § 1677(24(A)(ii).

[34] 19 U.S.C. § 1671b(a)(1), 19 U.S.C. § 1673b(a)(1).

[35] 19 U.S.C. § 1677(24)(C); see also The Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. 1 at 856 (1994) ("SAA").

[36] 19 U.S.C. § 1677(24)(B).

volumes from the several developing countries with individually negligible imports exceed nine percent of total imports.[37]

B. The Antidumping Duty Investigations

Of the eleven countries subject to antidumping duty investigations, five are individually at negligible levels as determined by their respective shares of total imports for the 12 months preceding the filing of the petition: Argentina, at 1.74 percent; Kazakhstan, at 2.78 percent; South Africa, at 2.26 percent; Thailand, at 2.40 percent; and Ukraine, at 2.65 percent.[38] However, the sum of the shares of these countries, at 11.83 percent, exceeds the seven percent aggregate share for negligibility set by statute.[39] Therefore, as in our preliminary determination, we find subject imports from none of these countries to be negligible for purposes of the antidumping duty investigations.

C. The Countervailing Duty Investigations

Of the five countries subject to countervailing duty investigations, four are individually at negligible levels as determined by their respective shares of total imports: Argentina, at 1.74 percent; Indonesia, at 3.97 percent; South Africa, at 2.26 percent; and Thailand, at 2.40 percent.[40] [41] The sum of these shares, at 10.37 percent, exceeds the nine percent aggregate limit for negligibility for developing countries prescribed by statute. Therefore, we find subject imports from none of these countries to be negligible for purposes of the countervailing duty investigations.

III. CUMULATION

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess

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[37] 19 U.S.C. § 1677(24)(B).

[38] CR at IV-6, PR at IV-5.

[39] 19 U.S.C. § 1677(24)(A)(ii).

[40] CR at IV-6, PR at IV-5. Each of the four negligible countries with individually negligible levels of imports has been designated as a developing country by USTR and is therefore subject to the higher negligibility limits prescribed in 19 U.S.C. § 1677(24)(B). 63 Fed. Reg. 29,945 (June 2, 1998). In our preliminary determination, we considered the argument presented by the Thai respondents concerning whether the higher negligibility limits prescribed in 19 U.S.C. § 1677(24)(B) should in fact be applied to countries designated as "least developed" rather than "developing," such as Indonesia. Hot-Rolled Preliminary at 7 n.40. We found in the course of our preliminary determination that USTR's designation clearly indicated that Indonesia should be treated as a developing country for purposes of determining which negligibility threshold applies. Id. We therefore apply the higher negligibility standard in determining that subject imports from Indonesia subject to the countervailing duty investigations are individually negligible.

[41] Respondents from South Africa and Thailand have argued that, even if the higher, four percent threshold is applied, subject imports from Indonesia are not negligible. Tr. at 246-47, 280 (Ms. Mowry); Iscor Prehearing Brief at 7; Thai Respondent's Prehearing Brief at 4. Respondents do not dispute the figures used to calculate Indonesia's share of total imports, but rather argue that, if the Commission's typical typesetting format were followed, Indonesia's share would appear as "4.0 percent." Id. We reject this argument. The statute defines subject imports as individually "negligible" if such imports "account for less than 4 percent." 19 U.S.C. § 1677(24)(A)(i) and (B). Indonesia's share of total imports, at 3.97 percent, is individually negligible under the statute.

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cumulatively the volume and effect of imports of the subject merchandise 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 U.S. market.[42] In assessing whether subject imports compete with each other and with the domestic like product,[43] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject 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 geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[44]

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 subject imports compete with each other and with the domestic like product.[45] Only a "reasonable overlap" of competition is required.[46]

B. Analysis

The petitions in the investigations of Argentina and South Africa were filed on the same day as those of China, India, Indonesia, Kazakhstan, Netherlands, Romania, Taiwan, Thailand, and Ukraine.[47] Based on the record in these final investigations, we find that there is a reasonable overlap of competition among imports from each of the subject countries and between subject imports and the domestic like product.

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[42] 19 U.S.C. § 1677(7)(G)(i).

[43] The Uruguay Round Agreements Act (URAA) Statement of Administrative Action ("SAA") 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." SAA, H.R. Rep. 316, 103d Cong., 2d Sess. at 848 (1994), citing, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[44] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. 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).

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

[46] See Goss Graphic System, Inc. v. United States, 33 F. Supp.2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[47] CR at I-1-I-2, PR I-1-I-2.

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1. Fungibility

Based on the evidence in the record, there appears to be at least a moderate level of substitutability between domestic and imported hot-rolled steel products and among subject imports. Domestic producers find a high degree of interchangeability between the domestic like product and subject imports, with *** percent of producers saying that the domestic like product and subject imports are "always" interchangeable.[48] Importers also find a *** of fungibility.[49] Purchasers generally agreed that imported and domestically-produced steel are used in the same applications, specifically identifying product from Argentina, India, the Netherlands, Romania, Taiwan, and Thailand as being used in the same applications as the domestic like product.[50] Most purchasers do not believe that differences in quality between domestically-produced and imported steel are so significant that the market should be considered segmented.[51] *** said that steel from all sources must meet minimum standards and though some differences are apparent, steel from all sources is suitable for most applications.[52] *** specifically identified product from India, Kazakhstan, Romania, and South Africa as being considered lower quality.[53]

South African respondent Saldanha argues that subject imports from South Africa should not be cumulated because those imports consist of thin and ultra-thin gauge hot-rolled steel. Over the entire period of investigation, hot-rolled steel of more conventional thicknesses accounted for *** percent of subject imports from South Africa;[54] thin and ultra-thin gauge hot-rolled steel have accounted for *** of subject imports from South Africa ***.[55] Furthermore, the record indicates that thin and ultra-thin steel are domestically produced and imported. At least *** produce steel of thicknesses less than 1.9 mm, including steels of thicknesses less than 1.6 mm.[56] Thin or ultra-thin steels also are among the subject imports from ***.[57]

Dutch respondent Corus argues that subject imports from the Netherlands consist of niche products which do not overlap with the domestic like product. According to Dutch respondent, *** percent of subject imports from the Netherlands consists of thin and ultra-thin gauge hot-rolled steel; *** percent consists of BQHB steel; and *** percent consists of ***.[58] We have noted above the presence of thin and ultra-thin gauged hot-rolled steel among both subject imports and the domestic like product. The

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[48] Prehearing Brief of Bethlehem Steel Corporation, LTV Steel Company, Inc., National Steel Corporation, and United States Steel LLC ("Bethlehem Prehearing Brief") at 8.

[49] Bethlehem Prehearing Brief at 8.

[50] CR at II-17, PR at II-11.

[51] CR at II-16, PR at II-11.

[52] CR at II-16-II-17, PR at II-11.

[53] CR at II-17, PR at II-11.

[54] Bethlehem Prehearing Brief at 9.

[55] Saldanha Posthearing Brief at 1.

[56] Bethlehem Posthearing Brief at Exh. 1, Answers to Written Questions at 1; Gallatin Posthearing Brief at Answers to Questions, p.A-24.

[57] ***.

[58] Dutch Respondent's Posthearing Brief at Exh. U, pp. 5 and 11-12.

record does indicate, however, that ***.[59] ***. Nonetheless, the record indicates that *** of subject imports from the Netherlands are of products fungible with the domestic like product and with other subject imports.[60]

Respondents from Kazakhstan, Ukraine, and Romania argue that subject imports from their respective countries are not fungible because of quality differences. Despite acknowledged quality differences, most responding purchasers agreed that steel from all sources was interchangeable.[61]

Thai respondents argue that subject imports from Thailand are not fungible because the subject imports sold to two end users were not fungible with other subject imports or with the domestic like product.[62] However, both of those end users purchased or qualified for purchase hot-rolled steel from domestic producers and other foreign producers.[63]

2. Geographic Overlap

The domestic like product is marketed and sold throughout the entire U.S. market.[64] A majority of the subject imports from seven of the 11 subject countries entered through the Gulf region during the POI. At least one-quarter of all subject imports from all 11 countries except the Netherlands entered the U.S. market through the Gulf region during the POI. Over three-quarters of all subject import volume from the Netherlands entered the U.S. market through the Great Lakes region during the POI, as did at least 30 percent of the subject imports from Kazakhstan, Romania, and Ukraine. Some portion of subject imports from most countries entered every region at some point during the POI. Most of the exceptions concerned the West region. No subject imports from Kazakhstan, Romania, or Ukraine entered the West region during the POI. Very low levels of subject imports from Thailand entered the Great Lakes region, while very low levels of subject imports from Ukraine entered the East region and very low levels of subject imports from the Netherlands entered through the West region.[65]

3. Channels of Distribution

Approximately two-thirds of U.S. producers' total shipments of hot-rolled steel in 2000 were consumed internally or transferred to related affiliates for further processing.[66] Slightly more than half of all commercial shipments of the domestic like product were sold to distributors, processors, or service centers in 2000.[67] Manufacturers of tubular products accounted for 21.4 percent of commercial

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[59] Bethlehem Posthearing Brief at Exh.1, Answers to Written Questions at 4.

[60] The identified specialized products account for *** percent of subject imports from the Netherlands. Dutch Respondent's Posthearing Brief at Exh. U, pp. 5 and 11-12.

[61] CR at II-17, PR at II-11.

[62] Thai Prehearing Brief at 11-14. One of the clients purchased ***.

[63] Thai Prehearing Brief at 12-14.

[64] CR at IV-7, PR at IV-6.

[65] CR at Table IV-3, PR at Table IV-3.

[66] CR at I-12, PR at I-10.

[67] CR at Table I-1, PR at Table I-1.

shipments of the domestic like product in 2000, cold-rolled sheet converters accounted for 2.9 percent of shipments, and other end users accounted for the remaining 22.0 percent of shipments.[68]

Approximately two-thirds of all commercial shipments of subject imports went to distributors, processors, or service centers.[69] Manufacturers of tubular products purchased 22.3 percent of subject imports, cold-rolled sheet converters purchased 2.8 percent, and other end users purchased the remaining 7.6 percent.[70] Sales to distributors, processors, or service centers accounted for 99.8 percent of all sales of subject imports from Argentina and for *** percent of all sales of subject imports from Kazakhstan, while *** percent of all sales of subject imports from Ukraine were to manufacturers of tubular products.[71] Only subject imports from China and South Africa were sold to cold-rolled sheet converters in any notable volume.[72]

Respondents from the Netherlands and Thailand challenge cumulation on the grounds that their products travel in different channels of distribution than other subject imports or the domestic like product. However, the record indicates that approximately *** of subject imports from each of those two countries were sold to distributors, processors, or service centers, as were the majority of all domestic commercial shipments and the majority of all other subject imports.[73] Respondents from the Netherlands and Thailand attempt to distinguish their service center and distributor sales on the grounds that they know who the final purchaser of those imports will be.[74] However, the record indicates that a significant portion of all subject imports are prepared for a known final consumer even when distributors or service centers may be involved in the transaction.[75] [76]

4. Simultaneous Presence

The domestic like product was available throughout the POI. With the exception of subject imports from Argentina in 1998, subject imports from every country entered the U.S. market in every year of the POI.[77] No subject imports from Argentina entered the U.S. market in 1998, but they did enter the U.S. market in 12 months of 1999, 11 months of 2000, and two of three months in interim 2001.[78] Only subject imports from Indonesia entered the U.S. market in less than 10 of 12 months in 2000, and

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[68] CR at Table I-1, PR at Table I-1.

[69] CR at Table I-1, PR at Table I-1.

[70] CR at Table I-1, PR at Table I-1.

[71] CR at Table I-1, PR at Table I-1.

[72] CR at Table I-1, PR at Table I-1.

[73] CR at Table I-1, PR at Table I-1.

[74] Dutch Respondent's Prehearing Brief at 5; Thai Respondents' Posthearing Brief at 9-10.

[75] CR at II-18, PR at II12-; Tr. at 301-02 (Mr. Macready).

[76] Only subject imports from *** were sold *** to end users. CR at Table I-1, PR at Table I-1. However, purchasers of subject imports from *** also purchased subject imports from ***. Purchaser Questionnaires of ***. Questionnaires were received from ***. Foreign Producer Questionnaires of ***.

[77] CR at Table IV-4, PR at Table IV-4.

[78] CR at Table IV-4, PR at Table IV-4.

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subject imports from every country entered the U.S. market in at least as many, if not more, months in 2000 than in 1998.[79]

5. Conclusion

On balance, we find that there is a reasonable overlap of competition among the subject merchandise from all 11 countries and between subject imports and the domestic product. With respect to fungibility, we note that some quality differences and differences in product mix exist among the subject imports and between the subject imports and the domestic like product. However, the record indicates that there is general interchangeability between subject imports and between subject imports and the domestic like product, and that subject imports from every country contain a substantial proportion of interchangeable products.

Similarly, we note the presence of some variation in the other factors. However, the standard is whether there is a reasonable overlap of competition, and subject imports from most countries had some presence in most or all regions of the United States, were present throughout most of the POI, and most especially in the latter portion of the POI, and moved in similar channels of distribution. Consequently, we cumulate subject imports from all subject countries for the purpose of analyzing whether the domestic industry is materially injured by reason of subject imports from Argentina and South Africa.

IV. MATERIAL INJURY BY REASON OF SUBSIDIZED AND LTFV IMPORTS

In the final phase of the countervailing and antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[80] In 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.[81] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[82] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[83] 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."[84]

For the reasons discussed below, we determine that the domestic industry is materially injured by reason of subject imports.

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[79] CR at Table IV-4, PR at Table IV-4.

[80] 19 U.S.C. § 1673d(b).

[81] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd 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).

[82] 19 U.S.C. § 1677(7)(A).

[83] 19 U.S.C. § 1677(7)(C)(iii).

[84] Id.

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A. Conditions of Competition

The following conditions of competition are pertinent to our analysis in these investigations.

1. Captive Production[85] [86]

Approximately two-thirds of domestic production of hot-rolled steel is captively consumed or transferred to related parties for downstream processing.[87] Accordingly, we find that the threshold provision of the captive production provision is met, as domestic producers internally transfer significant production and sell significant production in the merchant market.[88]

We find the first statutory criterion is met. The record evidence indicates that virtually all internally-transferred hot-rolled steel is in fact processed into downstream articles by the producer or a

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[85] Commissioner Bragg does not join in Section IV.A.1 of these Views. Commissioner Bragg determines that the captive production provision of the statute is not applicable in these investigations. She agrees that the threshold criterion of the provision is satisfied, given that significant production of the domestic like product is both internally transferred and sold in the merchant market. However, with respect to the first statutory criterion of the provision, the record indicates that there is significant overlap in the types of hot-rolled steel internally transferred and sold in the merchant market. Fifteen of 16 domestic producers indicated that hot-rolled steel products from other producers could be used in the responding domestic producers' internal operations, and seven of the 16 had used, or at least qualified for use, hot-rolled steel products from other suppliers. CR at III-9; PR at III-7. In addition, ***. CR at III-11; PR at III-7. Commissioner Bragg therefore finds that the first statutory criterion is not satisfied. Accordingly, she determines that the captive production provision does not apply in these investigations. Commissioner Bragg notes, however, that, within her discretion, she considers the volume of captive production as a condition of competition. Commissioner Bragg begins her analysis with an examination of the domestic industry and the domestic market as a whole. She then considers whether an evaluation of the merchant market conforms with her evaluation of the domestic industry and the domestic market as a whole. She finds that the domestic industry is materially injured by reason of subject imports by reason of her analysis of both the domestic industry and domestic market as a whole, as well as the merchant market data.

[86] Commissioner Devaney concurs in this determination. At this time, Commissioner Devaney does not adopt a position as to the appropriate method of analysis regarding the captive production provision.

[87] CR at I-12, PR at I-10.

[88] The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), provides:

> (iv) CAPTIVE PRODUCTION -- If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that --
>
> > (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,
> >
> > (II) the domestic like product is the predominant material input in the production of that downstream article, and
> >
> > (III) the production of the domestic like product sold in the merchant market is not generally used in the production of that downstream article,
>
> then the Commission, in determining market share and the factors affecting financial performance set forth in clause (iii), shall focus primarily on the merchant market for the domestic like product.

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related party. Fifteen of the sixteen producers who reported information on internal consumption responded that all of the hot-rolled steel products transferred for further processing were in fact processed into a downstream product.[89] The one domestic producer that did not in fact process all its internally-transferred steel was referring ***.[90] Thus all internally-transferred hot-rolled steel was in fact converted into downstream product and did not enter the merchant market.

We find the second statutory criterion is met. Hot-rolled steel typically accounts for *** for cold-rolled and coated products.[91]

We also find the third statutory criterion is met. Between January 1998 and March 2001, domestic producers internally transferred 128.6 million short tons of hot-rolled steel and converted 85.7 percent into cold-rolled steel.[92] Between January 1998 and March 2001 the domestic industry sold 68.2 million short tons of hot-rolled steel in the merchant market, and only 1.8 million short tons, or 2.6 percent, were sold directly to producers of cold-rolled steel.[93] Between January 1998 and March 2001 the domestic industry transferred 11.1 million short tons of hot-rolled steel to related parties for additional downstream processing, and 8.1 million short tons, or 73.1 percent, were converted into cold-rolled steel.[94] If all related party transfers were treated as merchant market sales, 9.9 million short tons out of 79.3 million short tons of total transfers were converted into cold-rolled sheet, or 22.4 percent of total transfers.[95] Thus, the share of merchant market transfers devoted to producing cold-rolled steel is between 2.6 percent to 22.4 percent, while the share of internal consumption devoted to cold-rolled steel is 85.7 percent.

Based on the record available to us, we find that the captive production provision applies, and we therefore focus our analysis primarily on the merchant market for hot-rolled steel products in considering market share and financial performance of the domestic industry.

2. Other Conditions of Competition

Hot-rolled steel is typically used in applications where its strength serves a structural function and surface finish and light weight are not crucial qualities.[96] Typical uses include pipes, tubes, and

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[89] CR at III-9, PR at III-7.

[90] Bethlehem Prehearing Brief at 18 n.55.

[91] Bethlehem Prehearing Brief at 18.

[92] CR at Table III-6, PR at Table III-6.

[93] CR at Table III-6, PR at Table III-6.

[94] CR at Table III-6, PR at Table III-6.

[95] Petitioners have argued that all related-party transfers should be classified as internal consumption, but in the alternative they have argued that *** percent of the related-party transfers were made under toll arrangements, and that toll transfers should not be considered market sales. Bethlehem Prehearing Brief at 21-23.

We note that the record indicates that there may be differences in the way domestic producers handle toll and non-toll transfers to related parties. CR at III-11-III-12, PR at III-7-III-8. However, the classification of some or all related party transfers as internal transfers or merchant market sales does not alter our analysis. Under any classification we would find insufficient overlap between internal consumption and merchant market consumption to warrant a finding that the third criterion of the statute is not met.

[96] CR at I-11, PR at I-9.

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automotive frames.[97] Light weight is becoming more important, however, and steel producers are rolling hot-rolled steel in thicknesses of 2 mm or less.[98] In most applications there is no effective substitute for hot-rolled steel.[99]

Service centers, processors, and distributors are important purchasers of hot-rolled steel. In 2000, a majority of all domestically-produced hot-rolled merchant market sales were to service centers, processors, or distributors.[100] The share of subject imports sold to this group of purchasers was even higher at 67.3 percent.[101]

Most sales of both domestically-produced hot-rolled steel and subject imports are made in the spot market. U.S. producers make 71.4 percent of their sales on the spot market.[102] When domestic producers sell by contract those contracts are typically of short duration, with approximately 62 percent of those contracts lasting for six months or less.[103] Approximately 55 percent of importer sales are on the spot market, and 91 percent of the contract sales are through contracts lasting six months or less.[104]

Demand for hot-rolled steel is derived from the demand for downstream products such as pipes and tubes, automobiles, trucks, applications, and machinery.[105] Hot-rolled steel has many industrial uses, and demand for it sometimes follows broad indicators, such as GDP or the index of industrial production.[106] During the POI, the industrial production index increased from 1998 until late 2000, when it began declining.[107]

Merchant market consumption of hot-rolled steel fell by 12.6 percent between 1998 and 1999, falling from 31.8 million short tons to 27.8 million short tons.[108] Although merchant market consumption rose by 3.0 percent between 1999 and 2000, at 28.6 million short tons, merchant market consumption in 2000 was 10 percent lower than in 1998.[109] For interim 2001, merchant market consumption of hot-rolled steel was 6.2 million short tons, compared to 8.0 million short tons in interim 2000.[110] Total apparent domestic consumption of hot-rolled steel followed a similar pattern, falling by 3.5 percent between 1998 and 1999 to 71.4 million short tons.[111] Total apparent domestic consumption

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[97] CR at I-11, PR at I-9.

[98] CR at I-11, PR at I-9.

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

[100] CR at Table I-1, PR at Table I-1.

[101] CR at Table I-1, PR at Table I-1.

[102] CR at V-15, PR at V-12.

[103] CR at V-15, PR at V-.12

[104] CR at V-15, PR at V-12.

[105] CR at II-10, PR at II-7.

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

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

[108] CR at Table C-2, PR at Table C-2.

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

[110] CR at Table C-2, PR at Table C-2.

[111] CR at Table C-1, PR at Table C-1. Transfers for internal consumption and transfers to related parties for downstream processing increased in both 1999 and in 2000, rising by 4.3 percent between 1998 and 2000. CR at

(continued...)

rose by 1.6 percent between 1999 and 2000 to 72.5 million short tons, but that amount remained 1.9 percent below 1998 levels.[112] For interim 2001, total apparent domestic consumption was 15.8 million short tons, 20.6 percent lower than in interim 2000.[113]

The domestic industry consists of integrated producers using basic oxygen furnaces ("BOFs") and non-integrated producers, which use electric arc furnaces ("EAFs") or purchase, rather than produce, their slab needs.[114] Minimills are the most prominent examples of non-integrated producers. Integrated producers typically use iron ore as their primary raw material, while minimill producers are more likely to use steel scrap.[115] Minimills are typically more recent entrants into the market, and they are typically more heavily focused on spot merchant market sales than are integrated producers.[116]

Domestic producers increased capacity steadily through most of the POI. Total production capacity increased in both 1999 and 2000 and rose by 4.0 percent overall between 1998-2000.[117] Total production capacity in interim 2001 was 19.1 million short tons, compared to 19.2 million short tons in interim 2000.[118] This increase in overall capacity between 1998 and 2000 occurred despite the fact that bankruptcy affected numerous firms, removing an estimated *** percent of capacity from the domestic industry in 2000.[119]

The market share of various suppliers shifted significantly during the POI. In 1998, nonsubject imports, including imports from Brazil, Japan, and Russia, reached 10.4 million short tons, or 32.6 percent of merchant market consumption.[120] On September 30, 1998, a petition was filed by the domestic industry, alleging material injury by reason of LTFV and/or subsidized imports from Brazil, Japan, and Russia.[121] In mid-1999, the Commission determined that the domestic industry was materially injured by subject imports from those countries, and remedies in the form of antidumping duties or suspension agreements were imposed.[122] In 1999, nonsubject imports, including those from Brazil, Japan, and Russia, dropped to 3.3 million short tons, accounting for 11.7 percent of merchant market consumption.[123] In 2000, nonsubject imports accounted for 10.7 percent of the merchant

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[111] (...continued)
Table VI-5A, PR at Table VI-5A.

[112] CR at Table C-1, PR at Table C-1.

[113] CR at Table C-1, PR at Table C-1.

[114] CR at I-7-I-8, PR at I-6-I-7.

[115] CR at I-7-I-8, PR at I-6-I-7.

[116] Bethlehem Posthearing Brief at 4 n.14.

[117] CR at Table III-3, PR at Table III-3.

[118] CR at Table III-3, PR at Table III-3.

[119] CR at III-1 n.1, PR at III-1 n.1.

[120] CR at Tables IV-5 and IV-8, PR at Tables IV-5 and IV-8.

[121] Certain Hot-Rolled Steel Products from Japan, Inv. No. 731-TA-807 (Final), USITC Pub. 3202 (June 1999) at 1 (hereinafter 1999 Hot-Rolled Determination).

[122] 1999 Hot-Rolled Determination at 3; Certain Hot-Rolled Steel Products from Brazil and Russia, Inv. Nos. 701-TA-384 (Final) and 731-TA-806-808 (Final), USITC Pub. 3223 (August 1999) at 3.

[123] CR at Tables IV-5 and IV-8, PR at Tables IV-5 and IV-8.

market.[124] In interim 2001, nonsubject imports accounted for 8.5 percent of the merchant market, compared to 10.1 percent in interim 2000.[125]

As we noted above, there is a fair degree of substitutability among hot-rolled steel products from the various subject countries, and also between subject imports and the domestic like product.[126] Although the source of imports changed during the POI, imports remain an important segment of the market. Total imports accounted for 37.0 percent of merchant market consumption in 1998, 23.0 percent in 1999, and 25.6 percent in 2000.[127]

B. Volume of Subject 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."[128] [129]

As noted above, total apparent domestic consumption of hot-rolled steel fell in 1999 and recovered somewhat in 2000 but remained at lower levels in 2000 than in 1998.[130] This pattern occurred in both the merchant market and in overall consumption.[131] Despite these declines, subject import volume rose significantly during the POI. In 1998, subject imports were 1.4 million short tons and accounted for 4.4 percent of the merchant market and 1.9 percent of total apparent domestic consumption.[132] Subject import volume rose by 122.7 percent between 1998 and 1999, reaching 3.1 million short tons.[133] Subject import volume increased by another 36.2 percent between 1999 and 2000, reaching 4.2 million short tons and accounting for 14.8 percent of the merchant market and 5.9 percent of total apparent domestic consumption.[134] Thus, between 1998 and 2000, the volume of subject imports increased by 203.4 percent.

Total shipments of the domestic like product rose by 4.8 percent, or 3.0 million short tons, between 1998 and 2000.[135] Shipments to the merchant market followed a different pattern. In 1999, shipments of the domestic like product to the merchant market increased by 1.4 million short tons,

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[124] CR at Table C-2, PR at Table C-2.

[125] CR at Table C-2, PR at Table C-2.

[126] CR at II-15-II-17, PR at II-.

[127] CR at Table C-2, PR at Table C-2.

[128] 19 U.S.C. § 1677(7)(C)(i).

[129] To the extent that this discussion analyzes merchant market data prior to total market data, it does not reflect the sequence of analysis applied by Commissioner Bragg. See supra n.85.

[130] CR at Tables C-1 and C-2, PR at Tables C-1 and C-2.

[131] CR at Tables C-1 and C-2, PR at Tables C-1 and C-2. Transfers for internal consumption and transfers to related parties for downstream processing increased in both 1999 and in 2000, increasing by 4.3 percent between 1998 and 2000. CR at Table VI-5A, PR at Table VI-5A. The domestic industry accounted for 100 percent of domestic internal transfers and transfers to related parties.

[132] CR at Tables IV-5, IV-7, and IV-8, PR at Tables IV-5, IV-7, and IV-8.

[133] CR at Table IV-5, PR at Table IV-5.

[134] CR at Tables IV-5, IV-7, and IV-8, PR at Tables IV-5, IV-7, and IV-8.

[135] CR at Table IV-5, PR at Table IV-5.

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compared to a 1.7 million short ton increase in the volume of subject imports.[136] In 2000, however, the volume of domestic shipments to the merchant market fell by 106,804 short tons, while subject imports increased by another 1.1 million short tons.

Quarterly data further show the differing trends between shipments of subject imports and the domestic like product. The domestic industry's order books peaked in the fourth quarter of 1999 and declined thereafter.[137] Shipments to the merchant market by domestic producers declined between the first and second quarters of 2000.[138] Conversely, subject import volume continued to rise, peaking in the second quarter of 2000. Subject import volume subsequently declined, but remained above pre-1999 levels until the first quarter of 2001.[139]

Some respondents have argued that the Commission should focus on domestic minimills' increased share of the merchant market during the POI. Minimill shipments to the merchant market increased by 13.0 percent between 1998 and 2000 and shipments in interim 2001 were 2.1 million short tons, compared to 2.0 million short tons in interim 2000.[140] Commercial shipments by integrated mills rose only 2.9 percent between 1998 and 2000 and shipments in interim 2001 were 3.2 million short tons, compared to 4.0 million short tons in interim 2000.[141]

We do not find that a modest increase in shipments by one segment of the domestic market in the interim period mandates a finding that the volume of subject imports is not significant. We note that minimill orders followed a pattern similar to that of the integrated producers. In fact, the minimills, which rely on sales to the merchant market more heavily than do integrated mills, felt the effects of the increased volume of subject imports sooner than the integrated mills. Order books at minimills peaked in the third quarter of 1999 and declined throughout 2000, while the order books of integrated producers peaked in the fourth quarter of 2000.[142]

We recognize that the volume of subject imports was significantly lower in interim 2001 than in interim 2000. However, subject imports increased most strongly in the same time period, namely the first half of 2000, that purchaser inventories of hot-rolled steel reached peak levels for the POI.[143] Inventories subsequently remained at high levels through the first quarter of 2001.[144] The coincidence of peak subject import levels and peak inventory levels indicates that purchases of subject imports contributed to the significant inventory build-up that occurred in the first half of 2000. Those inventories remain high and continue to exert downward pressure on orders for the domestic like product. Furthermore, we find it likely that the filing of these petitions contributed to the decline in import volume.[145] Subject imports peaked in the second quarter of 2000, but the volume of subject imports in the third quarter of 2000 remained significantly higher than in the first eight quarters of the

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[136] CR at Table IV-8, PR at Table IV-8.

[137] CR at III-14, PR at III-10.

[138] CR at Table III-5, PR at Table III-5, and Bethlehem Prehearing Brief at Exh. 26.

[139] Bethlehem Prehearing Brief at Exh. 29.

[140] INV-Y-148.

[141] INV-Y-148.

[142] INV-Y-156.

[143] CR at V-13, PR at V-11.

[144] CR at V-13, PR at V-11.

[145] 19 U.S.C. § 1677(7)(I).

POI. Subject import volume fell in the fourth quarter of 2000 and the first quarter of 2001, while these petitions were filed in November of 2000. Based on the above, we find that subject import volume, both in absolute terms and relative to consumption in the United States, is significant.

C. Price Effects of the Subject Imports

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.[146]

As noted above, we find that a fair degree of substitutability exists between the subject imports and the domestic like product and the subject imports. Price is an important factor in purchasing decisions.[147]

Prices were at their highest levels for the POI in the first or second quarter of 1998, then fell sharply as the volume of then unfairly traded imports from Brazil, Japan, and Russia entered the market. After relief was granted against those unfairly traded imports in mid-1999, prices began to rise in the latter part of 1999. Prices rose through the first or second quarter of 2000 but typically still remained below 1998 peaks. Prices then fell sharply during the latter half of 2000 and the first part of 2001, generally to points lower than experienced prior to the imposition of import relief with respect to imports from Brazil, Japan, and Russia.[148]

Throughout most of the POI subject imports consistently undersold the domestic like product. Subject imports undersold the domestic like product in 238 of 368 quarterly comparisons, or 64.7 percent of the comparisons.[149]

We find this underselling particularly probative in these investigations. Purchasers have indicated that low prices, as well as anticipated future demand, is an important factor in determining inventory levels.[150] We find that low subject import prices, at a time when prices for the domestic like product were rising and shipments were increasing, provided the impetus for the significant growth in import volume that occurred in late 1999 and the first half of 2000.

We note that some overselling by subject imports began to occur in the last two quarters of 2000. However, these instances of overselling do not indicate that the subject imports did not have a significant adverse effect on domestic prices. The domestic industry had already lost volume and sales

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[146] 19 U.S.C. § 1677(7)(C)(ii).

[147] CR at Tables II-2 and II-3, PR at Tables II-2 and II-3.

[148] CR at Tables V-3 through V-12, PR at Tables V-3 through V-12.

[149] CR at Table V-13, PR at Table V-13.

[150] CR at V-11, PR at V-9.

in the first half of 2000 as subject import volume increased significantly.[151] The record indicates that the domestic industry, having already lost volume, resorted to price cutting in an attempt to maintain needed production volume and market share.[152] We further note that the filing of the petition, in the last quarter of 2000, coincided with these instances of overselling. Additionally, subject imports continued to exert downward pressure on prices throughout the latter part of the POI, despite any overselling, by means of the inventory overhang to which the surge in subject imports in the first half of 2000 contributed.

Respondents argue that one cause of the price declines seen in 2000 was aggressive price competition by minimills at the expense of the integrated mills. The product-specific pricing data show this proposition to be incorrect. Sales of product 2 to service centers, processors, and cold-strip users accounted for *** of sales for both integrated and minimill producers.[153] *** by minimills is apparent.[154] In 1998, minimill prices tracked integrated mill prices ***.[155] In the first half of 2000, minimill product *** integrated mill product.[156] Both integrated and minimill product, however, were *** by combined subject imports, with some of the *** occurring in the first two quarters of 2000.[157] Similar patterns mark the interplay between integrated mill and minimill prices in other high-volume product-specific price comparisons. For sales of product 1 to service centers, processors, and cold-strip users, minimill prices again tracked the integrated mill price *** and *** in the first two quarters of 2000, while both minimill product and integrated mill product were *** by combined subject imports throughout most of the POI.[158] We find no evidence that minimills initiated the price declines seen in 2000. Rather, the record indicates that the domestic industry as a whole, integrated mills and minimills alike, reacted to the significantly increased volume of lower-priced imports by reducing prices.

We have already noted that prices for the domestic like product improved somewhat in late 1999 and early 2000 after import relief was imposed against imports from Brazil, Japan, and Russia, but prices generally did not recover to the levels seen in early 1998, despite increased apparent domestic consumption in late 1999 and early 2000. This limited price recovery occurred during the same quarters that subject import volume increased sharply and subject imports undersold the domestic like product. We take this combination of facts to indicate that subject imports significantly suppressed prices in late 1999 and in early 2000. Additionally, inventory overhangs, to which subject imports contributed, continue to exert negative influence on domestic prices. Consequently, we find that the subject imports have had significant adverse effects on domestic prices during the period of investigation.[159]

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[151] CR at Table III-5, PR at Table III-5.

[152] Tr. at 57 (Mr. DiMicco).

[153] INV-Y-148.

[154] INV-Y-148.

[155] INV-Y-148.

[156] INV-Y-148.

[157] INV-Y-148.

[158] INV-Y-148.

[159] Petitioners argued that the effect of subject imports on prices could best be seen by lagging those prices. Bethlehem Posthearing Brief at Answers to Written Questions, p.4. However, we have relied on direct quarter-to-quarter comparisons in our analysis of the price effects of subject imports.

D. Impact of the Subject Imports

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.[160] 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. 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."[161] [162] [163]

Both commercial shipments and production for downstream processing by the domestic industry were higher in 2000 than in 1998.[164] Capacity, production, and capacity utilization rates all rose from 1998 to 2000.[165] Yet despite increased production and shipments, the domestic industry's financial performance was poor throughout most of the POI. The domestic industry had operating losses on commercial sales and total production in both 1999 and 2000.[166] Several domestic producers entered Chapter 11 bankruptcy proceedings, and two ceased operations altogether.[167] The number of production related workers declined throughout the POI, as did the number of hours worked and total wages paid.[168]

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[160] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

[161] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[162] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). Commerce published its final antidumping determinations in its investigations of Argentina and South Africa, finding the following margins: Argentina, 40.60 percent to 44.59 percent; South Africa, 9.28 percent. CR at I-4, PR at I-3-I-4. Commerce published its final countervailing duty determination in its investigation of Argentina, finding a margin of 41.69 percent. CR at I-4, PR at I-3. For the remaining antidumping duty investigations, Commerce has published the following preliminary margins: China, 40.74 percent to 67.44 percent; India, 34.55 percent to 39.36 percent; Indonesia, 59.25 percent; Kazakhstan, 239.57 percent; Netherlands, 2.44 percent; Romania, 22.97 percent to 88.62 percent; Taiwan, 20.28 percent to 29.14 percent; Thailand, 7.48 percent to 20.30 percent; and Ukraine, 89.49 percent. CR at I-4-I-5, PR at I-3-I-4. For the remaining countervailing duty investigations, Commerce has published the following preliminary margins: India, 8.08 percent to 34.7 percent; Indonesia, 16.53 percent; South Africa, 0.45 to 13.53 percent; and Thailand, 6.55 percent. CR at I-4-I-5, PR at I-4.

[163] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the 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); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11, n.63.

[164] CR at Table III-4, PR at Table III-4.

[165] CR at Table III-3, PR at Table III-3.

[166] CR at Tables VI-2 and VI-5, PR at Tables VI-2 and VI-5. The domestic industry also suffered operating losses on its internal transfers and related-party transfers in 1999 and 2000. CR at Table VI-5A, PR at Table VI-5A.

[167] CR at III-1 n.1, PR at III-1 n.1.

[168] CR at Table III-10, PR at Table III-10.

Total capital expenditures increased between 1998 and 2000 but expenditures on research and development dropped.[169]

Undoubtedly, the industry's performance in the early portion of the POI reflected the adverse effects of unfairly traded hot-rolled steel imports from Brazil, Japan, and Russia. But quarterly data indicate that the domestic industry had gained some benefit from the import relief imposed on imports from Brazil, Japan, and Russia by mid-1999. For a brief time, shipments increased, prices increased, and the domestic industry's financial performance improved, although prices generally remained below pre-injury levels. The value per ton of net domestic commercial sales fell to $292 in 1999, but in the first quarter of 2000 the value per ton of net domestic commercial sales reached $323.[170] By the first quarter of 2000, operating income on commercial sales had shifted from a $12 loss per ton for the year of 1999 to a $16 per ton profit.[171] The value of total net production was $285 for 1999 but reached $314 per ton in the first quarter of 2000.[172] On total production, a loss of $11 per ton for the year 1999 shifted to a $5 profit per ton in the first quarter of 2000.[173]

This improvement did not last. Virtually every financial and production indicator was lower in interim 2001 than in interim 2000. Shipments by the domestic industry to the merchant market in interim 2001 were 11.4 percent lower than in interim 2000.[174] Total shipments, including internal consumption, were 16.5 percent lower in interim 2001 than in interim 2000.[175] Operating loss per ton of net sales was $50 in interim 2001, compared to a positive income per ton of $16 in interim 2000.[176] Operating loss per ton of total production was $63 in interim 2001, compared to a positive income per ton of $5 in interim 2000.[177] Operating losses were widespread in the industry, affecting 17 of 21 reporting firms in 2000.[178] Only 12 of 21 firms had reported losses in 1998, and only 13 of 21 firms had reported losses in 1999, when imports from Brazil, Japan, and Russia were adversely affecting the domestic industry.[179] The number of production related workers was 29,123 in interim 2001, compared

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[169] CR at Table VI-8, PR at Table VI-8.

[170] CR at Table VI-1, PR at Table VI-1.

[171] CR at Table VI-1, PR at Table VI-1.

[172] CR at Table VI-5, PR at Table VI-5. The net value of internal transfers and transfers to related parties for downstream processing was $282 for the year 1999 and $310 for the first quarter of 2000. CR at Table VI-5A, PR at Table VI-5A.

[173] CR at Table VI-5, PR at Table VI-5. Operating losses on internal transfers and transfers to related parties for downstream processing were $22 per ton for the year 1999 and $1 per ton in the first quarter of 2000. CR at Table VI-5A, PR at Table VI-5A.

[174] CR at Table C-2, PR at Table C-2.

[175] CR at Table C-1, PR at Table C-1. Internal transfers and transfers to related parties for downstream processing were 9.7 million short tons in interim 2001, compared to 12.0 million in interim 2000. CR at Table VI-5A, PR at Table VI-5A.

[176] CR at Table VI-1, PR at Table VI-1.

[177] CR at Table VI-5, PR at Table VI-5. For internal transfers and transfers to related parties for downstream processing, operating losses per short ton were $70 in interim 2001, compared to a $1 loss in interim 2000. CR at Table VI-5A, PR at Table VI-5A.

[178] CR at Table VI-5, PR at Table VI-5.

[179] CR at Table VI-5, PR at Table VI-5.

to 31,639 in interim 2000.[180] Hours worked were 16.3 million in interim 2001, compared to 18.2 million in interim 2000.[181]

The record indicates that the domestic industry's condition has been affected by a drop in consumption since the latter part of 2000. The industrial production index peaked in the third quarter of 2000 and declined thereafter. Similarly, total apparent domestic consumption of steel declined in the second half of 2000. We also note that, while the industry's internal transfers declined by only 5.3 percent from the first to the third quarter of 2000, commercial shipments fell by 19.2 percent.[182] This is further evidence that the general drop in demand for hot-rolled steel did not begin until the end of 2000, and that the sharp drop in commercial shipments through the third quarter of 2000 was due primarily to subject imports. However, the weakening in the domestic industry's condition began before the decline in overall consumption. The order books of integrated producers peaked in the fourth quarter of 1999; minimill order books peaked a quarter earlier, in the third quarter of 1999.[183] Domestic shipments to the merchant market peaked in the first quarter of 2000, as did total domestic shipments, including internal transfers.[184] Domestic shipments to the merchant market declined by 7.8 percent from the first quarter of 2000 to the second. In contrast, subject imports rose from 1.2 million short tons in the first quarter of 2000 to 1.5 million short tons in the second quarter.[185] Furthermore, in that same second quarter subject imports were generally underselling the domestic like product, regardless of whether the like product came from a minimill or an integrated mill.[186]

We note that the volume of subject imports has declined since the second quarter of 2000, although the volume remained notably high compared to pre-1999 levels through the third quarter of 2000. We also note that some overselling by subject imports occurred in the second half of 2000 as import volume contracted. Nonetheless, we find present material injury by reason of subject imports. Domestic shipments and production contracted at a time when overall apparent domestic consumption was still strong, as shown by the rapid growth in subject imports. In contrast, subject import volume grew rapidly through most of the POI. Subject imports gained those sales from the domestic industry largely through underselling. As discussed previously, subject imports have clearly had negative price effects on the domestic industry. Finally, the domestic industry has been negatively affected by the high level of purchaser inventories to which low-priced subject imports contributed.[187]

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[180] CR at Table III-10, PR at Table III-10.

[181] CR at Table III-10, PR at Table III-10.

[182] CR at Table III-5, PR at Table III-5.

[183] INV-Y-156.

[184] CR at Table III-5, PR at Table III-5.

[185] Respondents' Joint Economic Prehearing Submission at Exh. 8.

[186] INV-Y-148.

[187] Fewer than one-half of the purchasers responding to the Commission's questionnaires were able to classify inventories by country of origin. CR at V-15, PR at V-11. Nonetheless, the data gathered in the course of these investigations indicate that subject imports did contribute to inventory growth. Purchaser inventories reached peak levels at the same time as did subject import volume, namely, the second quarter of 2000, at a time when domestic shipments to unrelated purchasers declined. CR at V-13, PR at V-11. Subject import volume held in purchaser inventories rose by 149.8 percent between 1998 and 2000, while reported total purchaser inventories rose 20.5 percent. CR at V-15, PR at V-11. Subject imports accounted for only 4.9 percent of inventories in 1998 but accounted for 10.2 percent of significantly larger inventories by the end of 2000. CR at V-15, PR at V-11.

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In sum, the record indicates there have been significant increases in the volume and market share of the subject imports, and that the subject imports have undersold the domestic like product and have had a significant suppressing and depressing effect on domestic prices. As a result, the overall condition of the industry declined during the period. Accordingly, we find that the subject imports are having a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is materially injured by reason of imports of hot-rolled steel products from Argentina that are subsidized and by imports of hot-rolled steel products from Argentina and South Africa that are sold at less than fair value.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed on behalf of Bethlehem; Gallatin; IPSCO; LTV; National; Nucor; SDI; USX; Weirton;[1] and the labor union representing the organized workers at Weirton known as the Independent Steelworkers Union on November 13, 2000,[2] alleging that an industry in the United States is materially injured, and is threatened with material injury, by reason of subsidized imports of hot-rolled steel products[3] from Argentina, India, Indonesia, South Africa, and Thailand and by

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[1] Weirton is not a petitioner in the investigation involving the Netherlands.

[2] On November 16, 2000, the petition was amended to include the United Steelworkers of America as co-petitioners.

[3] For purposes of these investigations, the products covered are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1,250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) is not included within the scope of these investigations.

Specifically included within the scope of these investigations are vacuum degassed, fully stabilized (commonly referred to as IF) steels, HSLA steels, and the substrate for motor lamination steels. IF steels are recognized as low-carbon steels with microalloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steel with microalloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate of motor lamination steels contains microalloying levels of elements such as silicon and aluminum.

Steel products included in the scope of these investigations, regardless of definitions in the HTS, are products in which: (i) iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent molybdenum, or 0.10 percent of niobium, or 0.15 percent of vanadium, or 0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of these investigations unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of these investigation: (a) alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., ASTM specifications A543, A387, A514, A517, and A506); (b) SAE/AISI grades of series 2300 and higher; (c) ball bearing steels, as defined in the HTS; (d) tool steels, as defined in the HTS; (e) silico-manganese (as defined in the HTS) or silicon electrical steel with a silicon level exceeding 2.25 percent; (f) ASTM specifications A710 and A736; (g) USS abrasion-resistant steels (USS AR 400, USS AR 500); (h) all products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507); and (i) non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTS.

The merchandise subject to these investigations is covered by the following HTS statistical reporting numbers: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060,

(continued...)

reason of LTFV imports of the same from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine. Information relating to the background of these investigations is provided below.[4]

Date	*Action*
November 13, 2000 .	Petition filed with Commerce and the Commission; institution of Commission investigations (65 FR 70364, November 22, 2000)
December 12, 2000 .	Commerce's notices of initiation (65 FR 77568 and 65 FR 77580)
December 29, 2000 .	Commission's preliminary determinations transmitted to Commerce (66 FR 805, January 4, 2001)
January 30, 2001 ...	Commerce's extension of time limit for preliminary determinations in countervailing duty investigations concerning India, Indonesia, South Africa, and Thailand (66 FR 8199)
February 21, 2001 ..	Commerce's preliminary affirmative countervailing duty determination and alignment of final countervailing duty determination with final antidumping duty determination concerning Argentina (66 FR 10990)
April 2, 2001	Commerce's additional extension of time limit for preliminary determinations in countervailing duty investigations concerning India, Indonesia, South Africa, and Thailand (66 FR 17525)
April 20, 2001	Commerce's preliminary countervailing duty determinations concerning India, Indonesia, South Africa, and Thailand (66 FR 20236)
May 3, 2001	Commerce's preliminary antidumping duty determinations concerning Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine and postponement of final antidumping determinations concerning India and Romania (66 FR 22146)
May 10, 2001	Scheduling of final phase of Commission investigations (66 FR 23950)
May 21, 2001	Commerce's notice of postponement of final antidumping duty determination concerning Ukraine (66 FR 27937)
May 23, 2001	Commerce's notice of postponement of final antidumping duty determination concerning China (66 FR 28423)
June 1, 2001	Commerce's notice of postponement of final antidumping duty determination concerning Kazakhstan (66 FR 29773)
June 6, 2001	Commerce's notice of amended preliminary antidumping duty determination concerning Romania (66 FR 30411)

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[3] (...continued)
7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, and 7211.19.7590. Certain hot-rolled carbon steel flat products covered by these investigations, including vacuum degassed fully stabilized, HSLA, and the substrate for motor lamination steel, may also enter under the following statistical numbers: 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, 7226.91.8000, and 7226.99.0000. Subject merchandise may also enter under HTS 7210.70.3000, 7210.90.9000, 7211.14.0030, 7212.40.1000, 7212.40.5000, and 7212.50.0000. Tariff rates currently range from 1.0 to 2.8 percent *ad valorem* for these products.

[4] The Commission's notice concerning the scheduling of the final phase of the Commission investigations and Commerce's notices of final determinations with respect to Argentina and South Africa appear in appendix A. Given their length, other *Federal Register* notices cited are not reproduced in this report.

June 13, 2001	Commerce's notice of postponement of final antidumping duty determination concerning Thailand and notice of postponement of final countervailing duty determinations concerning Thailand and South Africa (66 FR 31888)
June 15, 2001	Commerce's notice of postponement of final antidumping duty determination concerning Netherlands (66 FR 32600)
July 6, 2001	Commerce's notice of postponement of final antidumping duty determination concerning Indonesia (66 FR 35595)
July 16, 2001	Commerce's final countervailing duty determination concerning Argentina (66 FR 37007)
July 16, 2001	Commerce's final antidumping duty determination concerning Argentina (66 FR 37001)
July 16, 2001	Commerce's final antidumping duty determination concerning South Africa (66 FR 37002)
July 17, 2001	Commerce's notice of postponement of final antidumping duty determination concerning Taiwan (66 FR 37213)
July 17, 2001	Commission's hearing[5]
August 17, 2001	Commission's votes concerning Argentina and South Africa
August 27, 2001	Commission determinations and views concerning Argentina and South Africa transmitted to Commerce
September 17, 2001 .	Scheduled date for Commerce's final determinations on China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa (CVD), Taiwan, Thailand, and Ukraine

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C, tables C-1 and C-2. Except as noted, U.S. industry data are based on questionnaire responses of 21 firms that accounted for over 90 percent of U.S. production of hot-rolled steel in 2000. U.S. imports are based on official statistics of Commerce and questionnaire responses of 25 firms that accounted for approximately 37 percent of U.S. imports of hot-rolled steel in 2000.

COMMERCE'S PRELIMINARY DETERMINATIONS

Commerce's preliminary determinations on antidumping and countervailing duty margins and final margins concerning Argentina and South Africa are presented in the following tabulation:

Country	Exporter/manufacturer	Margin (*percent*)
Argentina (AD)	Siderar	(final) 44.59
	All others	(final) 40.60
Argentina (CVD)	Siderar (and all others)	(final) 41.69

[5] Appendix B contains a list of witnesses appearing at the hearing.

I-3

China (AD)	Angang	64.77
	Baosteel	40.74
	Benxi	67.44
	Panzhihua	44.47
	Wuhan	44.47
	China-wide	67.44
India (AD)	Ispat Industries	39.36
	Essar	34.55
	All others	34.75
India (CVD)	SAI	17.95
	Essar	9.08
	Ispat Industries	32.05
	Tata	8.08
	Jindal	34.27
	All others	15.72
Indonesia (AD)	Krakatau and all others	59.25
Indonesia (CVD)	Krakatau and all others	16.53
Kazakhstan (AD)	Ispat Karmet and Kazakhstan-wide	239.57
Netherlands (AD)	Corus and all others	2.44
Romania (AD)	Sidex/SRL	22.97
	Metanef	32.36
	Metagrimex	33.40
	Metalexportimport	25.60
	Romania-wide	88.62
South Africa (AD)	Highveld/Vanadium, Saldanha/Iscor, and all others	(final) 9.28
South Africa (CVD)	Highveld/Vanadium	0.45
	Saldanha/Iscor and all others	13.53
Taiwan (AD)	China Steel, Yieh Loong, and An Feng	29.14
	All others	20.28
Thailand (AD)	Sahaviriya	7.48
	Siam	20.30
	All others	7.48
Thailand (CVD)	Sahaviriya and all others	6.55
Ukraine (AD)	All companies	89.49

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THE PRODUCT

This section presents information on both imported and domestically produced hot-rolled steel products, as well as information related to the Commission's "domestic like product" determination.[6] The definition of hot-rolled carbon steel flat products in Commerce's scope generally follows the one adopted by the Commission in the 1998-99 investigations on hot-rolled steel and the 1999-2000 investigations on cold-rolled steel.[7] Petitioners in the current case raised the limit of 1.5 percent on silicon to 2.25 percent silicon, by weight, in order to align this scope with that of the 1999-2000 investigations on cold-rolled steel products, and to encompass a carbon-class motor lamination steel product that is produced by LTV. Petitioners state that boron or titanium may be added at levels exceeding those specified in the scope of the 1998-99 hot-rolled investigations without transforming carbon steel to alloy steel. Therefore, to restrict possible circumvention and to align the scope in these investigations with that of the more recent cold-rolled investigations, petitioners adopted the cold-rolled scope with regard to boron and titanium, i.e., without specified limitation. Petitioners state that the addition of alloying elements to carbon steel in the above-noted levels constitutes a minor variation that does not result in a product with the physical characteristics and uses of alloy steel and conforms with current industry practice regarding the definition of carbon steel.[8]

Physical Characteristics

The scope in these investigations covers products that are recognized by the marketplace as hot-rolled carbon steel flat products,[9] including both traditional nonalloy steel and newer classes of certain steels in which the alloying elements do not exceed levels described as the "boundaries recognized by the current steel producing technology for carbon steel." These newer steels include a range of carbon steels that have been modified through the addition of small amounts of alloying elements (microalloyed). These elements, the weight of which exceeds limits imposed in the HTS and traditional industry definitions of nonalloy steels, include silicon (to make a class of substrate materials for motor lamination and electrical steels); titanium (to make certain IF steels); copper (to enhance the weathering ability of certain carbon steels); and niobium, vanadium, and boron (to enhance the hardenability and strength of nonalloy steels).[10]

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[6] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and, where appropriate, (6) price. No parties have presented challenges to date to a domestic like product consisting of the product as defined by Commerce in the scope.

[7] *Certain Hot-Rolled Steel Products from Brazil, Japan, and Russia*, Investigations Nos. 701-TA-384 (Preliminary) and 731-TA-806-808 (Preliminary), USITC publication 3142, November 1998; and *Certain Cold-Rolled Steel Products from Argentina, Brazil, Japan, Russia, South Africa, and Thailand*, Investigations Nos. 701-TA-393 and 731-TA-829-830, 833-34, 836, and 838 (Final), USITC publication 3283, March 2000.

[8] See petitioners' postconference brief, pp. 7-9, exh. 2 (affidavit of [Brian Atwood of LTV]), and exh. 3.

[9] Flat products within the scope of these investigations are known within the steel industry as hot-rolled sheet or hot-rolled strip.

[10] Iron and nonalloy/alloy steel are defined in chapter 72 of the HTS. The subject products have not been further mechanically worked than hot-rolled, a rolling process in which the semifinished form (i.e., a slab) is heated and its thickness reduced by rolling. Certain downstream processing steps such as heat-treatments (annealing or

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Manufacturing Process

The manufacturing processes for hot-rolled steel flat products are summarized below. In general, there are three distinct stages that include: (1) melting or refining raw steel, (2) casting raw steel into semi-finished forms, and (3) hot-rolling semi-finished forms into flat-rolled hot-rolled carbon steel mill products.[11] The melting and casting processes produce and transform raw steel into a solid form ready for rolling and do not, by themselves, produce the subject product as defined here. Also, some producers purchase slabs (a semi-finished solid form of rectangular cross-section where the width measures at least twice the thickness) for hot-rolling on their rolling mills. Reasons for purchasing slab include the lack of steelmaking ability, i.e., a "stand-alone" rolling mill, constraints imposed by steel production capacity on output, or the desire to roll specialized grades outside the normal product mix. There is no significant difference in the production process for making carbon (including microalloyed) steel between mills in the United States and those in the subject countries.[12]

Melt Stage

Steel is produced either by the integrated or nonintegrated process. The nonintegrated, or scrap-based (also called "minimill"), process produces molten steel by melting scrap or scrap substitutes in an electric arc furnace.[13] The integrated process typically smelts iron ore and coke in a blast furnace to

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[10] (...continued)
normalizing, in which the temperature of the steel product is raised followed by controlled cooling), pickling, oiling, temper rolling, cutting-to-length, or slitting lengthwise do not affect this classification. Such products are excluded if they are coated with a metallic substance, such as tin, but are included in the scope if they are painted, varnished, or coated with plastics or other non-metallic substances. Petitioners have distinguished in all of the recent investigations between the microalloying elements used to enhance malleability of carbon steels and the hardenability of alloy steels, stating that carbon steels possess higher malleability, greater ductility, lower yield strength, and lower tensile strength compared to full alloy steels. Improvements in steelmaking technology and advances in metallurgy and material performance allow steelmakers to adjust steel chemistry and metallurgical characteristics to produce high-performance steels with improved mechanical property values (e.g., tensile strength or impact and wear resistance), and greater resistance to atmospheric corrosion using only small amounts of alloying ingredients. These development efforts have given rise during the 1990s to new steel compositions, including HSLA, IF, and electrical steels, that fall between the traditional definitions of carbon and alloy steels, but are considered carbon steels.

[11] For a further description of the production and refining of steel, see *Certain Hot-Rolled Steel Products from Brazil, Japan, and Russia*, USITC publication 3142, November 1998 and *Steel Industry Annual Report*, USITC publication 2436, September 1991. For a description of the thin-slab casting/flat-rolling processes, see *Commercialization of New Manufacturing Processes for Materials*, USITC Staff Research Study 22, USITC publication 3100, April 1998, pp. 49-61.

[12] The Ukrainian respondents distinguish their hot-rolled product because it is produced in open hearth furnaces. Geneva used open hearth steelmaking, a process once used by all of the U.S. integrated steelmakers, until about 1993. Geneva's replacement of its open hearth furnaces and modernization of the mill were for reasons of improving productivity and efficiency rather than because the mill could not produce an acceptable quality flat-rolled steel product. The open hearth and ingot-based casting process (used in the United States before it was replaced by the continuous casting process) produces a rimmed steel, which is acceptable for many commercial grades of flat-rolled steels.

[13] Scrap often has high levels of undesirable elements. To improve steel quality, all of the new thin-slab flat-rolled mills are making some use of scrap substitutes such as direct-reduced iron, hot-briquetted iron, and iron

(continued...)

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produce molten iron, which is subsequently poured into a steelmaking furnace, generally a basic oxygen furnace, together with a lesser amount of scrap metal. The hot metal is processed into steel when oxygen is blown into the metal bath. Lime is added to serve as a fluxing agent; it combines with impurities to form a floating layer of slag, which is later removed. The molten steel is poured or "tapped" from the furnace to a ladle to be transported to a ladle metallurgy station and then to casting.

Whether produced by the integrated or nonintegrated process, it is now common for steelmakers to utilize a secondary steelmaking stage (also called a ladle metallurgy station). Shifting the final refining stages to the ladle metallurgy station allows shorter cycles in the primary steelmaking vessel, effectively raising steelmaking capacity. Steelmakers employ additional techniques to further refine and improve the steel.[14] Steelmakers may adjust the chemical content by adding alloying elements or by lowering the carbon content (de-carburization), or adjust the temperature of the steel for optimum casting. While carbon content may be reduced further by subsequent hydrogen annealing of the coiled steel, the steel's essential characteristics are established prior to the casting stage. Hence, carbon, IF, and HSLA carbon steel products are manufactured in the same manufacturing facilities, using the same production equipment and production employees. There have been no significant changes in industry practice since the 1998-99 investigations.

Slab Casting Stage

Following the production of molten steel with the desired properties, the steel is cast into a form that can enter the rolling process. The industry formerly used two principal methods of casting, ingot teeming and continuous casting, but continuous slab casting is the preferred, lower-cost method. The vast majority of carbon sheet steels now produced in the United States are continuously cast. The U.S. industry is using several types of continuous slab casting processes; the conventional process is used by most U.S. and foreign integrated producers of hot-rolled carbon steel products, whereas all of the greenfield minimill facilities use thin- or thinner-slab casting processes. Differences between thin-slab casting and conventional continuous-strand slab casting include the shape of the casting mold, the desired thickness of the slab, and the linkage of steel casting with direct hot-rolling in thin-slab facilities.[15] A mill's facilities for melting (or refining) raw steel and casting the raw steel into a semi-finished form, called a slab, are common to all products produced in a steel mill, while hot-rolling the semi-finished form into a hot-rolled steel product may be accomplished on one of several different types of hot-rolling mills.

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[13] (...continued)
carbide; four of these mills have integrated backwards to the production of these furnace-charge materials.

[14] The goals of secondary steelmaking include controlling gases (e.g., decreasing the concentration of oxygen, hydrogen, and nitrogen, called degassing), reducing sulfur, removing undesirable nonmetallic inclusions such as oxides and sulphides, changing the composition and/or shape of oxides and sulphides that cannot be completely removed, and improving the mechanical properties of the finished steel. *USS, The Making, Shaping, and Treating of Steel, 10th edition,* p. 671.

[15] For a more detailed description of thin-slab casting processes, see "Thin-Slab Casting and Rolling," *Steel Times International, July 1998,* pp. 28-30.

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Rolling Stage

Conventional hot-rolled steel products and microalloy steel products are generally manufactured using the same manufacturing processes and facilities. Since the 1998-99 investigations, there have been no significant changes in industry practice. The principal type of mill producing hot-rolled steel products in the United States is the hot-strip mill. Hot-strip mills consist of a scalebreaker which removes surface scale, a roughing train consisting of four or five rolling mills that reduce the slab or a single reversing mill in which the slab is passed back and forth through the mill, and a finishing train with four to seven mills to reduce the steel to the desired thickness of the hot-rolled product. The flat-rolled product exits the finishing train, where it is subjected to a combination of water sprays, laminar jets, and/or air cooling to remove scale produced during the milling process and reduce the temperature of the steel. The steel is then coiled. Hot-strip mills are increasingly being equipped with a coilbox, an innovation that reduces the length of a hot-strip mill, lowers its operating costs, and offers improvements in product quality. One or two coilboxes may be located at the reversing mill or roughing train.

Steckel mills share certain common features with both reversing and hot-strip mills.[16] The primary distinction lies in the placement of a heated coilbox on either side of a single stand reversing mill. In this process the slab is passed through a scalebreaker and reduced to the desired intermediate thickness. It is then fed back and forth through the reversing mill from one coilbox to the other. The series of passes through the rolling stand reduces the product to the desired final thickness. Slabs can also be rolled back and forth without using the heated coilboxes, in which case the mill operates like a conventional reversing plate mill.

Although the overlap between the hot-rolled flat product and the cold-rolled flat product has traditionally been considered to start at approximately 2 mm and thinner, improvements in hot-rolling have allowed mills to hot-roll below 2 mm. Staff believes that, while mills in the United States have the capability to hot-roll below 2 mm, integrated mills tend not to hot-roll below 2 mm.

Subsequent Operations

Processing subsequent to hot-rolling can include a temper pass to improve surface finish, gauge tolerance, and coil tightness; pickling and light oil coating;[17] and operations that level, slit, or shear hot-strip mill products to width or length. If the hot-rolled product is designated for cold-reduction and coating, it is pickled, treated with an oil compatible with the mill's cold-reduction mill, cold-reduced,[18]

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[16] Five producers have operational Steckel or Steckel-like mills: Tuscaloosa, Geneva, Lukens (which is now part of Bethlehem), IPSCO, and Oregon.

[17] During the hot-rolling process, exposure to water and the atmosphere results in the formation of oxides on the surface of the steel which are removed through a process known as pickling. Pickling involves passing the hot-rolled product through a series of acid baths that remove the oxides. The material is then dried and oiled to prevent reformation of oxides, and recoiled.

[18] Cold-reduction rolling involves a fairly large reduction in the thickness of a hot-rolled material, typically ranging from 25 to 90 percent. The term "cold-rolling" refers to any process in which the product is fed into a rolling mill at ambient temperature. Cold-rolling can be performed for a variety of reasons, including a desired reduction in product thickness, a need to impart specific mechanical properties, or to impart a specific surface texture. Several U.S. companies produce hot-rolled sheet in thicknesses (i.e., light-weight gauges) that have been more typically characteristic of and to compete with cold-rolled sheet.

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annealed, and temper passed. It might then be coated with a metallic coating.[19] Pickling, oiling, tempering, leveling, slitting, or shearing can take place at the mill; alternatively, a mill can arrange for these operations to be performed at a nearby service center.[20]

Uses

Most hot-rolled carbon steel products are consumed internally or transferred to an affiliated company to make cold-rolled and/or galvanized or plated products, formed and welded to make pipe, or cut to length to produce discrete sheet. Where hot-rolled steel is used "as is," the strength of the hot-rolled product generally serves a structural function. Although these uses historically include applications where surface finish and light weight have not been crucial, light weight is becoming more important, as embodied in efforts by some U.S. producers to roll below 2 mm in thickness. Typical uses for hot-rolled steel include pipes and tubes, and automotive applications such as body frames.

AISI members report microalloyed steels under the carbon steel rubric, and many U.S. and foreign steelmakers consider microalloyed steels to be within the category of carbon steels. Major uses of HSLA steels include structural uses in construction, and in the automotive, machinery, and equipment industries, where they compete with other steels as well as aluminum, plastics, and advanced composites. Their competitiveness reflects a consumer's need for higher strength or greater corrosion resistance with less weight or no coating relative to other carbon steels or to specialty steels. An advantage of low-carbon IF steel is its deep drawing ability, making it suitable for automotive stampings. Motor lamination substrate has superior magnetic properties for use in motors and transformers.

Channels of Distribution

In the preliminary investigations, the Dutch respondent Corus and the South African respondent Saldanha both argued that their channels of distribution are atypical of those of other U.S. importers and U.S. producers. Both firms argued that because their customer base in the United States is comprised mostly of end user customers, a good portion of the hot-rolled steel products that they export to the United States is pre-sold and therefore does not enter the normal channels of distribution.[21] Although Corus also acknowledges flow to end user customers through so-called "service centers,"[22] the firm also

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[19] Flat-rolled steel products are coated with metals or nonmetallic substances to improve their aesthetics, reduce final product cost, improve corrosion resistance, and anticipate the requirements of downstream forming operations. Usually coated sheet uses a cold-rolled substrate, but coated hot-rolled sheet is a growing, albeit relatively small, product niche.

[20] Steel service centers serve as distributors of flat-rolled steel products. Many service centers maintain extensive inventories of a variety of steel products, providing availability and inventory management services for customers of all sizes, including those with smaller purchasing needs that must place low-volume orders. Some service centers perform a wide range of value-added processing, such as uncoiling, flattening, and cutting flat-rolled products to length or burning hundreds of intricate parts from a single sheet.

[21] See Saldanha's postconference brief, pp. 20-21; see also Corus' postconference brief, pp. 16-17.

[22] In response to information requested in the Commission's importers' questionnaire, Corus, the U.S. importer for all hot-rolled steel products exported to the United States by Corus Staal B.V., indicated that *** percent of its U.S. commercial shipments of imported hot-rolled steel in 2000 went to distributors, processors, and/or service centers.

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believes that such service or "distribution" centers function as "integral partners in a chain of distribution that has two links, where Corus is involved in both links."[23]

A large share (67 percent in 2000) of U.S. producers' total shipments of hot-rolled steel is consumed internally or transferred to affiliates for downstream processing. Less than one percent of total shipments is represented by exports. That means that the U.S. commercial market comprises only about 32 percent of U.S. producers' total shipments. Of this 32 percent, slightly more than half (53.7 percent) was shipped to distributors, processors, and/or service centers in 2000, and the rest went to manufacturers of tubular products, converters for cold-rolled sheet, and other end users (table I-1). U.S. commercial shipments by U.S. importers of the subject hot-rolled steel products were heavily weighted towards distributors, processors, and service centers at 67 percent of total U.S. commercial shipments in the year 2000.

Table I-1
Hot-rolled steel: Channels of distribution for U.S. producers' and U.S. importers' U.S. commercial shipments, 2000

Source	Share (*percent*) of 2000 reported U.S. commercial shipments to--			
	Distributors, processors, or service centers	Manufacturers of tubular products	Converters for cold-rolled sheet	Other end users
United States	53.7	21.4	2.9	22.0
Argentina	99.8	0.2	0.0	0.0
China	64.8	24.2	11.0	0.0
India	54.2	36.4	0.0	9.4
Indonesia	91.5	4.4	0.0	4.1
Kazakhstan	***	***	0.0	***
Netherlands	***	***	0.0	***
Romania	71.3	28.2	0.0	0.5
South Africa	60.2	10.5	21.4	6.7
Taiwan	54.0	44.6	0.0	1.1
Thailand	***	***	0.0	***
Ukraine	***	***	0.0	***
Subject imports	67.3	22.3	2.8	7.6

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

[23] Corus' postconference brief, p. 17.

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

MARKET CHARACTERISTICS

There is substantial domestic and foreign capacity to produce hot-rolled steel products, and the United States is perhaps the world's major market. Although some producers are large, there are enough domestic producers and importers that the market can be characterized as approximately competitive. For example, 21 firms provided information on their hot-rolled steel production, and 25 firms provided usable data on their import operations. Also, service centers and distributors that purchase from both domestic and foreign sources also compete for sales with their suppliers. For example, 10 out of 24 responding purchasers reported that they compete for sales of hot-rolled steel with manufacturers and importers of hot-rolled steel.

Many U.S. producers, as well as foreign producers, captively consume hot-rolled steel to produce other products, such as cold-rolled products, other steel products, and pipes and tubes. For example, internal consumption and transfers to related firms accounted for about two thirds of total domestic shipments in 2000. U.S. producers also compete with purchasers of hot-rolled steel in downstream markets. Nine out of 25 responding purchasers reported in their questionnaire responses that they sometimes compete with U.S. producers of hot-rolled steel products in attempts to sell downstream products.

Hot-rolled steel is used to produce large capital goods whose purchase can often be delayed, and producers and importers report that demand is subject to a business cycle that is indirectly tied to the overall performance of the economy. Purchasers reported that demand had weakened in the second half of 2000 and still remains weak. Intense competitive conditions and weak demand have put stress on some firms, which has lead to bankruptcies and closures in some cases.[1] The low equity values of many firms have led some analysts to predict that mergers and acquisitions will occur and increase concentration in the future.[2]

SUPPLY AND DEMAND CONSIDERATIONS

Domestic Supply

Domestic capacity is large, and production has been near or exceeded apparent domestic consumption during 1998 to 2000. Domestic capacity was 76.4 million tons in 2000; capacity utilization ranged from 85.0 percent in 1998 to 94.4 percent in the first quarter of 2000, but fell to 80.0 percent in the first quarter of 2001.

U.S. producer inventories have been a small and relatively stable percentage of total U.S. shipments. For example, inventories as a percent of U.S. shipments declined slightly from 3.9 percent in 1998 to 3.7 percent in 2000 (table III-9).

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[1] Testimony of Thomas J. Usher, chairman of the board and CEO of U.S. Steel, hearing transcript, p. 52.

[2] World Steel Dynamics, "Steel in 2001: Constraints Unparalleled, Opportunities Unmatched," presentation at conference on Steel Success Strategies XVI, June 19, 2001, p. 5.

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Although export shipments increased from 0.3 percent of total shipments in 1998, to 0.6 percent in 1999, and to 1.0 percent in 2000, the small export share indicates that domestic firms have limited ability to compete in foreign markets.

Although inconclusive, productivity measures are relatively positive. Unit labor costs decreased from $27.96 per short ton in 1998 to $26.37 per short ton in 2000 despite an hourly wage that increased from $24.35 in 1998 to $25.11 in 2000, although this trend reversed in interim 2001 with decreased capacity utilization (table III-10). Productivity (tons per 1,000 hours) similarly improved from 1998 to 2000 but then decreased in 2001. Although steel scrap prices have been low, energy costs have been high. High natural gas and electricity prices led steelmakers to disrupt production temporarily in some cases and to attempt unsuccessfully to add an energy surcharge in early 2001.[3]

In contrast to those positive productivity trends, World Steel Dynamics rates the U.S. integrated mills among the world's higher cost plants and the minimills among the mid-cost plants.[4] At current prices, some higher cost plants are likely to be operating below marginal costs. For example, LTV's management reportedly has had difficulty restructuring while in Chapter 11 bankruptcy and petitioned the Federal bankruptcy court to shed some of its legacy costs and to void its labor contract.[5] However, it recently reached a consensual agreement with the United Steelworkers of America.[6]

Based on available information, some U.S. hot-rolled steel producers may close plants, go out of business, or merge with or be acquired by other firms, if prices remain at current levels or decline further. The fight to survive and the liquidation of assets could put temporary downward pressure on prices. The industry that would emerge under such a scenario would have a somewhat lower capacity and the ability to produce at lower unit costs than the present industry; thus supply would decrease moderately. If prices improve, the present structure is likely to continue without any abrupt changes in unit costs. Although efficiency may gradually improve, additional investments in plant and equipment are likely to be modest given the large existing size of the industry and the difficulty raising capital. Also, because internal consumption and transfers to related companies are approximately twice as large as commercial shipments (table III-4), producing firms' internal demand for hot-rolled steel will influence the supply response of commercial shipments of hot-rolled steel. Internal consumption and transfers followed a trend roughly similar to that of commercial shipments; shipments to internal consumption and transfers fell by 20.7 percent between the first quarter of 2000 and the first quarter of 2001.

Import Supply

The market share for subject imports (based on value) grew from 1.7 percent in 1998, to 3.7 percent in 1999, and to 5.6 percent in 2000, but fell to 2.1 percent in interim 2001 compared to 5.3 percent in interim 2000. Country-specific supply issues are discussed next.

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[3] Tom Bagasarian, "How Steel Is Dealing with the Energy Crunch," *New Steel*, June 2001, pp. 18-20.

[4] World Steel Dynamics, p. 27.

[5] Ibid., p. 55.

[6] Cynthia Vinarsky, Ohio Knight Rider Tribune Business News, August 1, 2001.

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Argentina

Argentina's market share (based on value) ranged between 0 and 0.2 percent. Argentine capacity to produce hot-rolled steel was estimated at *** million short tons in 2000 and capacity utilization was *** percent (table VII-1). The ratio of inventories to shipments was fairly small, approximately *** percent. Internal transfers account for the largest share of total shipments by Argentine producers. Home market consumption varied between *** percent of total shipments in the first quarter of 2001 to *** percent of total shipments in 1998. Exports to third-country markets varied from *** percent (1998) to *** percent (first quarter, 2001) of total shipments. Argentine exports to the United States accounted for about *** percent of total shipments in 1999 and 2000, including the first quarter of 2000, but were *** percent or less of total shipments in 1998 and in the first quarter of 2001.

Based on available information, importers of Argentine hot-rolled steel are likely to respond to changes in demand with moderately large changes in the share of its shipments of hot-rolled steel shipped to the U.S. market. Contributing factors to this supply response are relatively small amounts of unused capacity but fairly large internal transfers, home market shipments, and exports to third countries. These other destinations of shipments could be diverted to the United States if demand were strong or could absorb additional shipments if U.S. demand were weak.

China

China's market share (based on value) ranged between 0.1 and 0.6 percent. China's capacity in 2000 was 19.2 million short tons (table VII-2). The Chinese industry was reported to be operating at approximately full capacity. Inventories were less than 2 percent of total shipments. Internal consumption and transfers accounted for from 37.8 percent to 49.7 percent of total production. The share of shipments destined for the Chinese market ranged from 46.1 percent in the first quarter of 2001 to 56.5 percent in 1998. The share of shipments exported to the United States varied between a high of 2.8 percent in the first quarter of 2000 to a low of 0.3 percent in the first quarter of 2001. Exports to third-country markets accounted for between 2.6 percent (1998) and 8.7 percent (first quarter, 2001) of total shipments. World Steel Dynamics places the Chinese steel industry in its low-cost group and predicts that China will become the world's dominant producer by the end of the decade.[7]

China is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to internal consumption and transfers and to the Chinese market could be increased or decreased depending upon price differences between the Chinese and U.S. markets. Chinese respondents stated that structural and performance problems limit China's export potential, that home market demand is likely to remain high, and that China is likely to remain a net importer of steel.[8]

India

India's market share (based on value) ranged between 0.1 and 1.2 percent. Indian capacity to produce hot-rolled steel was 12.1 million tons in 2000, and capacity utilization was 85.8 percent at that time (table VII-3). The ratio of inventories to shipments ranged from 3.8 percent (first quarter, 2000) to

[7] World Steel Dynamics, p. 39.

[8] Chinese respondents' joint posthearing brief, pp. 1-2.

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9.9 percent (1998). Internal consumption and transfers ranged from 33.2 percent (2000) to 40.6 percent (first quarter, 2001) of total shipments. Exports to third-country markets accounted for 3.7 to 7.9 percent of total Indian shipments. Exports to the United States accounted for from 0.0 percent (first quarter 2001) to 9.7 percent (first quarter 2000) of Indian shipments. World Steel Dynamics reports that the Indian steel industry has very low unit costs. There is new equipment, but many companies have significant debt. It also predicts that Indian home-market consumption of steel, which had collapsed, will recover.

Indian exports to the United States are likely to exhibit price sensitivity, expanding when the U.S. price is high and decreasing when price falls. Shipments to the United States are likely to vary inversely with internal consumption and transfers. Because of long lead times, however, there appears to be some sluggishness in this response.

Indonesia

Indonesian capacity to produce hot-rolled steel was *** million tons in 2000, and its capacity utilization rate was *** percent (table VII-4). The ratio of inventories to production ranged from *** percent in 1998 to *** percent in 1999; no interim data were available. Internal consumption and transfers accounted for from *** percent (1999) to *** percent (1998) of total shipments. Home-market consumption ranged from *** percent (1998) to *** percent (2000) of total shipments. Exports to third-country markets ranged from *** percent (2000) to *** percent (1998) of total shipments. Exports to the United States ranged from *** percent (1998) to *** percent (1999) of total shipments.

Indonesia is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to internal consumption and transfers, to the Indonesian home market, or to third countries could be increased or decreased depending on price differences between those markets and the U.S. market. Krakatau stated that the Indonesian economy, despite political instability, is projected to grow and that being its country's sole producer provides it an incentive to meet home market demand.[9]

Kazakhstan

Kazakhstan's market share (based on value) ranged between 0.1 percent and 0.3 percent. Kazak capacity to produce hot-rolled steel was *** million tons in 2000, and capacity utilization was *** percent. Inventories were consistently less than *** percent of shipments. Internal consumption and transfers accounted for *** percent of total shipments in 1998, *** percent in 1999, and *** percent in 2000. Exports to third countries, which had accounted for *** percent of total shipments in 1998, ranged from *** to *** percent from 1999 to the first quarter of 2001. Exports to the United States were 5.8 percent in the first quarter of 2000 but dropped to *** in the first quarter of 2001.

Kazakhstan is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to internal consumption and transfers or to third countries could be increased or decreased depending on price differences between those markets and the U.S. market.

[9] Krakatau's posthearing brief, p. 8.

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Netherlands

The Netherlands' market share (based on value) ranged between 0.5 and 0.8 percent. Dutch capacity to produce hot-rolled steel was *** million tons in 2000, and capacity was *** percent. The ratio of inventories to shipments ranged from *** percent in 2000 to *** percent in 1998. Internal consumption and transfers ranged from *** percent (1999) to *** percent (first quarter, 2001) of total shipments. Exports to third-country markets ranged from *** percent (first quarter, 2001) to *** percent (1998) of total shipments. Exports to the United States ranged from *** percent (first quarter, 2001) to *** percent (2000) of total shipments.

The Netherlands is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to internal consumption and transfers or to third countries could be increased or decreased depending on price differences between those markets and the U.S. market.

Romania

Romania's market share (based on value) ranged between 0.1 and 0.5 percent. Romanian capacity to produce hot-rolled steel was *** million tons in 2000, and its capacity utilization was *** percent. The ratio of inventories to shipments ranged from *** percent (first quarter, 2001) to *** percent (1999). Internal consumption and transfers ranged from *** percent (first quarter, 2000) to *** percent (1998) of total shipments. Home market consumption ranged between *** percent (2000) and *** percent (first quarter, 2000). Exports to third-country markets from Romania represented from *** percent (first quarter, 2000) to *** percent (first quarter, 2001) percent of total shipments. Exports to the United States ranged from *** percent (1998) to *** percent (1999) of total shipments. Romania is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to internal consumption and transfers, to the Romanian home market, or to third countries could be increased or decreased depending on price differences between those markets and the U.S. market.

South Africa

South Africa's market share (based on value) ranged between less than 0.05 percent and 0.3 percent. South African capacity to produce hot-rolled steel was *** million tons in 2000, and its capacity utilization rate was *** percent. The ratio of inventories to shipments ranged between *** percent (1999) and *** percent (1998) of total shipments. There were ***, and home market consumption ranged between *** percent (first quarter, 2001) and *** percent (first quarter, 2000) of total shipments. Exports to third countries ranged between *** percent (first quarter, 2000) and *** percent (first quarter, 2001). Shipments to the United States ranged between *** percent (first quarter, 2001) and *** percent (1998) of total shipments.

South Africa is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Capacity utilization could be expanded somewhat, and shipments to the South African market or to third countries could be increased or decreased depending on price differences between those markets and the U.S. market.

Taiwan

Taiwan's market share (based on value) ranged between 0.3 percent and 1.5 percent. Taiwanese capacity was *** million tons in 2000, and the industry was reportedly operating ***. Inventories ranged from *** percent of total shipments. Internal consumption was lower than many other countries and ranged from *** percent. Shipments to third-country markets ranged from *** percent (first quarter, 2000) to *** percent (first quarter, 2001) of total shipments. Exports to the United States ranged from *** percent (first quarter, 2001) to *** percent (1999) of total shipments.

Taiwan is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to third countries could be increased or decreased depending on price differences between those markets and the U.S. market.

Thailand

Thailand's market share (based on value) ranged between less than 0.05 percent and 0.3 percent. Thai capacity to produce hot-rolled steel was *** million tons in 2000, and capacity utilization was *** percent. Inventories ranged from *** percent to *** percent of total shipments, and internal consumption and transfers ranged from *** percent to *** percent of total shipments. Exports to third-country markets ranged from *** percent (first quarter, 2001) to *** percent (first quarter, 2000) of total shipments. Exports to the United States grew from *** percent of total shipments in 1998, to *** percent in 1999, and to *** percent in 2000, but decreased in the first quarter of 2001.

Thailand has the ability to increase capacity utilization somewhat. Internal consumption and transfers are not as important a share of shipments for Thailand as for some countries. Home market consumption and exports to third countries could expand or contract in response to relative price differences between those markets and the U.S. market. Thus, the share of Thai shipments directed to the United States is likely to be responsive to price changes.

Ukraine

Ukraine's market share (based on value) ranged between 0.1 and 0.2 percent. Ukrainian capacity to produce hot-rolled steel was *** in 2000, and capacity utilization was *** percent (table VII-11). *** were reported. Internal consumption and transfers accounted for between *** percent (first quarter, 2001) of total shipments. The home market share of total shipments ranged between *** percent. Shipments to third countries ranged from *** percent of total shipments between 1998 and the first quarter of 2001. The share of shipments to the U.S. market grew steadily from *** percent in 1998 to *** percent in the first quarter of 2000 but then fell sharply to *** percent in the first quarter of 2001. Despite many antiquated production facilities, Ukraine is a low-production-cost country according to World Steel Dynamics,[10] presumably because of low costs for labor, energy, and raw materials.

Ukraine is likely to respond to weak demand in the United States with decreased shipments and to increase shipments when prices are high. Shipments to internal consumption and transfers or to third countries could be increased or decreased depending on price differences between those markets and the U.S. market.

[10] World Steel Dynamics, p. 27.

U.S. Demand

Demand Characteristics

Demand for hot-rolled steel is derived from the demand for downstream products that it is used to produce, such as pipes and tubes, automobiles, trucks, various machines, appliances, various construction uses, and other uses. *** reported that it had decreased purchases of hot-rolled steel due to low auto sales, although *** reported that the volume of cars it sold from 1998 to 2000 contributed to its increased purchases of hot-rolled steel. *** reported that consolidation in the pipeline industry and relatively low energy prices had resulted in less exploration and a decline in its pipe and tube sales, although energy prices have increased somewhat in 2001. In contrast, *** stated that demand is strong in the pipe and tube sector, but weak in construction. Several producers stated that demand has been weak in 2001 due to the general economic downturn. Because hot-rolled steel has many different industrial uses, demand for it may follow broad indicators, such as GDP or the U.S. index of industrial production. This latter index increased from the first quarter of 1998 until late 2000 when it began a negative trend.[11]

Apparent consumption was 74.0 million tons in 1998. It decreased by 3.5 percent between 1998 and 1999, increased by 1.6 percent between 1999 and 2000, but fell by 20.6 percent between the first quarter of 2000 and the first quarter of 2001.

Substitute Products

Purchasers reported that in many uses hot-rolled steel has no effective substitutes. Other types of steel, aluminum, and plastics were cited as potential substitutes. *** stated that concrete may be substituted for steel in certain construction uses and that fiberglass may be substituted in the fabrication of storage tanks and containers. Substitution may require redesign of the product in question. Purchasers did not report any significant changes in the relative prices of potential substitutes.

Cost Share

Cost shares vary depending upon end uses. *** reported that steel accounts for about 7 percent of the cost of a ***. *** stated that hot-rolled steel accounts for about 10 percent of the cost of heating and air conditioning equipment, 15 percent of the cost of construction uses, and 10 percent of the cost of lawn and garden equipment. *** stated that hot-rolled steel accounts for about 30 percent of a steel auto part. *** reported that steel accounts for 65 to 75 percent of the cost of lined pipe.

Due to the lack of viable substitutes and moderate cost share in relation to final end-use costs, demand for hot-rolled steel is not expected to respond greatly to changes in price.

SUBSTITUTABILITY ISSUES

Data used in much of this section is from the Commission's purchaser questionnaires. Forty-nine purchaser questionnaires were sent out, and 27 responded with usable data. Volumes of purchases by source and average unit values of purchases are shown in table II-1. Quantities purchased from U.S.

[11] Prehearing brief of Bethlehem et al., vol. II, exhibit 15.

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Table II-1
Hot-rolled steel: Purchaser volumes and average unit values, by source and by year

Country	1998 Quantity (short tons)	1998 Average unit value	1999 Quantity (short tons)	1999 Average unit value	2000 Quantity (short tons)	2000 Average unit value
United States	5,996,076	$348	6,616,288	$319	6,597,551	$332
Argentina	568	292	3,885	277	7,551	311
China	837	375	15,127	281	37,046	308
India	17,445	300	65,362	227	74,146	330
Indonesia	9,902	305	33,400	253	30,463	295
Kazakhstan	1,749	282	13,298	247	57,802	285
Netherlands	143,346	360	158,052	319	183,684	326
Romania	37,294	278	40,722	225	53,056	274
South Africa	2,425	298	2,820	260	13,661	296
Taiwan	3,760	365	33,795	259	111,699	327
Thailand	17	389	6,632	280	5,488	334
Ukraine	89,356	289	15,325	247	301	268
Nonsubject	858,116	347	433,382	311	166,597	368

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

sources dwarf those purchased from other sources. Average unit values were somewhat variable by source. The highest average unit values in 1998 through 2000 were, respectively, for purchases of Thai, Dutch and U.S., and nonsubject products. The lowest average unit values for this same time frame were, respectively, from Romania, Romania again, and Ukraine. The product mix may affect the average unit values, and the small import quantities may not provide an accurate indication of overall average unit value for some countries.

The degree of substitution between domestic and imported hot-rolled steel products depends upon relative prices, quality (grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that hot-rolled steel from all subject and domestic sources is highly substitutable, although there are some distinctions based on source.

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three most important factors when selecting a supplier. Price, quality, delivery, availability, and ability to meet specifications were mentioned most frequently (table II-2).

Table II-2
Hot-rolled steel: Most important factors in selecting a supplier

Factor	Number of firms reporting		
	First factor	Second factor	Third factor
Price	9	5	10
Quality	10	10	2
Delivery	2	5	3
Availability	1	1	4
Meet specifications	3	1	1
Other	1	4	5

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

Purchasers were asked to rate the importance of 16 factors in making their purchase decisions for hot-rolled steel products. Purchasers tended to consider most factors important, but product quality, reliability of supply, product consistency, delivery time, availability, and lowest price were rated most frequently as very important, and design or process consultation was rated as not important (table II-3).

Although some producers reported selling nationwide, most reported having a regional focus. The north central states centered around Chicago were a dominant selling area. Some producers concentrated sales in the East Coast, the Southeast, or the Southwest. Importers similarly tended to sell more in certain regions. Many importer sales were in the Gulf Coast states, but the Midwest, East Coast, and West Coast also figured prominently.

Out of 27 responding purchasers, 18 reported that they required suppliers to be qualified or certified prior to purchasing from them. Quality, delivery, and price were among the most important factors mentioned in the qualification process. Qualification could be as simple as a couple of trial shipments or a complicated multiple-step process lasting a year or more. Despite these requirements, only six out of 20 responding purchasers reported that suppliers had failed to qualify with them. These purchasers cited quality and other reasons for *** losing their status as qualified suppliers at some time during the previous three years.

Comparisons of Domestic Products and Subject Imports

Purchasers were asked to compare countries in regard to the 16 factors listed in table II-3. Purchaser responses were relatively sparse and did not cover all subject countries. Two purchasers considered hot-rolled steel from the United States and China as comparable on most factors, although they rated the United States higher on delivery time and China as superior with regard to the lowest price. Four purchasers rated the United States and India as comparable on most factors, although they considered the United States superior on availability and technical support. One purchaser rated the United States and Indonesia as comparable on most factors. Two purchasers compared the United States to Kazakhstan and rated the United States as superior or comparable on all factors. Four purchasers generally considered the United States and the Netherlands as comparable, but rated the United States as superior on delivery time and lowest price and the Netherlands as superior on product quality. Three

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Table II-3
Hot-rolled steel: Purchaser ratings of purchase factors

Factor	Very important	Somewhat important	Not important
Availability	18	3	0
Delivery terms	7	13	0
Delivery time	19	2	0
Discounts offered	8	13	1
Lowest price	15	7	0
Minimum quantity requirements	6	12	3
Packaging	8	9	4
Product consistency	20	2	0
Product quality	22	0	0
Product range	7	14	0
Reliability of supply	20	1	0
Technical support	10	8	3
Transportation network	7	8	6
U.S. transportation costs	7	11	3
Design or process consultation	3	10	6
Sales/marketing support	7	12	1

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

purchasers generally considered the Romanian and domestic products as comparable, although the United States was considered superior with respect to delivery terms. Five purchasers generally considered the United States and South Africa as comparable on most factors, but rated the United States as superior regarding design or process consultation, sales/marketing support, and transportation network and South Africa as superior on lowest price. Two purchasers compared the United States to Taiwan and found them comparable on most factors. Similarly, two purchasers compared the United States to Thailand and found them comparable on most factors.

Karmet, a Kazakh producer, stated that the market perceived its ingot-cast, rimmed or semi-killed steel as inferior to continuous cast hot-rolled steel made by the domestic producers and most other foreign producers.[12] Steel produced by ingot casting is unsuitable for many uses. Zaporizhstal, a Ukrainian producer, stated that much of its production is ingot-cast and that it competes mainly in the

[12] Karmet's posthearing brief, pp. 1-6.

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market for seconds and does not sell to the automotive or construction sectors.[13] Sidex, a Romanian producer, stated that its lower quality, slower delivery, and less technical support prevented its product from being substitutable with the domestic product.[14] Saldanha, a South African producer, stated that there is limited substitutability between South African product and other product because South African imports are increasingly concentrated in thin and ultra-thin gauge material.[15] Petitioners stated that steel produced by ingot-casting is acceptable for many commercial uses and that Romanian steel is used in the same applications as steel from other sources.[16] Petitioners added that most South African imports for the period of investigation are 3 mm or thicker.[17]

Purchasers were asked if differences in quality were so significant between U.S.-produced hot-rolled steel and subject imported hot-rolled steel that the market should be considered segmented with significantly different price levels applicable to each segment. Fourteen purchasers responded in the negative and three in the affirmative. *** stated that all sources must meet minimum ASTM standards and that, even though some differences may be apparent, steel from all subject sources is suitable for most applications. *** stated that product from India, Kazakhstan, Romania, South Africa, and Ukraine is generally considered to be of lower quality.

Purchasers were asked if certain grades/types/sizes of hot-rolled steel products are only available from a single source. Seventeen purchasers replied in the negative and seven in the affirmative. *** reported that, although some domestic producers have the ability to make light gauge material, it is more readily available from the Netherlands. *** reported that the Netherlands is the only qualified supplier of battery-quality material.

Purchasers were asked if imported and domestic hot-rolled steel products are used in the same applications. *** stated that steel from all sources was interchangeable. *** added that steel is fungible and, as long as the specifications are agreed upon, grades are essentially equal. Purchasers specifically identified product from Argentina, India, the Netherlands, Romania, Taiwan, and Thailand as being used in the same applications as the domestic product. *** cited the Netherlands as the only source of hot-rolled battery-quality material. In addition, Duracell and Eveready testified that there was no qualified domestic producer of battery-quality hot-rolled steel.[18] Petitioners stated that the battery-quality hot-rolled steel accounts for only about 25 percent of Dutch shipments of hot-rolled steel to the United States.[19]

Fourteen out of 24 responding purchasers stated that they sometimes specifically order hot-rolled products from one country over other possible sources of supply. The United States was the most frequently cited country of preference because of product quality, short delivery times, and customer preference in certain uses. A Canadian mill was reported to be the only source of hot-rolled steel in certain sizes.

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[13] Zaporizhstal's posthearing brief, pp. 6-7 and exhibits 3 and 4.

[14] Sidex's posthearing brief, p. 5.

[15] Saldanha's posthearing brief, pp. 4-5.

[16] Posthearing brief of Bethlehem Steel et al., p. 26.

[17] Ibid., p. 28.

[18] Testimony of Jeffery Johnson, Duracell, and Alfred J. Dillis, Eveready, hearing transcript, pp. 206-213.

[19] Posthearing brief of Bethlehem Steel et al, pp. 24-25.

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U.S. producers and importers were asked to report lead times for delivery of product. The average lead time of U.S. producers was 4 weeks, and 13 out of 19 responding producers said that lead times had become shorter as demand had weakened and reduced the backlog of orders, even if physical lead times had not changed. Importers' average lead time was 15 weeks. Only three out of 22 responding importers reported that lead times had changed. *** reported that its lead time had shortened from an average of 5 months to an average of 3 months. The other two importers with changed lead times reported that mill lead times had shortened somewhat but remained fairly variable.

Purchasers were asked if they placed orders prior to the manufacture of hot-rolled steel or bought from inventory. One purchaser reported buying from inventory; 19 purchasers reported placing orders prior to manufacture, and six purchasers reported buying it in both modes. This is consistent with the reported modes of producers of material from the China, Indonesia, the Netherlands, South Africa, and Thailand that virtually all of their exports to the United States are pre-sold prior to entry.[20] This evidence is contradicted by hearing testimony and an affidavit in the petitioners' posthearing brief.[21] Purchaser inventories are discussed in more detail in Part V.

Purchasers were asked if they had changed the relative amounts purchased from different sources. Responses were varied; several purchasers reported that they had not changed. *** reported that it purchased from the United States due to strength requirements and just-in-time delivery. *** reported increasing purchases from Argentina and India due to availability and price. *** reported that it had decreased purchases from Japan and Russia because of a previous trade case and increased purchases from China, India, Indonesia, Kazakhstan, the Netherlands, Romania, and Taiwan because of availability. *** reported that it had decreased purchases from India, Taiwan, and Thailand because their prices were no longer competitive with those of domestic producers. *** reported that it had decreased purchases from the Netherlands, Romania, and South Africa because of uncompetitive prices. *** reported that they had increased the portion of U.S. purchases because of better U.S. pricing.

Purchasers were also asked if certain suppliers provided collateral services in conjunction with hot-rolled steel. Six purchasers reported that they received no collateral services from suppliers. Several purchasers reported that all sources provide pre- and post-sales service and technical support. *** reported that *** provided metallurgical services. *** stated that it worked closely with Nucor and SDI to identify existing grades or create new products to meet customers' needs. Specific companies that were named as providing technical support include ***.

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[20] Chinese respondents' posthearing brief, p. 3; Krakatau's posthearing brief, p. 6; Corus's prehearing brief, p. 4; Saldanha's posthearing brief, p. 5; and the Government of Thailand's posthearing brief, p. 2. Thailand claims, in addition, that most of its shipments to the United States are sold to only two purchasers.

[21] Testimony of Steven Szymanski, U.S. Steel, hearing transcript, p. 155; and affidavit of Peter Benson of Nucor-Yamato Steel, posthearing brief of Gallatin et al, exhibit 11.

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SIMULATION MODELING

Elasticity Estimates

U.S. Supply Elasticity

The domestic supply elasticity for hot-rolled steel products measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of hot-rolled steel products. The elasticity of domestic supply depends upon marginal costs and market price in relation to total fixed costs. Analysis of these factors led the staff to suggest a U.S. supply elasticity in the range of 3 to 5 in the prehearing report. Petitioners attribute any changes in price in the 1999-2000 and interim 2000-2001 periods to changes in demand, and this allows them to identify two different points on the supply curve.[22] Using data from the staff report for those times, they calculated a supply elasticity of approximately 0.6. One cannot be sure, however, that demand did not also shift during this period. Nevertheless, based on petitioners' arguments, staff modified the elasticity of supply to be in the range of 1 to 2.

Import Supply Elasticities

The price response is included in the dumping margins, and the COMPAS model does not use separate supply elasticities for the subject countries in dumping cases. Foreign subsidies are viewed, however, as affecting effective import supply. For reasons discussed in the import supply section, Argentina, India, Indonesia, South Africa, and Thailand are each likely to have elasticities of import supply in the range of 5 to 10.

U.S. Demand Elasticity

The U.S. demand elasticity for hot-rolled steel products measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of hot-rolled steel products. This estimate depends upon factors discussed earlier such as the commercial viability of substitute products, the cost share of the hot-rolled steel in downstream products, and the demand for downstream products. Based on the available information, staff stated in the prehearing report that the aggregate demand for hot-rolled steel products is likely to be inelastic and in the range of -0.8 to -0.4. Petitioners commented that demand appeared to be in the lower part of this range, and the range recommended in the prehearing report will be retained.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Differences in quality, physical conditions, and conditions of sale, etc. affect product differentiation. Based on available information, staff suggested using an elasticity of substitution between U.S.-produced and imported hot-rolled steel in the range of 4 to 6 for all subject countries. Petitioners recommended increasing the supply elasticity to 5 to 7 based upon the general high substitutability of the domestic and imported product. Respondents, however, put forth arguments that differentiate the imported product from the domestic product. For example, quality issues are relevant to product from Kazakhstan, Romania, and Ukraine; a portion of the South African product is

[22] Prehearing brief of Bethlehem Steel et al, exhibit 18, pp. II-8-II-10.

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thin-gauge material; and a portion of the Dutch product is battery-quality material. Staff will use an elasticity in the range of 4 to 7. To the extent that quality and other factors differentiate the product from particular sources, the elasticity of substitution may be in the lower part of this range for those countries.

Model Results

The antidumping module of the COMPAS model was run for all subject countries in the aggregate and individually for each subject country. The subsidy module of the COMPAS model was run for Argentina, India, Indonesia, South Africa, and Thailand in the aggregate and separately. The only available final margins were dumping and CVD margins for Argentina and a dumping margin for South Africa. In all other cases, preliminary margins were used.[23] The COMPAS model runs address the question of what the effects on the domestic market would have been in 2000 if imports had not been dumped or subsidized. Details of the COMPAS runs are shown in appendix D.

Generally, the fairly large margins from Commerce and the relatively small subject import market shares were the driving forces in the model. In the case of all subject countries, the entire subject import market share of 5.6 percent would have been removed from the domestic market in 2000 had imports been fairly priced. Thus, unfairly priced imports are estimated to have reduced domestic revenue by 5.6 percent (table II-4). In the individual country runs, the subject imports from Argentina, China, India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine would not have been in the market for some combinations of the elasticities, if they had not been dumped. Imports from the Netherlands, South Africa, and Thailand, whose margins are smaller, would still have been present in the market.

Results of the subsidy version of the COMPAS model for countries with CVD margins is shown in table II-5. The import value share of Argentina, India, Indonesia, South Africa, and Thailand amounted to 2.2 percent. The countervailing subsidies had less of an effect than the antidumping duties, but the presence of the subsidized imports was estimated to have reduced domestic revenue by between 0.5 and 1.2 percent in 2000 and by lesser amounts for the individual countries.

The combined effects of dumped and subsidized imports are shown in table II-6. In the cases of "all subject countries," Argentina, India, and Indonesia, the combined effects likely overestimate the benefit to the domestic industry because, for many combinations of the elasticities, imports from those sources in 2000 would not have been present in the market if they had been fairly priced.

[23] If the final margins differ from the preliminary margins, the COMPAS model will be rerun. If final margins differ from preliminary margins by a large degree, final results will also differ significantly.

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Table II-4
Estimated minimum and maximum impacts on the domestic market in 2000 of dumped imports, by percentage changes in price, output, and revenue and by country[1]

Country	Minimum effects			Maximum effects		
	Price	Output	Revenue	Price	Output	Revenue
All subject countries	-1.9	-3.8	-5.6	-2.8	-2.8	-5.6
Argentina	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2
China	-0.3	-0.3	-0.6	-0.3	-0.3	-0.6
India	-0.5	-0.5	-1.0	-0.6	-0.6	-1.2
Indonesia	-0.2	-0.2	-0.3	-0.2	-0.2	-0.3
Kazakhstan	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2
Netherlands	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1
Romania	-0.3	-0.3	-0.5	-0.3	-0.3	-0.5
South Africa	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1
Taiwan	-0.2	-0.3	-0.5	-0.5	-0.5	-1.0
Thailand	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Ukraine	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2

[1] Final antidumping margins were used for Argentina and South Africa, and preliminary antidumping margins were used for all other subject countries.

Source: COMPAS model output.

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Table II-5
Estimated minimum and maximum impacts on the domestic market in 2000 of subsidized imports, by percentage changes in price, output, and revenue and by country[1]

Country	Minimum effects			Maximum effects		
	Price	Output	Revenue	Price	Output	Revenue
Argentina, India, Indonesia, South Africa, and Thailand	-0.3	-0.3	-0.5	-0.4	-0.8	-1.2
Argentina	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
India	-0.1	-0.1	-0.3	-0.2	-0.4	-0.6
Indonesia	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2
South Africa	-0.0	-0.0	-0.0	-0.0	-0.1	-0.1
Thailand	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1

[1] The final CVD margin for Argentina was used; preliminary CVD margins were used for India, Indonesia, South Africa, and Thailand.

Source: COMPAS model output.

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Table II-6
Estimated combined minimum and maximum impacts on the domestic market in 2000 of dumped and subsidized imports, by percentage changes in price, output, and revenue and by country[1]

Country	Minimum effects			Maximum effects		
	Price	Output	Revenue	Price	Output	Revenue
All subject countries	-2.2	-4.1	-6.1	-3.2	-3.6	-6.8
Argentina	-0.2	-0.2	-0.3	-0.2	-0.3	-0.4
China	-0.3	-0.3	-0.6	-0.3	-0.3	-0.6
India	-0.6	-0.6	-1.3	-0.8	-1.0	-1.8
Indonesia	-0.2	-0.2	-0.4	-0.3	-0.3	-0.5
Kazakhstan	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2
Netherlands	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1
Romania	-0.3	-0.3	-0.5	-0.3	-0.3	-0.5
South Africa	-0.0	-0.0	-0.1	-0.1	-0.2	-0.2
Taiwan	-0.2	-0.3	-0.5	-0.5	-0.5	-1.0
Thailand	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2
Ukraine	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2

[1] Final antidumping margins were used for Argentina and South Africa, and preliminary antidumping margins were used for all other subject countries. The final CVD margin for Argentina was used; preliminary CVD margins were used for India, Indonesia, South Africa, and Thailand.

Source: COMPAS model output.

II-17

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

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 margins of dumping and subsidies 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 21 firms that accounted for over 90 percent of U.S. production of hot-rolled steel products during 2000.

U.S. PRODUCERS

The Commission mailed questionnaires to 29 firms believed to produce hot-rolled steel products. Twenty-one firms, including the nine petitioners, supplied the Commission with information on their operations with respect to hot-rolled steel. One firm responded to the Commission's request for information by indicating that it did not produce the subject merchandise and the remaining seven firms did not respond to the Commission request for information.[1] *** of the 21 firms that supplied information on their operations support the petitions. ***. The identity of those U.S. producers that supplied the Commission with usable questionnaire information, the location of their manufacturing operations, and their reported shares of hot-rolled steel production in 2000 are presented in table III-1.

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

In the Commission's questionnaire, U.S. producers were asked if they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of their operations or organization relating to the production of hot-rolled steel products since January 1, 1998. Thirteen of the 21 firms that responded to the questionnaire reported such changes in the character of their operations since January 1, 1998. Their responses to this question are presented in table III-2. Shutdowns and curtailment of production due to equipment failures and low book order volumes were most often cited in such responses as opposed to expansions and acquisitions.

Data on U.S. producers' production capability, production and capacity utilization are shown in table III-3. Between 1998 and 2000, as an industry, U.S. producers experienced a 4.0 percent increase in hot-rolled steel production capability and a 5.5 percent increase in actual production. Between January-March 2000 (interim 2000) and January-March 2001 (interim 2001), U.S. production capacity fell by 0.7 percent and production fell by 15.9 percent. U.S. producers' capacity utilization rose by 1.2 percentage points between 1998 and 2000 but fell by 14.4 percentage points between the interim periods.

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[1] Among the firms that did not respond to the Commission's request for information are the following firms that have filed for Chapter 11 bankruptcy: Acme (Riverdale, IL), CSC (Warren, OH), Gulf States (Gadsden, AL), Trico (Decatur, AL), and Worldclass (Ambridge, PA). Acme, CSC, and Worldclass continue to operate under bankruptcy, but Gulf States and Trico have ceased operations. Together, these five firms accounted for an estimated *** percent of the domestic industry's total capacity to produce hot-rolled steel products in 2000.

III-1

Table III-1
Hot-rolled steel: U.S. producers and the location of their manufacturing operations, their shares of U.S. production in 2000, their position on the petitions, parent firm, and related and/or affiliated firms engaged in the production, exporting, and/or importing of the subject products

Firm	Location of manufacturing facility	Share (*percent*) of reported total production in 2000	Position on the petitions	Related and/or affiliated firms
AK	Middletown, OH	***	***	AK Steel Holding (U.S.)[1]
Beta	Portage, IN	***	***	Digital Establishment (Lichtenstein);[1] Neptunia Corp. (Liberia);[1] Transmar Corp. (Liberia)[1]
Bethlehem	Burns Harbor, IN Sparrows Point, MD	***	Support	None
CSI	Fontana, CA	***	Support	Rio Doce Limited (U.S.);[1] Kawasaki Steel Holding (USA), Inc. (U.S.);[1] Kawasaki Steel Corp. (Japan)[2]
Gallatin	Ghent, KY	***	Support	Dofasco, Inc. (Canada);[1 2] Co-Steel, Inc. (Canada)[1]
Geneva	Vineyard, UT	***	Support	Geneva Steel Holdings Corp. (U.S.)[1]
IPSCO	Axis (Mobile), AL Muscatine, IA	***	Support	IPSCO, Inc. (Canada)[1]
Ispat/Inland	East Chicago, IN	***	***	Ispat International B.V. (Netherlands);[1] Ispat North America (U.S.);[3] Ispat Karmet JSC (Kazakhstan);[2] Ispat Sidbec (Canada)[2]
Lone Star	Lone Star, TX	***	Support	Lone Star Technologies (U.S.)[1]
LTV	Cleveland, OH East Chicago, IN	***	Support	The LTV Corp. (U.S.);[1] Copperweld Corp. (U.S.);[3] Trico Steel, L.L.C. (U.S.)[4]
National	Granite City, IL Ecorse, MI	***	Support	NKK U.S.A. Corp. (U.S.);[1] NKK Corp. (Japan)[2]
Newport	Newport, KY	***	***	NS Group (U.S.)[1]
North Star/BHP	Delta, OH	***	***	BHP Resource Holding Co. (U.S.);[1] NSS Ventures, Inc. (U.S.);[1] BHP Integrated Steel (Australia);[2] BHP New Zealand Steel (New Zealand);[2] BHP Steel Products Western Port Works (Australia)[2]

Continued on next page.

Table III-1--*Continued*
Hot-rolled steel: U.S. producers and the location of their manufacturing operations, their shares of U.S. production in 2000, their position on the petitions, parent firm, and related and/or affiliated firms engaged in the production, exporting, and/or importing of the subject products

Firm	Location of manufacturing facility	Share (*percent*) of reported total production in 2000	Position	Related and/or affiliated firms
Nucor	Armorel, AR Crawfordsville, IN Huger, SC	***	Support	None
Rouge	Dearborn, MI	***	Support	Rouge Industries, Inc. (U.S.)[1]
SDI	Butler, IN	***	Support	Salzgitter AG (Germany);[1 2] Heidtman Steel (U.S.);[1 3] GE Capital Corp. (U.S.)[1]
Tuscaloosa[5]	Tuscaloosa, AL	***	***	Corus America Holding, Inc. (U.S.);[1] Corus Group plc (United Kingdom)[2]
USX	Fairfield, AL Gary, IN Dravosburg, PA	***	Support	USS/POSCO (U.S.), U.S. Steel Kosice s.r.o. (Slovakia)[2 6]
WCI	Warren, OH	***	Support	Renco Steel Holdings, Inc. (U.S.)[1]
Weirton	Weirton, WV	***	Support	None
WPS	Wheeling, WV	***	Support	None

[1] **Parent.**
[2] **Foreign producer/exporter.**
[3] **U.S. importer.**
[4] **U.S. producer.**
[5] **Also known as Corus Tuscaloosa.**
[6] **Became a subsidiary of USX on November 24, 2000.**

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

Table III-2
Hot-rolled steel: U.S. producers' comments concerning plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns

* * * * * * *

U.S. producers were requested to provide quarterly data on their U.S. production for the year 2000 and the first quarter of 2001. These data, illustrated in figure III-1, reveal a consistent decline of 22.7 percent from the first quarter of 2000 to the last quarter of 2000 and an increase of 8.8 percent in the first quarter of 2001 over the last quarter of 2000.

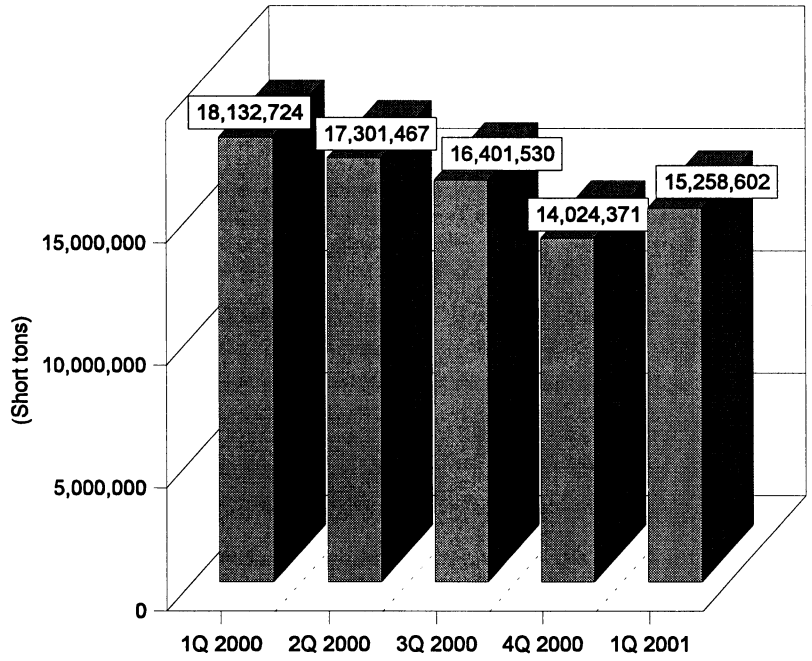
III-3

Table III-3
Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
Capacity (*short tons*)	73,468,340	75,462,035	76,397,442	19,210,635	19,067,423
Production (*short tons*)	62,456,688	65,279,659	65,898,724	18,132,724	15,258,602
Capacity utilization (*percent*)	85.0	86.5	86.3	94.4	80.0

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

Figure III-1
Hot-rolled steel: U.S. producers' production, January-March 2000, April-June 2000, July-September 2000, October-December 2000, and January-March 2001



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

U.S. PRODUCERS' SHIPMENTS

Total Shipments

Data on U.S. producers' shipments of hot-rolled steel are shown in table III-4. The data show the quantity of U.S. producers' total shipments increasing from 1998 to 2000 and the value of such

III-4

shipments fluctuating downward over the same period. The increase in terms of quantity over the three-year period was 5.5 percent; the net decrease on the basis of value was 2.4 percent. Between interim 2000 and interim 2001, the quantity and value of U.S. producers' total shipments fell by 16.3 percent and by 34.3 percent, respectively. The unit value of total shipments declined overall by 7.5 percent from 1998 to 2000 and by 21.1 percent between the interim periods.

Table III-4
Hot-rolled steel: U.S. producers' shipments, by types, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Commercial shipments	20,009,019	21,385,471	21,278,667	6,048,566	5,361,817
Internal consumption	39,033,746	40,118,977	40,473,363	11,001,016	8,736,348
Transfers to related firms	3,172,208	3,519,005	3,467,099	919,973	913,852
Subtotal	62,214,973	65,023,453	65,219,129	17,969,555	15,012,017
Export shipments	173,764	360,825	608,378	185,040	85,903
Total	62,388,737	65,384,278	65,827,507	18,154,595	15,197,920
	Value (*$1,000*)				
Commercial shipments	6,658,718	6,234,217	6,574,475	1,949,634	1,356,419
Internal consumption	12,550,493	11,310,687	12,009,077	3,410,894	2,141,295
Transfers to related firms	928,095	910,699	939,131	257,340	206,873
Subtotal	20,137,306	18,455,603	19,522,683	5,617,868	3,704,587
Export shipments	58,960	114,386	198,031	64,118	25,888
Total	20,196,266	18,569,989	19,720,714	5,681,986	3,730,475
	Unit value (*per short ton*)				
Commercial shipments	$332.79	$291.52	$308.97	$322.33	$252.98
Internal consumption	321.53	281.93	296.72	310.05	245.10
Transfers to related firms	292.57	258.79	270.87	279.73	226.37
Subtotal	323.67	283.83	299.34	312.63	246.77
Export shipments	339.31	317.01	325.51	346.51	301.36
Total	323.72	284.01	299.58	312.98	247.09

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

III-5

U.S. producers' were requested to provide quarterly data on their U.S. shipments for the year 2000 and the first quarter of 2001. These data, illustrated in table III-5, reveal an overall decline in the quantity and value of total shipments from the first quarter of 2000 to the first quarter of 2001. The average unit values of U.S. producers' total shipments increased by 1.1 percent from the first quarter of 2000 to the second quarter of 2000, but fell in the remaining quarters for which data were requested.

Table III-5
Hot-rolled steel: U.S. producers' shipments, by types, January-March 2000, April-June 2000, July-September 2000, October-December 2000, and January-March 2001

Item	Jan.-Mar. 2000	April-June 2000	July-Sept. 2000	Oct.-Dec. 2000	Jan.-Mar. 2001
	Quantity (*short tons*)				
Commercial shipments	6,048,566	5,572,091	4,886,504	4,740,449	5,361,817
Internal consumption	11,001,016	10,541,891	10,420,749	8,510,639	8,736,348
Transfers to related firms	919,973	873,666	889,534	783,347	913,852
Subtotal	17,969,555	16,987,648	16,196,787	14,034,435	15,012,017
Export shipments	185,040	132,574	141,730	147,415	85,903
Total	18,154,595	17,120,222	16,338,517	14,181,850	15,097,920
	Value (*$1,000*)				
Commercial shipments	1,949,634	1,842,323	1,505,944	1,273,984	1,356,419
Internal consumption	3,410,894	3,276,656	3,127,985	2,257,728	2,141,295
Transfers to related firms	257,340	250,696	231,822	199,098	206,873
Subtotal	5,617,868	5,369,675	4,865,751	3,730,810	3,704,587
Export shipments	64,118	45,118	45,487	42,918	25,888
Total	5,681,986	5,414,793	4,911,238	3,773,728	3,730,475
	Unit value (*per short ton*)				
Commercial shipments	$322.33	$330.63	$308.18	$268.75	$252.98
Internal consumption	310.05	310.82	300.17	265.28	245.10
Transfers to related firms	279.73	286.95	260.61	254.16	226.37
Subtotal	312.63	316.09	300.41	265.83	246.77
Export shipments	346.51	340.32	320.94	291.14	301.36
Total	312.98	316.28	300.59	266.10	247.09

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

III-6

Internal Consumption/Intercompany Transfers

U.S. producers consume hot-rolled steel products internally for use in the production of CTL plate, tubular products, cold-rolled steel, and other downstream products. Sixteen of the 21 firms that supplied questionnaire information reported such internal consumption. The Commission's questionnaire asked U.S. producers to respond to a series of questions concerning their internal consumption of hot-rolled steel. The questions asked and the number of "yes" and "no" responses are shown in the tabulation below.

Question	Number of "No" responses	Number of "Yes" responses
Does your firm internally transfer (captively consume) any portion of its production of hot-rolled steel products to produce downstream products?	5	16
Does the downstream product(s) for which your firm internally transfers or captively consumes hot-rolled steel products compete for sales in the merchant market with hot-rolled steel products?	13	3
Is any portion of your merchant market sales of hot-rolled steel products used by your customers to produce the same downstream product(s) that your firm produces from captively produced hot-rolled steel products?	2	14
Do hot-rolled steel products that your firm internally transfers or captively consumes differ from the hot-rolled steel products sold by your firm to unrelated customers?	8	8
Were all of the certain hot-rolled steel products that your company transferred for internal processing processed into a downstream product?	1	15
Are there any grades of hot-rolled steel products that you only produce for captive consumption but for which there is a domestic market?	14	2
Can certain hot-rolled steel products from other suppliers be used or substituted in your own captive consumption operations?	1	15
Have you used (or qualified for use) in your own consumption operations any certain hot-rolled steel products from other suppliers?	9	7

The Commission's questionnaire also asked U.S. producers to respond to a series of questions concerning their transfers of hot-rolled steel to related firms. Each U.S. producer, the related company to which they transferred hot-rolled steel products during the year 2000, and ownership interests are listed in the following tabulation:

* * * * * * *

Six U.S. producers reported that the related companies to which they transferred hot-rolled steel products also source the products from other companies. These producers, the other sources from which their related companies obtained hot-rolled steel, and the percentage of product that came from that other source are listed in the following tabulation:

* * * * * * *

III-7

Seven U.S. producers indicated that the related companies to which they transferred hot-rolled steel products were not toll operations and that the price at which they sold hot-rolled steel products to the related companies was based on market prices for the products. Generally, these firms reported that the related companies held the marketing rights for the products they produced from the transferred material. The other three U.S. producers reporting transfers of hot-rolled steel products to related firms indicated that the related companies were toll operations (i.e., the U.S. producer maintains legal title to the hot-rolled steel that it transfers). These U.S. producers tend to hold the marketing rights for the products produced from the transferred material.

The kinds of downstream products produced by U.S. producers and their related U.S. firms using internally consumed hot-rolled steel during 1998-2000 are shown in table III-6. As shown, the bulk of U.S. producers' internal consumption and transfers to related firms of hot-rolled steel was used in the production of cold-rolled sheet and coated steel products. During 2000, these two products accounted for 88.8 percent of U.S. producers' internal consumption of hot-rolled steel and 71.6 percent of the consumption by the U.S. producers' related firms. Other kinds of products accounting for the remainder include tubular products and CTL plate.

Commercial Shipments

U.S. producers' shipments of hot-rolled steel products to unrelated U.S. customers fluctuated upward from 1998 to 2000 on the basis of quantity (table III-4). On the basis of value, U.S. producers' commercial shipments fluctuated downward from 1998 to 2000. Between the interim periods, both the quantity and value of U.S. producers' commercial shipments fell. U.S. producers experienced an overall decline in the average unit value of their commercial shipments during the period for which information was requested in these investigations.

The channels of distribution for U.S. commercial shipments by U.S. producers during the period for which information was requested in these investigations are presented in table III-7. As shown, about half of U.S. commercial shipments of hot-rolled steel made by U.S. producers was shipped to distributors, processors, and/or service centers, with the remainder going to manufacturers of tubular products, converters of cold-rolled sheet and coated products, and other end users.

III-8

Table III-6
Hot-rolled steel: U.S. producers' U.S. internal consumption and transfers to related U.S. parties, by channel of distribution, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	U.S. internal consumption (*quantity in short tons*)				
Amount consumed to produce CTL plate	1,454,937	900,477	959,200	255,836	208,313
Amount consumed to produce tubular products	1,291,981	1,503,769	1,584,917	396,833	378,975
Amount consumed to produce cold-rolled sheet (including coated) products	34,401,512	35,805,812	35,920,734	9,813,721	7,695,924
Amount consumed to produce other products	1,880,243	1,912,653	2,030,366	546,549	693,064
	Transfers to related U.S. firms (*quantity in short tons*)				
Amount consumed to produce CTL plate by related firm	13,482	40,348	64,584	12,399	25,454
Amount consumed to produce tubular products by related firm	243,584	268,975	395,532	104,870	196,277
Amount consumed to produce cold-rolled sheet (including coated) products by related firm	2,438,013	2,600,061	2,481,219	646,209	569,447
Amount consumed to produce other products by related firm	29,407	35,814	35,575	10,804	6,469
Amount of commercial shipments of hot-rolled products by related firm to distributors or end users	448,073	573,557	489,504	145,646	116,187

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

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Table III-7
Hot-rolled steel: U.S. producers' U.S. commercial shipments, by channel of distribution, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	U.S. commercial shipments (*quantity in short tons*)				
Amount shipped to distributors, processors, and service centers	9,257,735	11,318,824	11,461,652	3,277,653	3,054,207
Amount shipped to manufacturers of tubular products	4,608,160	4,361,202	4,580,176	1,333,943	1,119,488
Amount shipped to converters for production of cold-rolled sheet (including coated) products	527,132	466,147	613,579	142,718	199,395
Amount shipped to other end users	5,642,111	5,298,068	4,708,197	1,327,619	996,657
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' ORDERS

U.S. producers were asked in the Commission's questionnaire to report the quantity of hot-rolled steel products on their order books as of the last day of each quarter between March 31, 1998, and March 31, 2001. Nineteen firms were able to supply the requested information, which is summarized below (in *short tons*):

	March 31	June 30	September 30	December 31
1998	4,790,886	4,163,981	3,154,424	3,489,193
1999	4,220,756	4,506,603	4,568,382	5,040,228
2000	4,861,110	4,106,520	3,469,828	3,385,825
2001	3,895,283			

The data show that orders booked were at their lowest in the third quarter of 1998 and the last quarter of 2000. Such orders were at their highest during the last quarter of 1999.

U.S. PRODUCERS' PURCHASES

Data on U.S. producers' purchases of hot-rolled steel products are shown in table III-8. U.S. producers generally purchased hot-rolled steel products to either make up for lost production due to interruptions in the manufacturing process or to support sales commitments.

III-10

Table III-8
Hot-rolled steel: U.S. producers' purchases, by sources, 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

U.S. PRODUCERS' INVENTORIES

U.S. producers' end-of-period inventories of hot-rolled steel products are shown in table III-9. The volume of such inventories fluctuated downward over the period for which information was requested, falling by 3.9 percent from year end 1998 to year end 1999, rising by 1.9 percent from year end 1999 to year end 2000, and falling by 1.9 percent from March 31, 2000 to March 31, 2001. The ratio of inventories to production and the ratio of inventories to total shipments hovered in the 3 to 4 percent range in all periods.

Table III-9
Hot-rolled steel: U.S. producers' end-of-period inventories, as of December 31, 1998-2000, March 31, 2000, and March 31, 2001

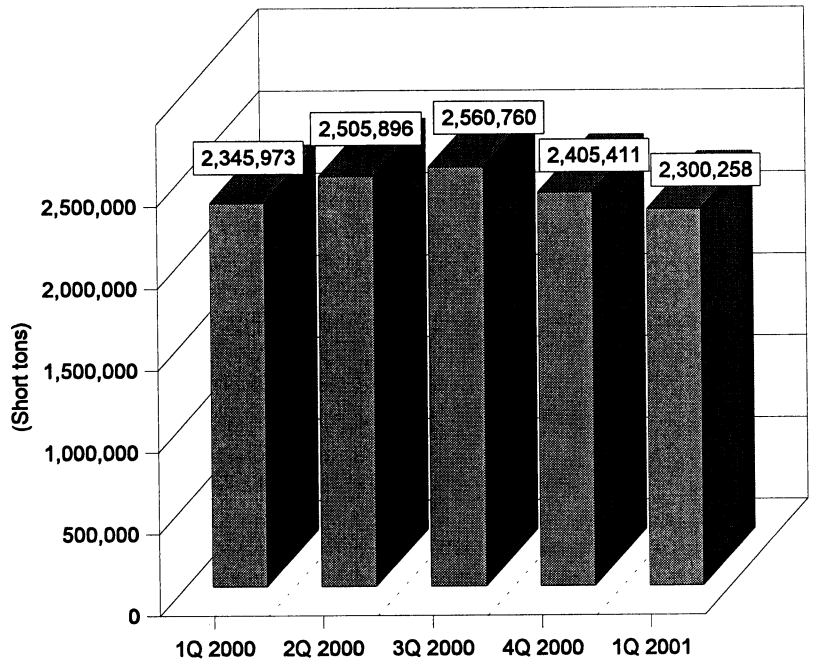
Item	As of December 31--			As of March 31--	
	1998	1999	2000	2000	2001
Inventories (*short tons*)	2,463,228	2,365,945	2,410,466	2,345,973	2,300,258
Ratio to production (*percent*)	3.9	3.6	3.7	3.2	3.8
Ratio to U.S. shipments (*percent*)	4.0	3.6	3.7	3.3	3.8
Ratio to total shipments (*percent*)	3.9	3.6	3.7	3.2	3.8

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

U.S. producers were requested to provide quarterly data on their end-of-period inventories for the year 2000 and the first quarter of 2001. These data, illustrated in figure III-2, reveal an increase of 9.2 percent from the first quarter to the third quarter of 2000 and a decline of 10.2 percent in the first quarter of 2001.

III-11

Figure III-2
Hot-rolled steel: U.S. producers' end-of-period inventories, as of March 31, 2000, June 30, 2000, September 30, 2000, December 31, 2000, and March 31, 2001



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

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

As noted earlier in this section of the report, U.S. producers experienced a number of closures and interruptions to their operations in producing hot-rolled steel products during the period for which data were requested. The causes of the reported closures and interruptions included equipment failure, installation of new equipment, power outages, fires, and reduced demand. Such production interruptions typically translate into reduced work hours and lower wages for PRWs. U.S. producers' employment data are shown in table III-10. Reflective of the many production interruptions, the number of PRWs employed by U.S. producers and the number of hours worked by such workers declined between 1998 and 2000. Both of these indicators were also down in interim 2001 as compared with interim 2000. The wages paid to PRWs also fell overall, but hourly wages paid increased from 1998 to 2000 and fell between the interim periods. Worker productivity increased between 1998 and 2000 but fell between the interim periods.

III-12

Table III-10
Hot-rolled steel: Average number of PRWs in U.S. establishments wherein hot-rolled steel is produced, hours worked, wages paid to such workers, hourly wages, productivity, and unit production costs, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
Number of PRWs	31,956	31,073	30,385	31,639	29,123
Hours worked (*1,000*)	71,732	69,932	69,208	18,185	16,315
Wages paid (*$1,000*)	1,746,327	1,731,700	1,737,694	454,888	406,781
Hourly wages (*per hour*)	$24.35	$24.76	$25.11	$25.01	$24.93
Productivity (*short tons/1,000 hours)*	870.7	933.5	952.2	977.10	935.2
Unit production costs (*per short ton)*	$27.96	$26.53	$26.37	$25.09	$26.66

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

III-13

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

U.S. IMPORTERS

The Commission sent importers' questionnaires to 78 firms believed to import hot-rolled steel products into the United States. In addition, all U.S. producers were also provided with importers' questionnaires. Twenty-five firms supplied the Commission with usable information on their operations involving the importation of hot-rolled steel products in these final investigations.[1] Of these, two, ***, are themselves domestic producers; two others, ***, are sister companies to domestic producers; four are U.S. subsidiaries of foreign producers in Argentina, India, the Netherlands, and South Africa; and six others are related to foreign producers in Canada, Germany, Japan, and the United Kingdom.

U.S. IMPORTS[2]

Data on U.S. imports of hot-rolled steel products are shown in tables IV-1 and IV-2. These data are based on official statistics of Commerce and on data submitted in response to Commission questionnaires concerning hot-rolled micro-alloyed steel products. The quantity and value of total imports fell by 37.8 percent and 33.5 percent, respectively, between 1998 and 2000, and by 57.9 percent and 59.0 percent, respectively, between the interim periods. On the basis of quantity, U.S. imports from Argentina, China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine combined increased from 1998 to 2000, but fell between interim 2000 and interim 2001. Such combined U.S. imports increased similarly on the basis of value, rising by 205.8 percent from 1998 to 2000, but falling by 75.2 percent between the interim periods. As a share of total U.S. imports, U.S. imports from the 11 subject countries increased from 11.9 percent of the quantity and 12.2 percent of value of total U.S. imports in 1998 to 58.0 percent of the quantity and 55.9 percent of the value of total imports in 2000. In interim 2001, these shares stood at 37.3 percent and 34.7 percent, respectively.

As was mentioned earlier in this section of the report, U.S. importers IPSCO Enterprises and Ispat North America are related to the U.S. producers Ispat and IPSCO, respectively. ***. Only one producer, ***, reported direct imports of hot-rolled steel products. It reported having imported the product from Taiwan only in 1998. As a share of its 1998 production, *** imports represented *** percent of its production.

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[1] As noted in an earlier section of the report, the merchandise subject to these investigations is covered by the following HTS statistical reporting numbers: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, and 7211.19.7590.

[2] An outstanding antidumping order is currently in place on hot-rolled carbon steel flat products from Japan. The antidumping and countervailing duty investigations concerning hot-rolled carbon steel flat products from Brazil and the antidumping duty investigation concerning hot-rolled carbon steel flat products from Russia have been suspended.

IV-1

Table IV-1
Hot-rolled steel: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001

Source	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Argentina	0	116,950	118,920	30,769	21,474
China	102,588	467,380	485,299	115,588	44,537
India	109,941	504,155	876,264	116,905	49,911
Indonesia	38,163	301,264	259,166	148,265	10,726
Kazakhstan	130,329	123,132	192,470	86,079	14,584
Netherlands	440,866	505,601	562,597	131,501	66,912
Romania	128,253	384,458	410,796	124,994	32,601
South Africa	80,434	173,044	167,773	61,153	2,881
Taiwan	224,058	428,939	724,854	318,038	41,963
Thailand	18,050	38,637	233,762	6,673	15,847
Ukraine	126,648	72,907	213,764	42,798	12,534
Subtotal	1,399,330	3,116,468	4,245,666	1,182,763	313,971
All other sources	10,354,907	3,255,768	3,070,958	811,971	526,743
Total	11,754,238	6,372,236	7,316,624	1,994,733	840,714
	Value (*$1,000*)				
Argentina	0	29,765	34,192	8,821	4,957
China	26,626	106,648	139,475	31,655	10,764
India	30,062	119,121	253,991	32,760	11,722
Indonesia	11,021	69,343	74,574	39,133	2,576
Kazakhstan	34,306	24,727	45,070	20,110	2,634
Netherlands	147,432	153,495	179,591	40,524	21,173
Romania	32,896	80,543	104,291	29,540	6,997
South Africa	22,321	40,440	47,229	16,765	857

Continued on next page.

IV-2

Table IV-1--*Continued*
Hot-rolled steel: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001

Source	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
Taiwan	61,858	104,003	222,532	95,828	11,529
Thailand	5,521	10,422	70,070	1,849	4,836
Ukraine	27,280	13,146	50,012	8,926	2,803
Subtotal	399,322	751,651	1,221,025	325,887	80,848
All other sources	2,886,970	927,219	964,189	241,219	151,904
Total	3,286,293	1,678,870	2,185,214	567,105	232,753
	Unit value (*per short ton*)				
Argentina	([1])	$254.51	$287.52	$286.68	$230.82
China	$259.54	228.18	287.40	273.86	241.68
India	273.44	236.28	289.86	280.22	234.86
Indonesia	288.78	230.17	287.75	263.94	240.20
Kazakhstan	263.23	200.82	234.17	233.62	180.62
Netherlands	334.41	303.59	319.22	308.17	316.43
Romania	256.49	209.50	253.87	236.34	214.64
South Africa	277.50	233.70	281.50	274.16	297.26
Taiwan	276.08	242.47	307.00	301.31	274.74
Thailand	305.86	269.73	299.75	277.11	305.17
Ukraine	215.40	180.31	233.96	208.55	223.66
Average	285.37	241.19	287.59	275.53	257.50
All other sources	278.80	284.79	313.97	297.08	288.38
Average	279.58	263.47	298.66	284.31	276.85

[1] Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

IV-3

Table IV-2
Hot-rolled steel: U.S. imports, by sources and by shares, 1998-2000, January-March 2000, and January-March 2001

Source	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Share of quantity (*percent*)				
Argentina	0.0	1.8	1.6	1.5	2.6
China	0.9	7.3	6.6	5.8	5.3
India	0.9	7.9	12.0	5.9	5.9
Indonesia	0.3	4.7	3.5	7.4	1.3
Kazakhstan	1.1	1.9	2.6	4.3	1.7
Netherlands	3.8	7.9	7.7	6.6	8.0
Romania	1.1	6.0	5.6	6.3	3.9
South Africa	0.7	2.7	2.3	3.1	0.3
Taiwan	1.9	6.7	9.9	15.9	5.0
Thailand	0.2	0.6	3.2	0.3	1.9
Ukraine	1.1	1.1	2.9	2.1	1.5
Subtotal	11.9	48.9	58.0	59.3	37.3
All other sources	88.1	51.1	42.0	40.7	62.7
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)				
Argentina	0.0	1.8	1.6	1.6	2.1
China	0.8	6.4	6.4	5.6	4.6
India	0.9	7.1	11.6	5.8	5.0
Indonesia	0.3	4.1	3.4	6.9	1.1
Kazakhstan	1.0	1.5	2.1	3.5	1.1

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IV-4

Table IV-2--*Continued*
Hot-rolled steel: U.S. imports, by sources and by shares, 1998-2000, January-March 2000, and January-March 2001

Source	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Share of value (*percent*)				
Netherlands	4.5	9.1	8.2	7.1	9.1
Romania	1.0	4.8	4.8	5.2	3.0
South Africa	0.7	2.4	2.2	3.0	0.4
Taiwan	1.9	6.2	10.2	16.9	5.0
Thailand	0.2	0.6	3.2	0.3	2.1
Ukraine	0.8	0.8	2.3	1.6	1.2
Subtotal	12.2	44.8	55.9	57.5	34.7
All other sources	87.8	55.2	44.1	42.5	65.3
Total	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

NEGLIGIBILITY

The Tariff Act provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports, or, if there are more than one such country, their combined share is less than or equal to 7 percent of total imports, during the most recent 12 months for which data are available preceding the filing of the petition–in this case November 1999-October 2000. The shares of total U.S. imports of the subject merchandise accounted for by each of the 11 subject countries during the period November 1999 through October 2000 based on quantity (*in kilograms*) are shown in the tabulation that follows.

(*In percent*)

Country	Share of total imports	Country	Share of total imports
Argentina	1.74	Romania	6.24
China	7.32	South Africa	2.26
India	11.99	Taiwan	9.83
Indonesia	3.97	Thailand	2.40
Kazakhstan	2.78	Ukraine	2.65
Netherlands	6.75		

The combined share of countries with less than 3 percent of total imports--Argentina, Kazakhstan, South Africa, Thailand, and Ukraine--was 11.83 percent of total imports. Argentina, South Africa, and Thailand are under separate countervailing duty investigations.

Section 771(24)(B) of the Act provides for the termination of a countervailing duty investigation if the imports of the subject product from a developing country are less that 4 percent of the volume of all such merchandise imported, or if there are more than one such country, their combined share is less than or equal to 9 percent, during the most recent 12 months preceding the filing of the petition. The combined shares of developing countries under countervailing duty investigation with less than 4 percent of total imports–Argentina, Indonesia, South Africa, and Thailand–was 10.37 percent of total imports.

CUMULATION CONSIDERATIONS

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: fungibility, presence of sales or offers to sell in the same geographical markets, common or similar channels of distribution, and simultaneous presence in the market. Issues concerning fungibility are addressed in Part II of this report and channels of distribution are discussed in Part I; geographical markets and presence in the market are discussed below.

Geographical Markets

U.S.-produced hot-rolled steel products service customers in all geographic regions of the United States, as U.S. producers ship to customers nationwide without regard to geographic boundaries. Likewise, as shown in table IV-3, imported hot-rolled steel products enter the United States in all geographic regions and serve customers nationwide. In 2000, for example, U.S. imports from 10 of the 11 subject countries entered the United States through customs districts in the eastern region; imports from all 11 countries entered the United States through the Gulf region of the United States; imports from 9 of the 11 entered through the Great Lakes region; and 8 of 11 entered the United States through the western region of the country.

Presence in the Market

Table IV-4 shows the number of months in the period that U.S. imports of hot-rolled steel products from the subject 11 countries entered the United States.

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of hot-rolled steel products based on U.S. producers' U.S. shipments (internal consumption/intercompany transfers plus U.S. commercial shipments) of domestic products are shown in table IV-5 and apparent U.S. consumption based on U.S. producers' U.S. commercial shipments (excluding internal consumption /intercompany transfers) are shown in table IV-6. The data in table IV-5 show a decline in apparent consumption quantity of 3.5 percent from 1998 to 1999, an increase of 1.6 percent in 2000, and a decline of 20.6 percent during the partial-year periods. The value of apparent consumption followed the same general trend throughout the period for which data were requested in these investigations. The data presented in table IV-6 show similar trends over the period for which data are shown.

Table IV-3
Hot-rolled steel: U.S. imports, by regions and by sources, 1998-2000

(In *percent*)

Source	1998	1999	2000
	East region[1]		
Argentina	0.0	6.6	3.3
China	1.1	5.1	5.0
India	0.4	2.1	3.5
Indonesia	0.6	2.5	1.5
Kazakhstan	0.0	0.0	2.8
Netherlands	3.9	11.9	14.6
Romania	1.6	5.7	2.1
South Africa	3.2	10.5	6.0
Taiwan	6.4	4.7	20.1
Thailand	0.0	0.0	0.6
Ukraine	0.1	0.4	0.0
Subtotal	17.4	49.5	59.5
All other sources	82.6	50.5	40.5
Total	100.0	100.0	100.0
	Gulf region[2]		
Argentina	0.0	2.4	3.0
China	1.2	13.5	10.7
India	1.7	17.1	23.1
Indonesia	0.6	7.5	2.7
Kazakhstan	1.2	3.5	4.8
Netherlands	0.1	0.4	1.9
Romania	1.5	7.9	9.8
South Africa	0.8	5.1	3.6

Continued on next page.

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Table IV-3--*Continued*
Hot-rolled steel: U.S. imports, by regions and by sources, 1998-2000

(In *percent*)

Source	1998	1999	2000
	Gulf region[2]–*Continued*		
Taiwan	0.9	4.9	8.3
Thailand	0.3	0.0	1.7
Ukraine	1.5	2.4	4.6
Subtotal	9.8	64.8	74.3
All other sources	90.2	35.2	25.7
Total	100.0	100.0	100.0
	Great Lakes region[3]		
Argentina	0.0	0.5	0.1
China	0.3	0.0	0.3
India	0.0	3.5	2.7
Indonesia	0.0	0.3	0.0
Kazakhstan	2.3	2.7	1.8
Netherlands	8.7	21.4	26.0
Romania	1.0	11.0	6.7
South Africa	0.0	0.3	0.3
Taiwan	2.8	5.0	2.7
Thailand	0.0	0.0	0.0
Ukraine	1.7	1.0	5.2
Subtotal	16.8	45.8	45.8
All other sources	83.2	54.2	54.2
Total	100.0	100.0	100.0
	West region[4]		
Argentina	0.0	1.1	0.1
China	1.0	7.1	5.6

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Table IV-3--*Continued*
Hot-rolled steel: U.S. imports, by regions and by sources, 1998-2000

(In *percent*)

Source	1998	1999	2000
	West region[4]–*Continued*		
India	0.4	1.5	2.3
Indonesia	0.2	6.4	8.1
Kazakhstan	0.0	0.0	0.0
Netherlands	0.0	0.2	0.2
Romania	0.0	0.0	0.0
South Africa	0.0	0.0	0.6
Taiwan	1.4	11.9	14.3
Thailand	0.0	2.1	8.7
Ukraine	0.0	0.0	0.0
Subtotal	2.9	30.3	39.8
All other sources	97.1	69.7	60.2
Total	100.0	100.0	100.0

[1] Region includes the following districts: Baltimore, MD; Boston, MA; Charleston, SC; Charlotte, NC; New York, NY; Norfolk, VA; Philadelphia, PA; Portland, ME; Providence, RI; St. Albans, VT; Savannah, GA; and Washington, DC.
[2] Includes the following customs districts: Dallas-Fort Worth, TX; Houston-Galveston, TX; Laredo, TX; Miami, FL; Mobile, AL; New Orleans, LA; Port Arthur, TX; San Juan, PR; Tampa, FL; and U.S. Virgin Islands.
[3] Includes the following customs districts: Buffalo, NY; Ogdensburg, NY; Chicago, IL; Cleveland, OH; Detroit, MI; Duluth, MN; Milwaukee, WI; Minneapolis, MN; Pembina, ND; and St. Louis, MO.
[4] Includes the following customs districts: Columbia-Snake River, OR; El Paso, TX; Great Falls, MT; Nogales, AZ; Los Angeles, CA; San Diego, CA; San Francisco, CA; Seattle, WA; Anchorage, AK; and Honolulu, HI.

Source: Compiled from official statistics of Commerce.

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Table IV-4
Hot-rolled steel: U.S. imports, monthly entries into the United States, by sources, 1998-2000, and January-March 2001

Source	Calendar year			January-March	
	1998	1999	2000	2000	2001
Argentina	0	12	11	2	2
China	8	12	12	3	3
India	6	10	12	3	3
Indonesia	4	10	8	3	1
Kazakhstan	8	11	12	3	2
Netherlands	12	12	12	3	3
Romania	9	12	12	3	3
South Africa	12	12	12	3	3
Taiwan	11	12	12	3	3
Thailand	3	7	11	2	1
Ukraine	7	9	10	2	1

Source: Compiled from official statistics of Commerce.

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Table IV-5
Hot-rolled steel: U.S. producers' total U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
U.S. producers' U.S. shipments	62,214,973	65,023,453	65,219,129	17,969,555	15,012,017
U.S. imports from--					
Argentina	0	116,950	118,920	30,769	21,474
China	102,588	467,380	485,299	115,588	44,537
India	109,941	504,155	876,264	116,905	49,911
Indonesia	38,163	301,264	259,166	148,265	10,726
Kazakhstan	130,329	123,132	192,470	86,079	14,584
Netherlands	440,866	505,601	562,597	131,501	66,912
Romania	128,253	384,458	410,796	124,994	32,601
South Africa	80,434	173,044	167,773	61,153	2,881
Taiwan	224,058	428,939	724,854	318,038	41,963
Thailand	18,050	38,637	233,762	6,673	15,847
Ukraine	126,648	72,907	213,764	42,798	12,534
Subtotal	1,399,330	3,116,468	4,245,666	1,182,763	313,971
All other sources	10,354,907	3,255,768	3,070,958	811,971	526,743
Total imports	11,754,238	6,372,236	7,316,624	1,994,733	840,714
Apparent consumption	73,969,211	71,395,689	72,535,753	19,964,288	15,852,731
	Value (*$1,000*)				
U.S. producers' U.S. shipments	20,137,306	18,455,603	19,522,683	5,617,868	3,704,587
U.S. imports from--					
Argentina	0	29,765	34,192	8,821	4,957
China	26,626	106,648	139,475	31,655	10,764
India	30,062	119,121	253,991	32,760	11,722
Indonesia	11,021	69,343	74,574	39,133	2,576

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Table IV-5--*Continued*
Hot-rolled steel: U.S. producers' total U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
Kazakhstan	34,306	24,727	45,070	20,110	2,634
Netherlands	147,432	153,495	179,591	40,524	21,173
Romania	32,896	80,543	104,291	29,540	6,997
South Africa	22,321	40,440	47,229	16,765	857
Taiwan	61,858	104,003	222,532	95,828	11,529
Thailand	5,521	10,422	70,070	1,849	4,836
Ukraine	27,280	13,146	50,012	8,926	2,803
Subtotal	399,322	751,651	1,221,025	325,912	80,848
All other sources	2,886,970	927,219	964,189	241,219	151,904
Total imports	3,286,293	1,678,870	2,185,214	567,130	232,753
Apparent consumption	23,423,599	20,134,473	21,707,897	6,184,998	3,937,340

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

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Table IV-6
Hot-rolled steel: U.S. producers' commercial U.S. shipments of domestic product, U.S. imports, by sources, and apparent open-market U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
U.S. producers' U.S. commercial shipments	20,009,019	21,385,471	21,278,667	6,048,566	5,361,817
U.S. imports from--					
Argentina	0	116,950	118,920	30,769	21,474
China	102,588	467,380	485,299	115,588	44,537
India	109,941	504,155	876,264	116,905	49,911
Indonesia	38,163	301,264	259,166	148,265	10,726
Kazakhstan	130,329	123,132	192,470	86,079	14,584
Netherlands	440,866	505,601	562,597	131,501	66,912
Romania	128,253	384,458	410,796	124,994	32,601
South Africa	80,434	173,044	167,773	61,153	2,881
Taiwan	224,058	428,939	724,854	318,038	41,963
Thailand	18,050	38,637	233,762	6,673	15,847
Ukraine	126,648	72,907	213,764	42,798	12,534
Subtotal	1,399,330	3,116,468	4,245,666	1,182,763	313,971
All other sources	10,354,907	3,255,768	3,070,958	811,971	526,743
Total imports	11,754,238	6,372,236	7,316,624	1,994,733	840,714
Apparent consumption	31,763,257	27,757,707	28,595,291	8,043,299	6,202,531
	Value ($1,000)				
U.S. producers' U.S. commercial shipments	6,658,718	6,234,217	6,574,475	1,949,634	1,356,419
U.S. imports from--					
Argentina	0	29,765	34,192	8,821	4,957
China	26,626	106,648	139,475	31,655	10,764

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Table IV-6--*Continued*
Hot-rolled steel: U.S. producers' commercial U.S. shipments of domestic product, U.S. imports, by sources, and apparent open-market U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
India	30,062	119,121	253,991	32,760	11,722
Indonesia	11,021	69,343	74,574	39,133	2,576
Kazakhstan	34,306	24,727	45,070	20,110	2,634
Netherlands	147,432	153,495	179,591	40,524	21,173
Romania	32,896	80,543	104,291	29,540	6,997
South Africa	22,321	40,440	47,229	16,765	857
Taiwan	61,858	104,003	222,532	95,828	11,529
Thailand	5,521	10,422	70,070	1,849	4,836
Ukraine	27,280	13,146	50,012	8,926	2,803
Subtotal	399,322	751,651	1,221,025	325,912	80,848
All other sources	2,886,970	927,219	964,189	241,219	151,904
Total imports	3,286,293	1,678,870	2,185,214	567,130	232,753
Apparent consumption	9,945,011	7,913,087	8,759,689	2,516,764	1,589,172

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

MARKET SHARES

Data on U.S. market shares based on apparent U.S. consumption calculated by using U.S. shipments of domestic product, i.e., internal consumption/intercompany transfers plus U.S. commercial shipments, and based on apparent U.S. consumption calculated by using U.S. producers' U.S. commercial shipments only, i.e., excluding internal consumption and intercompany transfers, are shown in tables IV-7 and IV-8, respectively. As shown in table IV-7, U.S. producers' market share based on volume rose irregularly by 5.8 percentage points between 1998 and 2000 and increased further by 4.7 percentage points from interim 2000 to interim 2001. Subject imports' market share more than doubled in 1999 and increased further by 1.5 percentage points in 2000. The subject imports' market share fell in the first quarter of 2001 to a level slightly above that reported in 1998.

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Table IV-7
Hot-rolled steel: Apparent total U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Apparent U.S. consumption	73,969,211	71,395,689	72,535,753	19,964,288	15,852,731
	Value (*$1,000*)				
Apparent U.S. consumption	23,423,599	20,134,473	21,707,897	6,184,998	3,937,340
	Share of quantity (*percent*)				
U.S. producers' U.S. shipments	84.1	91.1	89.9	90.0	94.7
U.S. imports from--					
Argentina	0.0	0.2	0.2	0.2	0.1
China	0.1	0.7	0.7	0.6	0.3
India	0.1	0.7	1.2	0.6	0.3
Indonesia	0.1	0.4	0.4	0.7	0.1
Kazakhstan	0.2	0.2	0.3	0.4	0.1
Netherlands	0.6	0.7	0.8	0.7	0.4
Romania	0.2	0.5	0.6	0.6	0.2
South Africa	0.1	0.2	0.2	0.3	0.0
Taiwan	0.3	0.6	1.0	1.6	0.3
Thailand	0.0	0.1	0.3	0.0	0.1
Ukraine	0.2	0.1	0.3	0.2	0.1
Subtotal	1.9	4.4	5.9	5.9	2.0
All other sources	14.0	4.6	4.2	4.1	3.3
Total imports	15.9	8.9	10.1	10.0	5.3

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Table IV-7--Continued
Hot-rolled steel: Apparent total U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Share of value (*percent*)				
U.S. producers' U.S. shipments	86.0	91.7	89.9	90.8	94.1
U.S. imports from--					
Argentina	0.0	0.1	0.2	0.1	0.1
China	0.1	0.5	0.6	0.5	0.3
India	0.1	0.6	1.2	0.5	0.3
Indonesia	0.0	0.3	0.3	0.6	0.1
Kazakhstan	0.1	0.1	0.2	0.3	0.1
Netherlands	0.6	0.8	0.8	0.7	0.5
Romania	0.1	0.4	0.5	0.5	0.2
South Africa	0.1	0.2	0.2	0.3	0.0
Taiwan	0.3	0.5	1.0	1.5	0.3
Thailand	0.0	0.1	0.3	0.0	0.1
Ukraine	0.1	0.1	0.2	0.1	0.1
Subtotal	1.7	3.7	5.6	5.3	2.1
All other sources	12.3	4.6	4.4	3.9	3.9
Total imports	14.0	8.3	10.1	9.2	5.9

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

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Table IV-8
Hot-rolled steel products: Apparent open-market U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Apparent U.S. open market consumption	31,763,257	27,757,707	28,595,291	8,043,299	6,202,531
	Value (*$1,000*)				
Apparent U.S. open market consumption	9,945,011	7,913,087	8,759,689	2,516,764	1,589,172
	Share of quantity (*percent*)				
U.S. producers' commercial shipments	63.0	77.0	74.4	75.2	86.4
U.S. imports from--					
Argentina	0.0	0.4	0.4	0.4	0.3
China	0.3	1.7	1.7	1.4	0.7
India	0.3	1.8	3.1	1.5	0.8
Indonesia	0.1	1.1	0.9	1.8	0.2
Kazakhstan	0.4	0.4	0.7	1.1	0.2
Netherlands	1.4	1.8	2.0	1.6	1.1
Romania	0.4	1.4	1.4	1.6	0.5
South Africa	0.3	0.6	0.6	0.8	0.0
Taiwan	0.7	1.5	2.5	4.0	0.7
Thailand	0.1	0.1	0.8	0.1	0.3
Ukraine	0.4	0.3	0.7	0.5	0.2
Subtotal	4.4	11.2	14.8	14.7	5.1
All other sources	32.6	11.7	10.7	10.1	8.5
Total imports	37.0	23.0	25.6	24.8	13.6

Continued on next page.

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Table IV-8--Continued
Hot-rolled steel: Apparent open-market U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
	Share of value (*percent*)				
U.S. producers' commercial shipments	67.0	78.8	75.1	77.5	85.4
U.S. imports from--					
Argentina	0.0	0.4	0.4	0.4	0.3
China	0.3	1.3	1.6	1.3	0.7
India	0.3	1.5	2.9	1.3	0.7
Indonesia	0.1	0.9	0.9	1.6	0.2
Kazakhstan	0.3	0.3	0.5	0.8	0.2
Netherlands	1.5	1.9	2.1	1.6	1.3
Romania	0.3	1.0	1.2	1.2	0.4
South Africa	0.2	0.5	0.5	0.7	0.1
Taiwan	0.6	1.3	2.5	3.8	0.7
Thailand	0.1	0.1	0.8	0.1	0.3
Ukraine	0.3	0.2	0.6	0.4	0.2
Subtotal	4.0	9.5	13.9	12.9	5.1
All other sources	29.0	11.7	11.0	9.6	9.6
Total imports	33.0	21.2	24.9	22.5	14.6

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

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PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Transportation Costs to the U.S. Market

The increment that ocean freight adds to the price of imported hot-rolled steel products was estimated by taking the difference between c.i.f. value and customs value and dividing by customs value (table V-1).[1]

Table V-1
Hot-rolled steel: Ocean transportation costs to the U.S. market, by countries

Country	(C.i.f. value - customs value)/customs value (*percent*)
Argentina	13.0
China	9.3
India	10.9
Indonesia	13.6
Kazakhstan	10.4
Netherlands	9.7
Romania	8.7
South Africa	11.4
Taiwan	8.7
Thailand	12.8
Ukraine	9.8
Source: Compiled from official Commerce statistics.	

[1] These were estimated from the imports for consumption in year 2000 from the following HTS subheadings: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, 7226.91.8000, and 7226.99.0000.

V-1

U.S. Inland Transportation Costs

U.S. producers reported that U.S. inland transportation costs were on average 5.2 percent of the total delivered cost of hot-rolled steel products. These producers tended to ship product intermediate distances: 37.7 percent, 57.5 percent, and 4.8 percent of sales were, respectively, within 100 miles of the plant, from 101 to 1,000 miles, and greater than 1,000 miles.

U.S. importers reported that U.S. inland transportation costs were on average 8.1 percent of the total delivered cost of hot-rolled steel products. Some importers may have included ocean freight in this estimate as they tended to ship product for shorter distances than U.S. producers. For example, 64.1 percent, 26.6 percent, and 9.3 percent of import sales were, respectively, within 100 miles of the port or warehouse, from 101 to 1,000 miles, and greater than 1,000 miles.

Exchange Rates

The Argentine Central Bank manages its exchange rate, and the nominal value of the Argentine peso relative to the U.S. dollar did not change between the first quarter of 1998 and the first quarter of 2001 (figure V-1). The real value dropped by 30.8 percent between the fourth quarter of 2000 and the first quarter of 2001.

The Chinese government intervenes in foreign exchange markets, and the nominal value of the Chinese yuan in dollar terms did not change between the first quarter of 1998 and the fourth quarter of 2000 (not shown). The International Monetary Fund (IMF) has not reported a producer price index for China; therefore, a real exchange rate index was not constructed.

Nominal and real values of the Indian rupee relative to the U.S. dollar were relatively stable. Between the first quarter of 1998 and the first quarter of 2001, the nominal value of the Indian rupee declined by 15.7 percent, and its real value fell by 8.4 percent (figure V-2).

The performance of the Indonesian rupiah relative to the U.S. dollar was somewhat irregular; the value of the Indonesian rupiah in the first quarter of 2001 was 3.5 percent less than its value in the first quarter of 1998 (figure V-3). The real value in the third quarter of 2000, the last period for which data are available, was 52.7 percent above the value in the first quarter of 1998.

The nominal value of Kazakhstan's tenge fell by 47.5 percent between the first quarter of 1998 and the first quarter of 2001 (figure V-4). The real value, after falling in 1998 and the first quarter of 1999, recovered somewhat in late 1999 and 2000, and in the fourth quarter of 2000 was 14.9 percent below its value in the first quarter of 1998 in U.S. dollar terms.

The real and nominal values of the Dutch guilder were virtually indistinguishable. In real terms, the guilder in the fourth quarter of 2000 (the last quarter for which real data was available) was 20 percent below its value in the first quarter of 1998 (figure V-5). In nominal terms, the Dutch guilder depreciated 14.2 percent relative to the dollar between the first quarter of 1998 and the first quarter of 2001.

Between the first quarter of 1998 and the first quarter of 2001, the Romanian lei depreciated by 69.2 percent in nominal terms (figure V-6). In real terms, it depreciated 18.9 percent between the first quarter of 1998 and the fourth quarter of 2000 (the last period for which real data are available).

V-2

The nominal value of the South African rand fell by 36.7 percent relative to the dollar between the first quarter of 1998 and the first quarter of 2001 (figure V-7). The real value fell by 21.1 percent between the first quarter of 1998 and the third quarter of 2000, the last period for which data were available.

Between the first quarter of 1998 and the first quarter of 2001, the nominal value of the Taiwanese NT dollar increased by 1.6 percent relative to the U.S. dollar, and the real value decreased by 13.5 percent (figure V-8).

Between the first quarter of 1998 and the first quarter of 2001, the nominal value of Thailand's baht increased by 9.1 percent relative to the U.S. dollar (figure V-9). The real value decreased by 0.9 percent between the first quarter of 1998 and the fourth quarter of 2000, the last period for which data are available.

The nominal value of the Ukrainian hryvnia fell by 63.8 percent between the first quarter of 1998 and the first quarter of 2001 (figure V-10). Its real value fell by 40.4 percent between the first quarter of 1998 and third quarter of 2000, the last period for which data are available.

Price Leadership

Although the hot-rolled steel market was characterized as approximately competitive, it is possible that some firms may be large enough to have some influence on price. Purchasers were asked to identify any firms, domestic or foreign, that they considered to be price leaders from January 1998 to March 2001. Out of 21 responding purchasers, three reported that there were no price leaders. Many purchasers listed more than one price leader; 14 firms named Nucor as a price leader; 8 firms named USX, and 3 named SDI. Other firms mentioned include AK Steel, Bethlehem, Geneva, LTV, North Star, and importers of Japanese product in the second half of 1998. *** stated that Nucor was the price leader for minimills and that USX was the price leader for integrated producers. *** stated that minimills were generally price leaders over integrated mills.

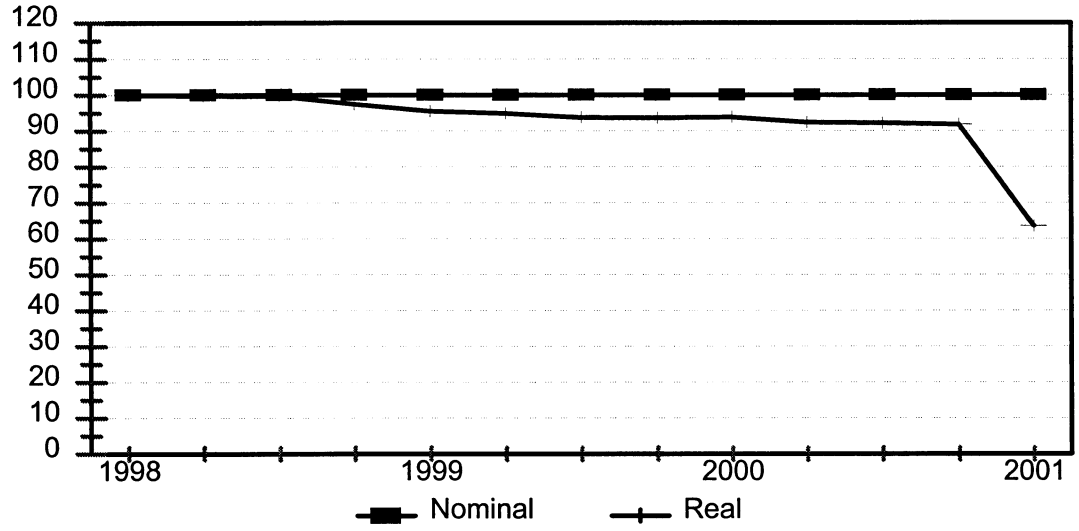
Respondents alleged that minimills have consistently underpriced integrated producers and pulled down price and increased market share during a time of decreasing demand.[2] Respondents presented evidence, based on pricing data from the Commission's questionnaires, that showed minimills were frequently underselling the integrated producers.[3] Petitioners countered that the Commission should assess the effects of underselling on the domestic industry as a whole, that the respondents' analysis places some converters with the minimills, that pricing data for import sales to service centers shows the negative impact of imports, and that prices for minimills and integrated producers were often fairly close.[4]

[2] Hearing transcript, pp. 234-237.

[3] Respondents' Joint Economic Analysis Exhibits, prehearing submission, exhibit 22.

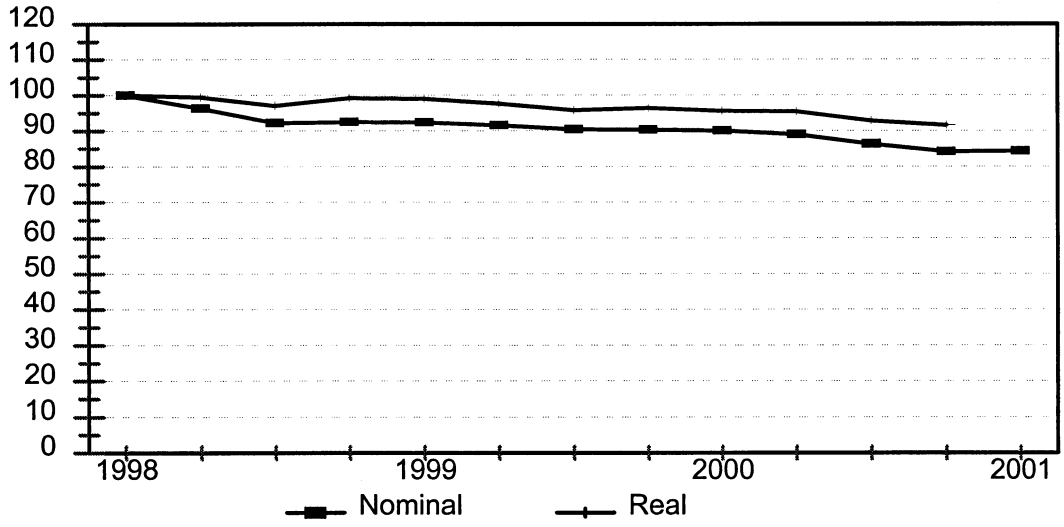
[4] Posthearing brief of Gallatin, IPSCO, Nucor, SDI, Wierton, and the Independent Steelworkers Union, pp. 1-3.

Figure V-1
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the Argentine peso, by quarters, first quarter 1998 - first quarter 2001



Source: International Monetary Fund, *International Financial Statistics*, May 2001.

Figure V-2
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the Indian rupee, by quarters, first quarter 1998 - first quarter 2001[1]

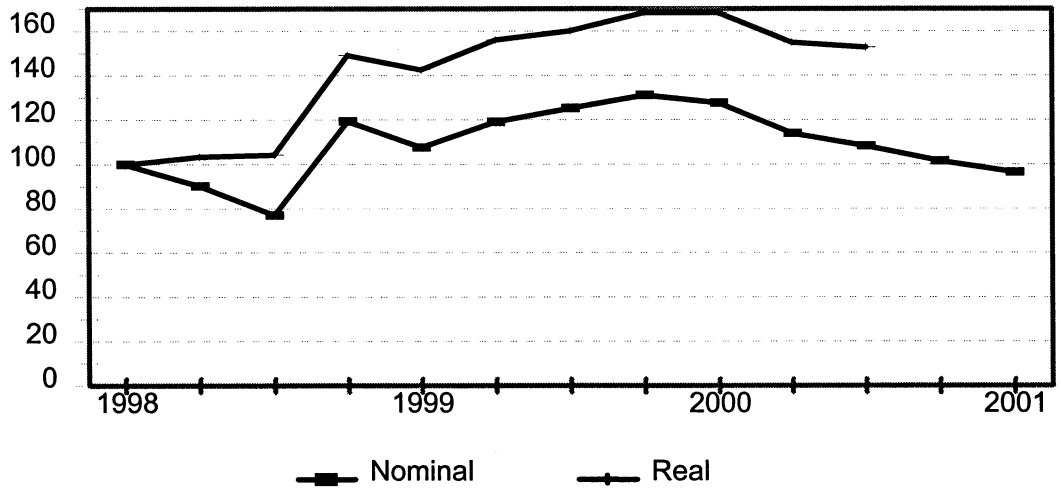


[1] Data were not available to calculate a real exchange rate after the fourth quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

V-4

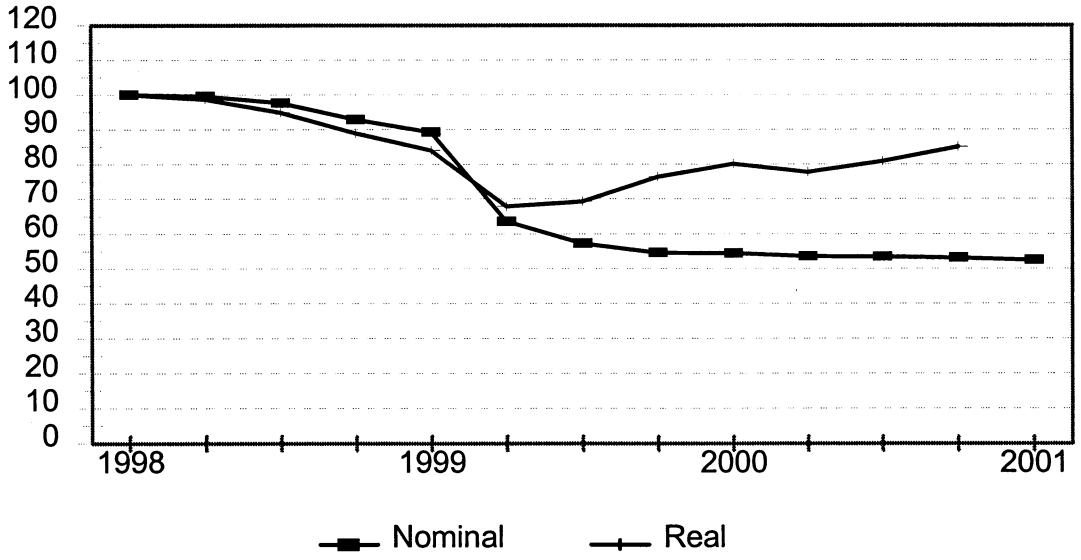
Figure V-3
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the Indonesian rupiah, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the third quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

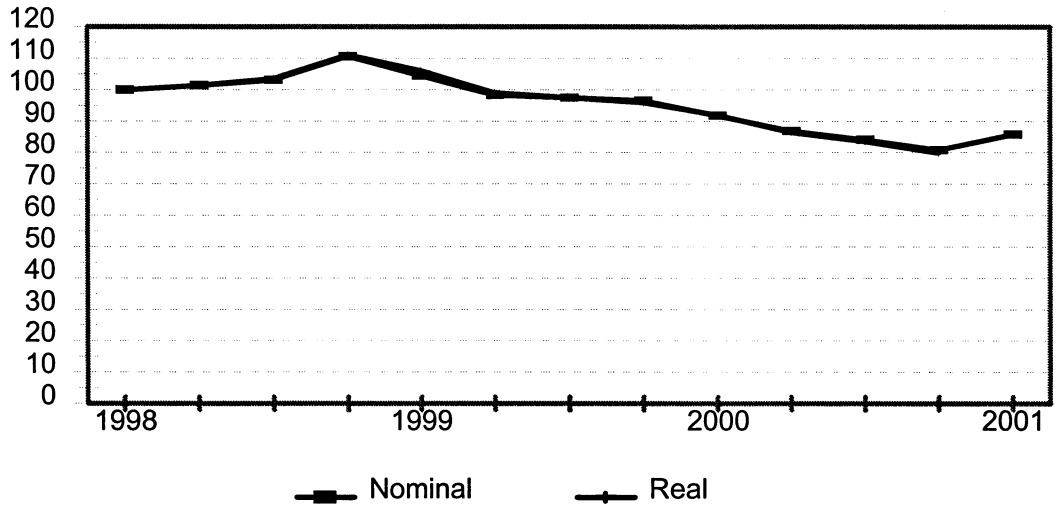
Figure V-4
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of Kazakhstan's tenge, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the fourth quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

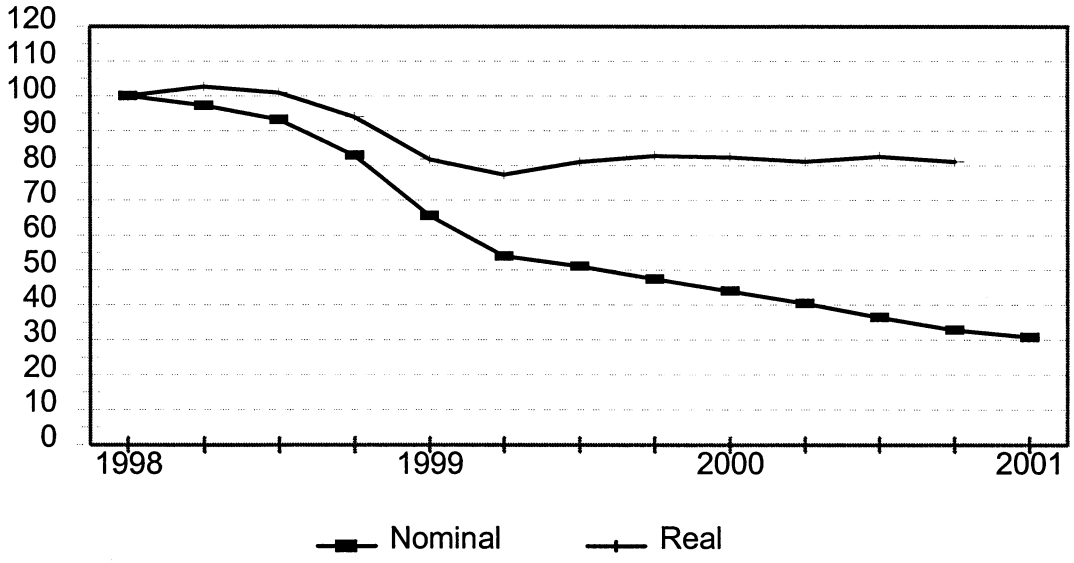
Figure V-5
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the Dutch guilder, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the fourth quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

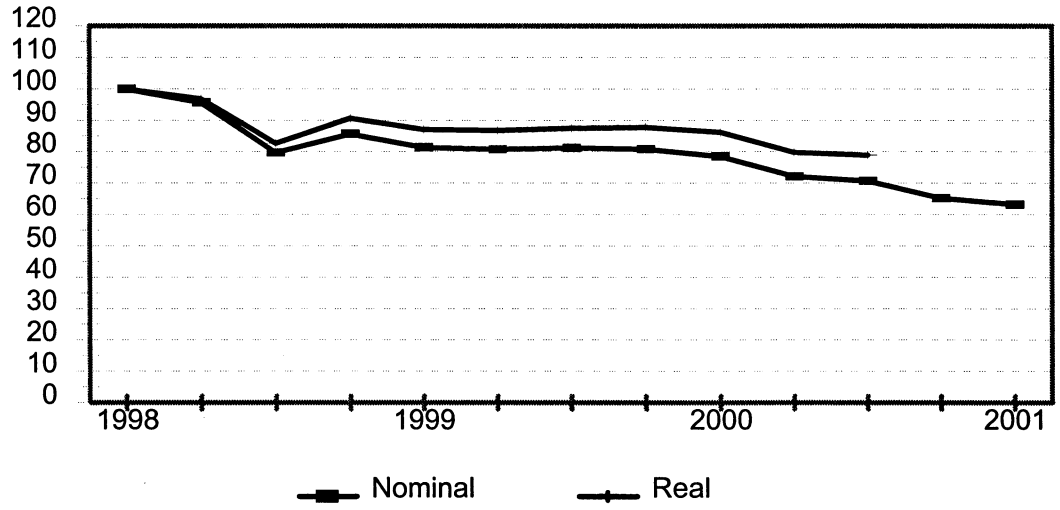
Figure V-6
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the Romanian lei, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the fourth quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

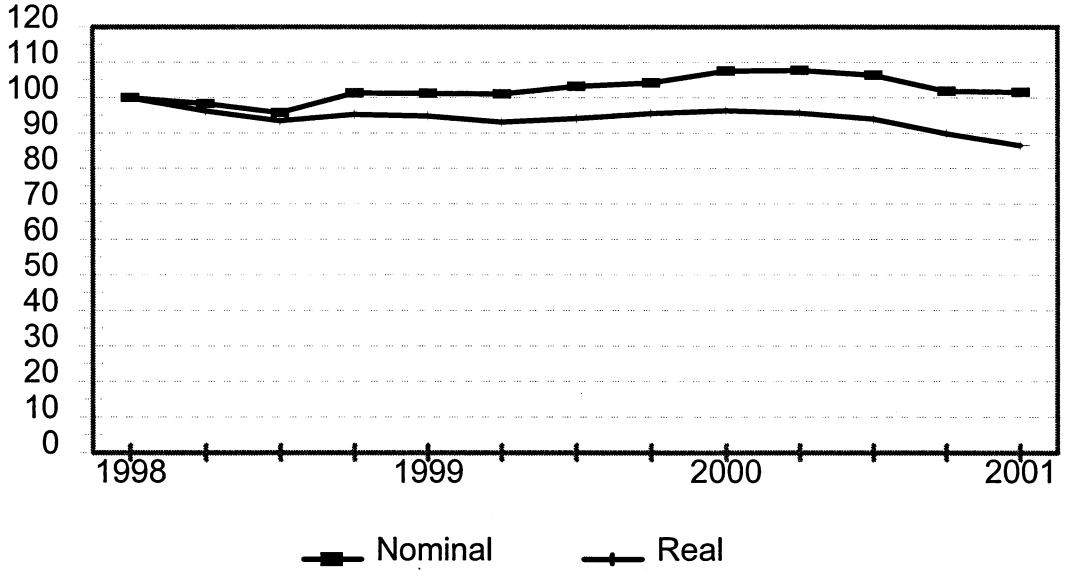
Figure V-7
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the South African rand, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the third quarter of 2000.

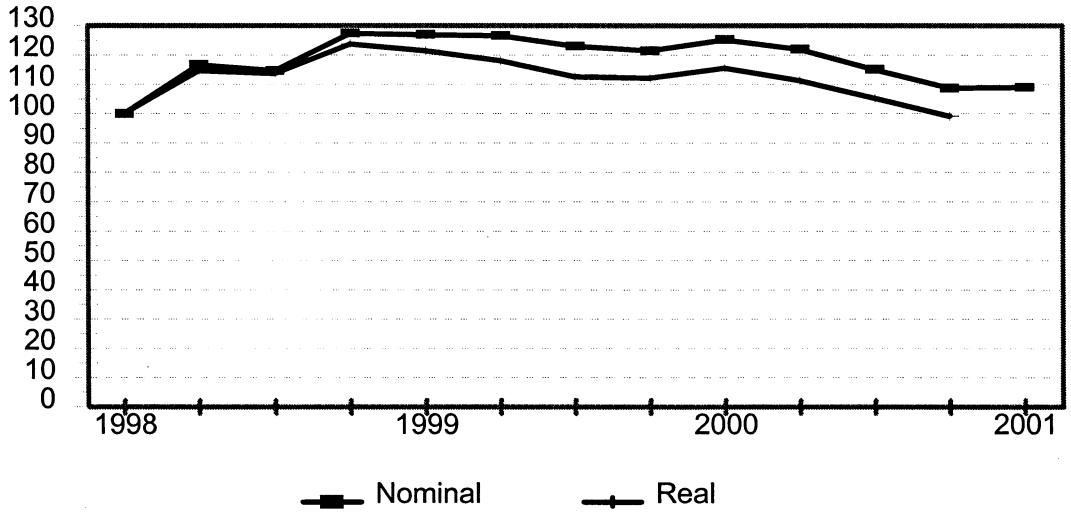
Source: International Monetary Fund, *International Financial Statistics*, May 2001.

Figure V-8
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of the Taiwanese NT dollar, by quarters, first quarter 1998 - first quarter 2001



Source: Central Bank of China, Taiwan District, www.cbc.gov.tw/economic/statistics/fs/index.htm, May 2001.

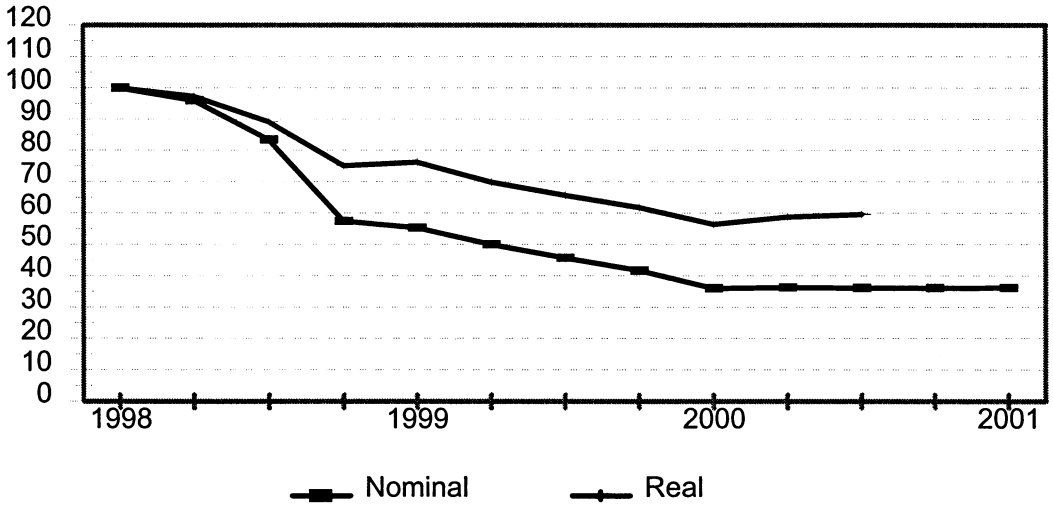
Figure V-9
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of Thailand's baht, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the fourth quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

Figure V-10
Exchange rates: Indexes (first quarter of 1998=100) of the real and nominal dollar price of Ukraine's hryvnia, by quarters, first quarter 1998 - first quarter 2001[1]



[1] Data were not available to calculate a real exchange rate after the third quarter of 2000.

Source: International Monetary Fund, *International Financial Statistics*, May 2001.

V-8

Inventories

Inventories, whether held by producers, importers, or purchasers, can effectively influence the supply and demand equilibrium point and thus market price. Petitioners allege that the surge of low-priced imports led to increases in inventory, which brought down prices.[5] Respondents allege that a series of price increase announcements by U.S. producers in 2000, which were to become effective several months after the announcements, induced purchasers to increase their domestic purchases before the price announcements went into effect.[6] Purchasers indicated that anticipated future demand was the most important factor in deciding to hold inventories, although low purchase prices, whether domestic or import, were also a factor. Purchasers were asked what effect any announced price increases had on their purchases of hot-rolled steel. Twelve out of 25 responding purchasers reported that there was no effect. *** stated that they still purchased only to meet their requirements. *** reported that it negotiated price and seldom paid amounts based on price announcements. Four purchasers did state, however, that they purchased additional amounts while prices remained low.

Purchasers were also asked to discuss the reasons for any changes in inventory during the 1999-2000 period. Ten purchasers identified business conditions or market demand as the reason that their inventories changed. For example, *** stated that increases or decreases in purchases coincided with anticipated changes in final demand four or six months into the future. Several purchasers reported increasing purchases to take advantage of low prices. Several purchasers that are end users reported that they did not hold inventories. Many comments were firm specific, such as a change in a business relation or physical plant.

The Commission asked purchasers to report quarterly end-of-period inventories. Staff also requested inventory data from ***, which did not submit purchaser questionnaires and are believed to be among the largest service centers in the United States.[7] All but *** responded, although *** were unable to provide data for 1998. Thus, the reported inventories underrepresent inventories in 1998 and are somewhat low overall because some purchasers did not respond. Purchaser inventories along with quarterly domestic commercial shipments, which are only available beginning in 2000, and quarterly subject imports are shown in figure V-11. From the yearly data, average quarterly domestic shipments were 5.0 million short tons in 1998 and 5.3 million short tons in 1999. Domestic shipments were high in the first quarter of 2000, declined throughout the rest of 2000, but increased during the first quarter of 2001. Purchaser inventories were relatively stable in relation to domestic shipments.

Greater detail for purchaser inventories and import quantities is shown in figure V-12 (with tabulation). Purchaser inventory levels were more stable than subject import levels; both peaked in the second quarter of 2000 and have since declined, albeit imports more sharply than inventories.

*** all made price increase announcements in late March or early April of 2000 that were to go into effect on July 3, 2000. These announcements could have conceivably induced some purchasers to buy more in the second quarter of 2000, and the increased level of imports in the second quarter of 2000 could also have contributed to the inventory build-up.

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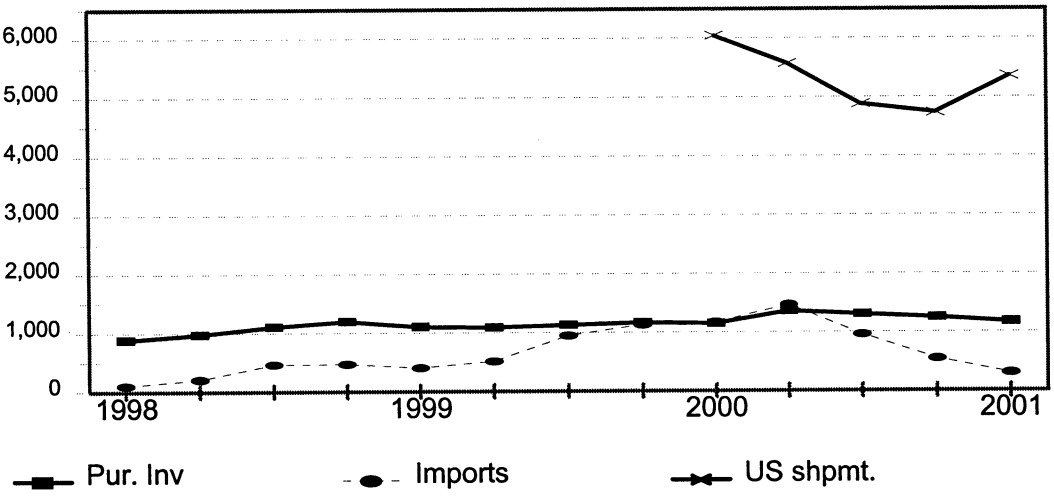
[5] Posthearing brief of Bethlehem Steel et al, p. 13.

[6] Testimony of Kenneth Button, hearing transcript, pp. 229-232. Announcements are summarized in the respondents' prehearing Joint Economic Analysis Exhibits, exhibit 9.

[7] ***.

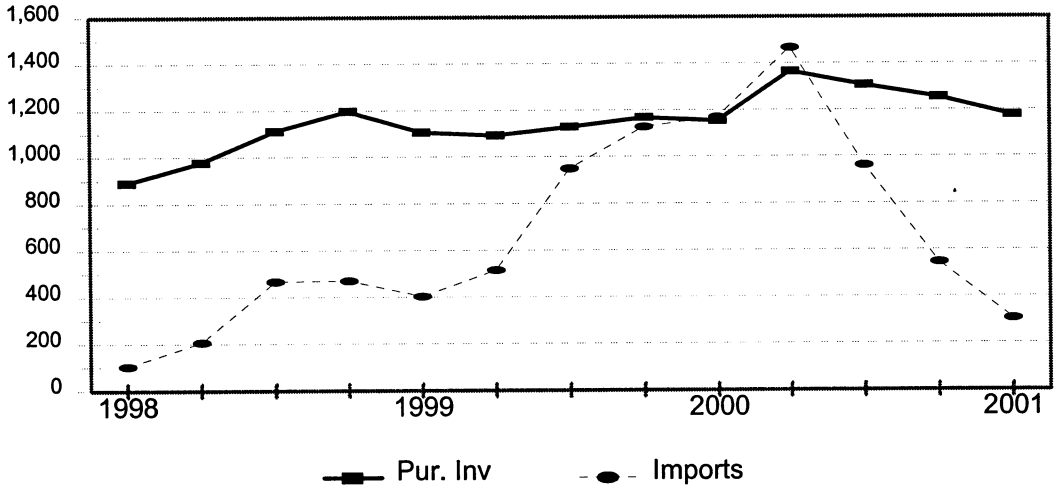
V-9

Figure V-11
Hot-rolled steel: Purchaser inventories (Pur. Inv), import quantities, and U.S. commercial shipment quantities, in thousands of short tons, by quarters



Source: Calculated from data submitted in response to Commission questionnaires and the DOC.

Figure V-12
Hot-rolled steel: Purchaser inventories (Pur. Inv) and import quantities, in thousands of short tons, by quarters



		Purchaser inventories (short tons)	Imports (short tons)
1998	Jan.-Mar.	888,930	104,349
	Apr.-June	977,004	206,611
	July-Sept.	1,111,516	467,12

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	Oct.-Dec.	1,196,836	470,335
1999	Jan.-Mar.	1,106,281	403,606
	Apr.-June	1,092,643	514,617
	July-Sept.	1,129,287	949,735
	Oct.-Dec.	1,169,009	1,128,286
2000	Jan.-Mar.	1,154,428	1,170,489
	Apr.-June	1,364,613	1,466,769
	July-Sept.	1,307,118	961,778
	Oct.-Dec.	1,253,570	546,071
2001	Jan.-Mar.	1,177,815	304,469

Source: Calculated from data submitted in response to Commission questionnaires and Commerce.

Overall, the inventory levels are inversely related to price (pricing trends are discussed below), although the relationship is statistically insignificant.[8] Part of the anomalous relationship is seen in the second quarter of 2000 when both domestic and import prices peaked when inventories were at their highest level. This suggests that purchasers may not have anticipated the downturn in demand that occurred in the latter half of 2000.

Purchasers were also asked to report yearly inventories by source country. Purchasers reported inventories from U.S. sources to be 538,386, 581,659, and 612,763 short tons, respectively, in 1998, 1999, and 2000, and inventories from the subject countries to be 27,805; 35,883; and 69,460 short tons in these periods. Imports as a share of total inventories identified by source were 4.9 percent in 1998, 5.8 percent in 1999, and 10.2 percent in 2000. Imports are fairly represented in the purchaser data; imported products were 4.3 percent, 5.2 percent, and 7.8 percent of purchasers' total purchases, respectively, in 1998, 1999, and 2000, which compares to import shares of total apparent consumption of 1.9 percent, 4.4 percent, and 5.9 percent for the same time periods. The data are incomplete, however, as 13 out of 28 responding purchasers (including 3 out of the 4 additional large firms that provided only inventory data) reported that they did not track the source country of the inventory that they held.

PRICING PRACTICES

U.S. producers reported using a variety of methods to establish prices, such as transaction-by-transaction negotiation, contract negotiation, calculation of costs and desired margins, price lists, and formal announcements. Producers emphasized that, regardless of the method used, the market determines prices. Most importers reported that prices are determined by transaction-by-transaction negotiations.

[8] A regression of inventory level on U.S. price (as defined in figure V-17) resulted in a coefficient of -1.18, a standard error of 1.1, and an R^2 of 0.09. A regression of inventory level on import price (as defined by the "other" series in figure V-17) resulted in a coefficient of -0.34, a standard error of 1.8, and an R^2 of 0.02.

V-11

Several U.S. producers reported offering some type of quantity discounts based on the amount of similar product purchased over some time period. Other producers reported having no set policy but negotiating discounts with individual customers based on competitive market conditions. Most importers reported having no set discount policy. *** stated that the contract buyer usually receives a better price.

Most U.S. producers reported that their sales terms were ½ 10 net 30 days, although a few reported their terms as ¾ 10 net 30 days. Fourteen U.S. producers reported that they quote prices on an f.o.b. their plant basis; two producers reported that they quote on a delivered basis, and five reported quoting on both a delivered and f.o.b. plant bases. Three U.S. producers reported that they equalized freight costs to the nearest producing plant. U.S. importers were less specific about their sales terms, but virtually all required full payment within 30 days. Most importers reported that they quote prices on an f.o.b. port basis, although a couple also reported quoting on a delivered basis.

Most sales for both U.S. producers and importers were in the spot market. U.S. producers reported that 28.6 percent of sales were by contract and 71.4 percent were in the spot market. Contracts were usually of short duration; 37.2 percent were for three months or less, 24.9 percent were for six months, 32.5 percent were for one year, and 5.4 percent were for periods greater than a year. Most contracts tended to fix both price and quantity, but there were different arrangements. Many producers reported that the spot market price affected the contract price. For example, if spot market prices fell, the contract price usually had to be renegotiated, or else no orders would be placed at the original higher contract price. Approximately 55 percent of importer sales were on the spot market. About 45 percent of importer sales were by contract, of which 86.0 percent, 5.0 percent, and 9.0 percent were for three months or less, six months, or one year, respectively. These contracts tended to fix both price and quantity, although some only fixed price. Some importers had minimum quantity requirements that ranged from 20 metric tons to 500 metric tons.

PRICE DATA

The Commission requested U.S. producers and importers of hot-rolled steel products to provide quarterly data for the total quantity and value of hot-rolled steel products that were shipped to unrelated customers in the U.S. market. Data were requested from the first quarter of 1998 to the first quarter of 2001 for the following products:

Product 1–Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.

Product 2–Hot-rolled carbon steel sheet in coils, commercial quality, SAE 1006-1015 or ASTM 569 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 60" in width.

Product 3–Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM 569 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.0171" in nominal or actual thickness, 40" to 60" in width.

Product 4–Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, in high strength low alloy qualities according to SAE J 1392, ASTM A-572/607/656/715, 0.187" through 0.625" in nominal or actual thickness 40" through 72" in width.

Nineteen U.S. producers and 20 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Data from Tata, an importer of Indian product, and Saldanha, an importer of South African product, were not used because their pricing products did not conform to the gauge and strength requirements specified in the definition. Imports from ***, and those from ***. Coverage for pricing data used in the report is shown in table V-2.

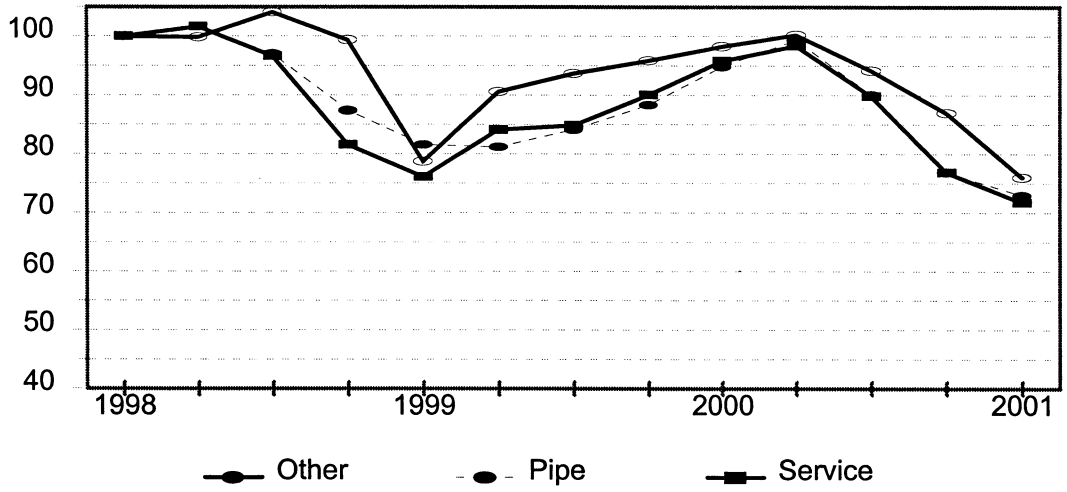
Table V-2
Hot-rolled steel: Pricing coverage

Country	Coverage (*Percent of US commercial shipments or imports*)
United States	24.2
Argentina	26.7
China	20.1
India	20.9
Indonesia	26.3
Kazakhstan	9.2
Netherlands	13.3
Romania	28.5
South Africa	10.9
Taiwan	4.6
Thailand	12.1
Ukraine	39.8
Source: Calculated from data submitted in response to Commission questionnaires.	

Price Trends

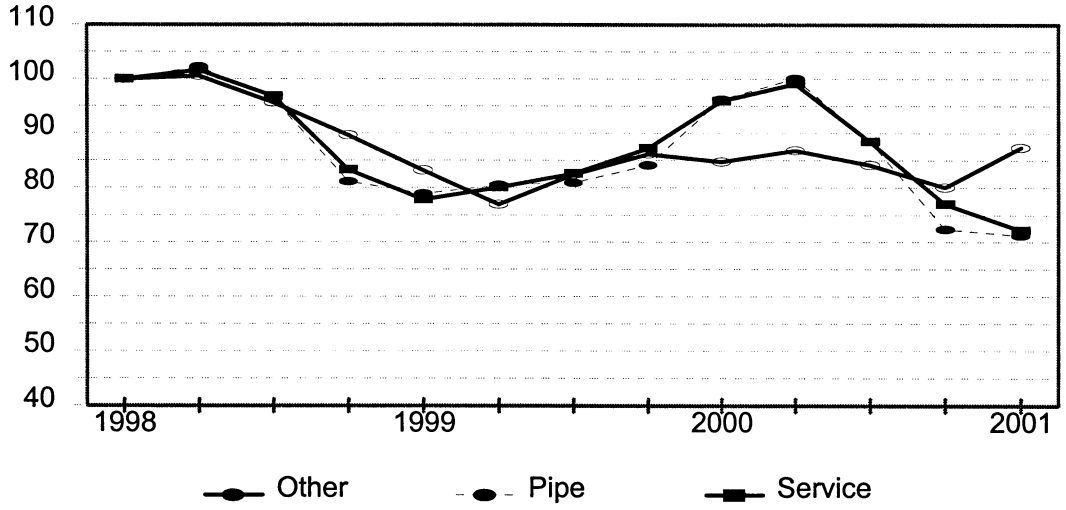
U.S. producers and importers were asked to provide separate pricing data for sales to service centers, processors, and cold-strip producers; to pipe and tube manufacturers; and to other end users. Prices to service centers, processors, and cold-strip producers were usually but not always lowest, and prices to pipe and tube manufacturers were generally less than those to other end users. Price trends for the different products and market channels varied, but U.S. producer prices generally decreased during 1998, recovered in 1999 and early 2000, and then fell for most of 2000 and 2001 (figures V-13-V-16).

Figure V-13
Hot-rolled steel: Indexes of U.S. producer prices of product 1 (first quarter of 1998=100), by market channel and by quarters



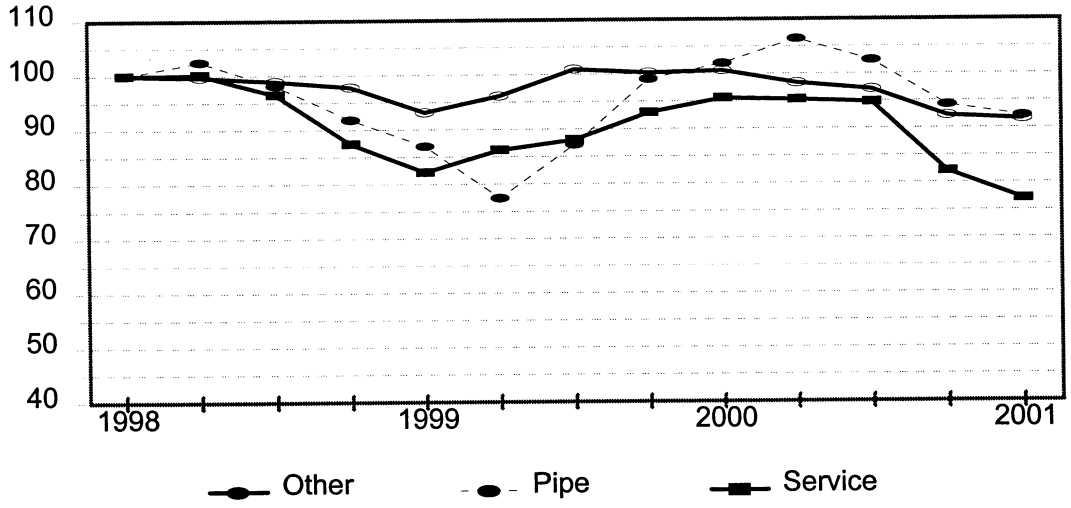
Source: Calculated from data submitted in response to Commission questionnaires.

Figure V-14
Hot-rolled steel: Indexes of U.S. producer prices of product 2 (first quarter of 1998=100), by market channel and by quarters



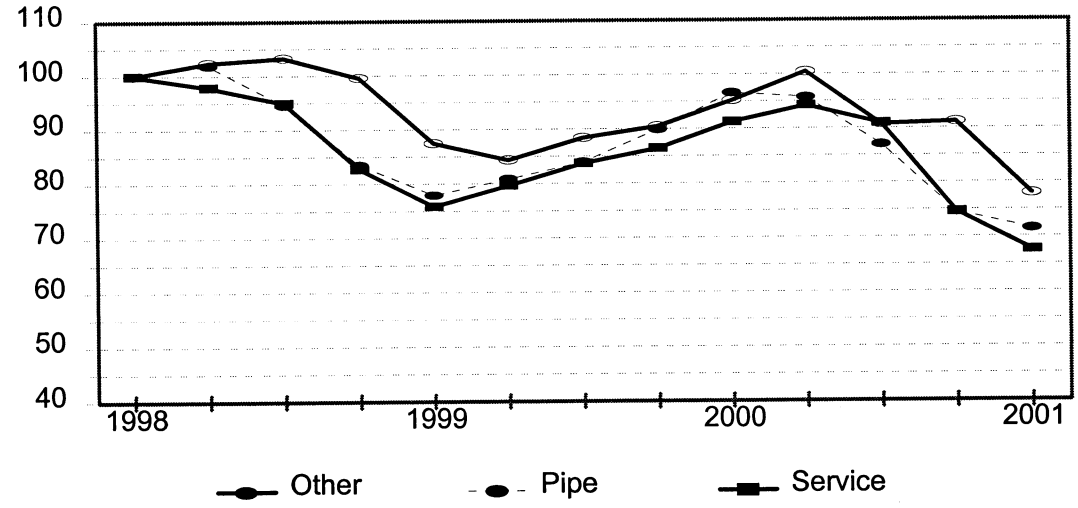
Source: Calculated from data submitted in response to Commission questionnaires.

Figure V-15
Hot-rolled steel: Indexes of U.S. producer prices of product 3 (first quarter of 1998=100), by market channel and by quarters



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

Figure V-16
Hot-rolled steel: Indexes of U.S. producer prices of product 4 (first quarter of 1998=100), by market channel and by quarters

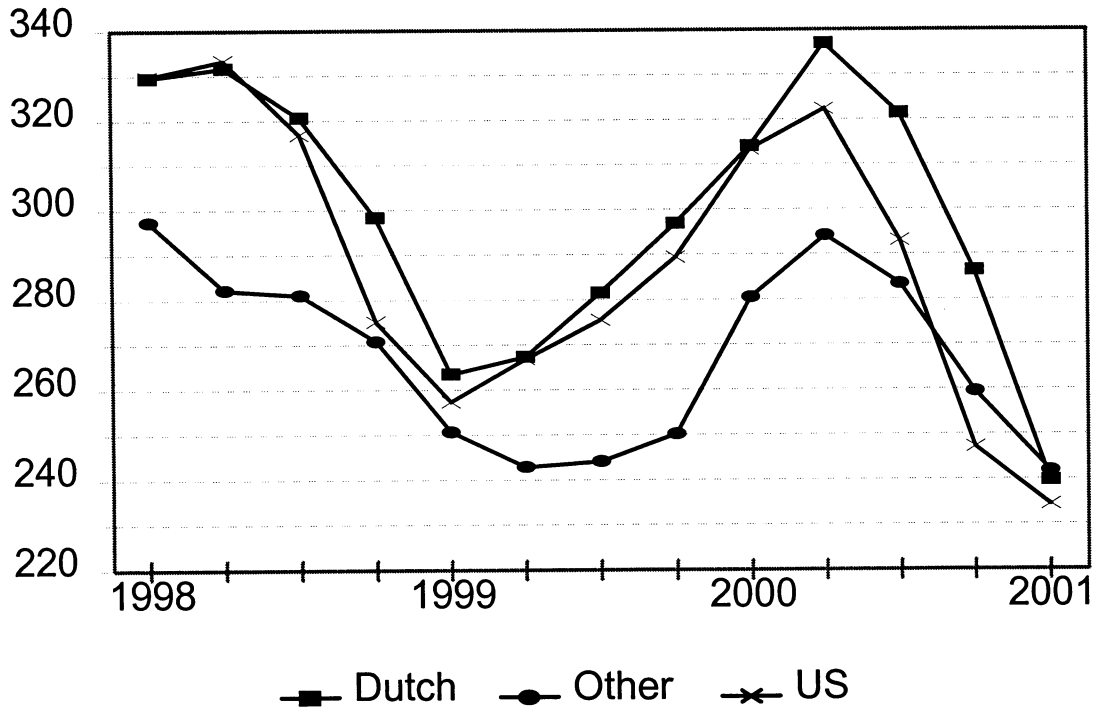


Source: Calculated from data submitted in response to Commission questionnaires.

V-15

If prices for combinations of producing country, marketing channel, and product are highly correlated, trends of groupings of countries or products can be seen, although such an analysis should not be used for price comparisons. Such an analysis permits different country and product groups to be averaged in a way that does not distort individual trends. Correlation coefficients for the following groups of price data were all greater than 0.95: (1) U.S. products 1, 2, and 4 in the service centers, processors, and cold-strip producers and the pipe and tube manufacturers marketing channels; (2) Dutch products 1 through 4 to service centers, processors, and cold-strip producers; (3) Chinese, Indian, and Romanian product 1 to service centers, processors, and cold-strip producers; Indian product 1 to pipe and tube manufacturers; Chinese, Indian, and Romanian product 2 to service centers, processors, and cold-strip producers; and Chinese product 3 to service centers, processors and cold-strip.[9] The U.S. and Dutch groupings following a very similar trend (figure V-17). The other import grouping (group 3) did not increase prices as early in 1999 as the others, but all reached a peak in the second quarter of 2000 and declined through the first quarter of 2001.

Figure V-17
Hot-rolled steel: Average prices of sales of U.S. products 1, 2, and 4 to service centers, distributors, and cold-strip producers (US); Dutch products 1-4 to service centers, distributors, and cold-strip producers (Dutch); and Chinese, Indian, and Romanian products 1 and 2 to service centers, distributors, and cold-strip producers, Indian product 1 to pipe and tube manufacturers, and Chinese product 3 to service centers, distributors, and cold users (Other)



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

[9] A robust method was used to compute the correlation coefficient for the third group, which allowed for missing data in some quarters for some country-product combinations. See S-plus, 2000, Guide to Statistics, vol. 1, p. 90.

Price Comparisons

Imports of Argentine product 1 sold to service centers, processors, and cold-strip producers *** the similar domestic product in 3 quarters by margins ranging from *** percent and *** the domestic product in 6 quarters by margins ranging from *** percent (table V-3). Imports of Chinese product 1 sold to service centers, processors, and cold-strip producers *** the equivalent domestic product in 7 quarters by margins ranging from *** percent and *** the domestic product in 6 quarters by margins ranging from *** percent. Indian product 1 was priced *** domestic product to service centers, processors, and cold-strip producers in 8 quarters by margins ranging from *** percent and priced *** the domestic product in 1 quarter by *** percent. The Indonesian product 1 was priced *** the domestic product in 7 quarters by margins ranging from *** percent. Product 1 from Kazakhstan *** the domestic product in 5 quarters by margins ranging from *** percent to *** percent. The Dutch product 1 *** the domestic product in 6 quarters by margins ranging from *** percent to *** percent and *** the domestic product in 7 quarters by margins ranging from *** percent. The Romanian product 1 *** the domestic product in 10 quarters by margins ranging from *** percent and *** the domestic product in 2 quarters by margins of *** percent. The South African product 1 *** the domestic product in 3 quarters by margins ranging from *** percent and *** the domestic product in 2 quarters by *** percent. The Taiwanese product 1 *** the domestic product in 3 quarters by margins ranging from *** percent and *** the domestic product in 3 quarters by margins ranging from *** percent. The Thai product 1 *** the domestic product in 2 quarters by *** percent and *** the domestic product in 2 quarters by *** percent. The Ukrainian product 1 undersold the domestic product in 6 quarters by margins ranging from *** percent.

Table V-3
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to service centers, processors, and cold-strip producers and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Product 1 sold to pipe and tube manufacturers by importers of the Argentine product *** the similar domestic product in 3 periods with margins ranging from *** percent (table V-4). Sales of Chinese imports of product 1 sold to pipe and tube manufacturers *** the domestic product in 5 periods by margins ranging from *** percent and *** the domestic product in 3 periods with margins ranging from *** percent. Indian imports *** the domestic product in 9 quarters by margins ranging from *** percent and *** the domestic product in 2 quarters by margins of *** percent. The Romanian product 1 *** the domestic product in 9 periods with margins ranging from *** percent. The similar Taiwanese product sold in the same marketing channel *** the domestic product in 4 quarters with margins ranging from *** percent. The Thai product 1 *** the domestic product in 4 quarters by margins ranging from *** percent. The Ukrainian product undersold the domestic product in 7 periods by margins ranging from *** percent.

The Ukrainian product 1 sold to other end users undersold the domestic product in 2 quarters by *** percent (table V-5). Product 1 imported from China and Romania undersold the similar domestic product in one quarter each by *** percent, respectively.

Imports of product 2 from Argentina and sold to service centers, processors, and cold-stripers *** the domestic product in 2 periods by margins of *** percent and *** the similar domestic product in 7 quarters by margins ranging from *** percent (table V-6). Imports from China *** the domestic

V-17

Table V-4
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to pipe and tube producers and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Table V-5
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to other end users and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Table V-6
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to service centers, processors, and cold-strip producers and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

product in 7 quarters with margins ranging from *** percent and *** the domestic product in 5 quarters by margins ranging from *** percent. Imports from India *** the domestic product in 9 quarters by margins ranging from *** percent and *** the domestic product in 1 quarter by *** percent. Imports from Indonesia *** the domestic product in 7 quarters by margins ranging from *** percent. Imports from the Netherlands *** the domestic product in 4 quarters by margins ranging from *** percent and *** the domestic product in 9 quarters by margins ranging from *** percent. Romanian imports *** the domestic product in 10 quarters by margins ranging from *** percent and *** the domestic product in 2 quarters by margins of *** percent. Imports from South Africa *** the domestic product in 2 quarters by *** percent and *** the domestic product in 4 quarters by margins ranging from *** percent. Taiwanese imports *** the domestic product in 4 quarters by margins ranging from *** percent and *** the domestic product in 5 quarters by from *** percent. Thai imports *** the domestic product in two quarters by *** percent and *** the domestic product in 3 quarters by from *** percent. Ukrainian imports undersold the domestic product in 5 quarters by margins ranging from *** percent.

Chinese imports of product 2 sold to pipe and tube manufacturers *** the domestic product in one quarter by *** percent and *** the domestic product in 4 quarters by from *** percent (table V-7). Indian imports *** the domestic product in 3 quarters by from *** percent and *** the domestic product in 3 quarters by margins ranging from *** percent. Indonesian imports *** the domestic product in 2 quarters by *** percent. Dutch imports *** the domestic product in 8 quarters by margins ranging from *** percent to *** percent. Romanian imports *** the domestic product in 3 quarters by margins ranging from *** percent and *** the domestic product in 1 quarter by *** percent. Taiwanese imports *** the domestic product in 3 quarters by from *** percent. Thai imports *** the domestic product in 4 quarters by from *** percent and *** the domestic product in 1 quarter by *** percent. Ukrainian imports undersold the domestic product in 6 quarters by margins of from *** percent.

Importers of Ukrainian product 2 sold to other end users undersold the domestic product in 2 quarters by margins of *** percent (table V-8).

Table V-7
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to pipe and tube producers and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Table V-8
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to other end users and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Imports of product 3 from Argentina sold to service centers, processors, and cold-strip producers undersold the domestic product in one quarter by *** percent and *** the domestic product in 8 quarters by from *** percent (table V-9). Chinese imports *** the domestic product in 9 quarters by from *** percent and *** the domestic product in 2 quarters by *** percent. Indian imports *** the domestic product in 2 quarters by *** percent. Indonesian imports *** the domestic product in 2 quarters by margins of *** percent and *** the domestic product in 2 quarters by margins of *** percent. Imports from the Netherlands *** the domestic product in 5 quarters by margins ranging from *** percent and *** the domestic product in 8 quarters by from *** percent. Romanian imports undersold the domestic product in 4 quarters by margins ranging from *** percent and oversold the domestic product in one quarter by *** percent. South African imports *** the domestic product in 2 quarters by margins of *** percent and *** the domestic product in 2 quarters by *** percent. Taiwanese imports of product 3 *** the domestic product in 1 quarter by *** percent and *** the domestic product in 7 quarters by margins ranging from *** percent.

Imports of product 3 from Taiwan and sold to pipe and tube manufacturers *** the domestic product in 7 quarters with margins ranging from *** percent (table V-10).

Dutch imports of product 3 sold to other end users *** the domestic product in 9 quarters by margins of from *** percent (table V-11). Indonesian imports of product 3 to other end users undersold the domestic product in 1 quarter by 19.5 percent.

Chinese imports of product 4 sold to service centers, processors and cold-strip producers *** the domestic product in 5 periods by margins of from *** percent and *** the domestic product in 3 periods by margins ranging from *** percent (table V-12). Imports from the Netherlands *** the domestic product in 8 quarters by margins ranging from *** percent and *** the domestic product in 5 quarters by margins ranging from *** percent. Imports from South Africa *** the domestic product in 3 quarters by margins of from *** percent and *** the domestic product in one quarter by *** percent. Indonesian imports undersold the domestic product in 1 quarter by *** percent.

Only U.S. producers reported sales of product 4 to pipe and tube manufacturers and to other end users. The pricing comparisons are summarized in table V-13. Argentina and Taiwan had more quarters of overselling than underselling. All other countries had more quarters of underselling than overselling, although China and the Netherlands had many quarters of overselling. Quality issues may be relevant in regard to Kazakstan and Ukraine, which did not have any quarters of overselling.

V-19

Table V-9
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to service centers, processors, and cold-strip producers and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Table V-10
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to pipe and tube producers and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * * * *

Table V-11
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to other end users and margins of underselling/(overselling), by quarters, January 1998-March 2001[2]

* * * * * * *

Table V-12
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to service centers, processors, and cold-strip producers and margins of underselling/(overselling), by quarters, January 1998-March 2001[2]

* * * * * * *

Table V-13
Hot-rolled steel: Number of quarters of underselling and overselling by country

Country	Quarters of underselling	Quarters of overselling
Argentina	6	24
China	35	23
India	29	9
Indonesia	20	2
Kazakhstan	6	0
Netherlands	40	29
Romania	37	6
South Africa	10	9
Taiwan	15	22
Thailand	12	6
Ukraine	28	0
Source: Compiled from data submitted in response to Commission questionnaires.		

LOST SALES AND LOST REVENUES

In the preliminary investigations, U.S. producers reported 81 allegations of lost sales totaling $110.5 million and involving 353,038 tons of hot-rolled steel between January 1997 and September 2000. U.S. producers also reported 9 allegations of lost revenues totaling $3.5 million and 99,424 tons.[10] Although many purchasers did not respond to the Commission's attempts to verify these allegations, purchasers that did respond disagreed with approximately 19 percent of the allegations of lost sales and 3 percent of the allegations of lost revenues.

In these final investigations, the Commission requested U.S. producers of hot-rolled steel products to report any lost sales or revenues that they had experienced since January 1998 due to competition from subject imports but not to resubmit any allegations made in the preliminary phase of the investigations. ***, the only firm which submitted additional information, alleged 14 instances of lost sales totaling ***. Staff efforts to verify this information are summarized in table V-14.

Table V-14
Hot-rolled steel: U.S. producers' lost sales allegations

* * * * * * *

[10] Staff report, investigations nos. 701-TA-404-408 and 731-TA-898-908 (Preliminary), pp. V-35-V-40.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Twenty-one producers of hot-rolled steel products provided financial data.[1] A significant share (approximately 66 percent in terms of sales value) of production of hot-rolled steel in 2000 was internally consumed (61 percent) and/or transferred (5 percent) to related companies for production of downstream products.

OPERATIONS ON HOT-ROLLED STEEL PRODUCTS (COMMERCIAL SALES ONLY)

The results of the 21 responding U.S. producers' hot-rolled steel commercial sales are presented in table VI-1. Net sales value and operating income decreased from 1998 to 1999 and increased from 1999 to 2000, even though sales volume increased steadily from 1998 through 2000. Per-short-ton sales values for the combined firms indicated the same pattern as net sales value and operating income, decreasing from 1998 to 1999 and increasing from 1999 to 2000, while unit COGS and unit total cost for the combined firms also showed the same pattern for the period. Operating income per short ton for the combined firms decreased from 1998 to 1999 and improved to a lesser per-unit operating loss in 2000. For the interim periods, both net sales value and volume decreased substantially from interim 2000 to interim 2001. Operating income in interim 2000 declined to an operating loss in interim 2001 and per-unit profitability also decreased significantly for the same period. Per-short-ton net sales value decreased in interim 2001 (by $69) from interim 2000, while per-unit total cost decreased by only $3, resulting in an operating loss ($50 per short ton) in interim 2001 compared to an operating income of $16 in interim 2000, a decrease of an operating margin by $66 per short ton.

The results of operations by firm are presented in table VI-2. Only two producers had an operating income for all periods while seven producers had an operating loss for all periods. Three producers, ***, which appeared to have some start-up stage of production in 1998, incurred substantial amounts of aggregate operating loss in 1998, due mainly to their low production levels in that year.

Selected cost data of the producers on their operations for the subject products are presented in table VI-3.[2] Total unit COGS decreased from 1998 to 1999 and increased from 1999 to 2000, due primarily to an increase of raw materials cost.[3] Unit factory overhead increased somewhat from 1999 to 2000 while unit SG&A expenses decreased slightly from 1998 through 2000.[4]

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[1] The producers with fiscal year ends other than December 31 are ***.

[2] ***.

[3] ***.

[4] ***.

VI-1

Table VI-1
Results of operations of U.S. producers in the production of hot-rolled steel–commercial sales only, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Net sales	20,016,268	21,202,537	21,991,099	6,233,472	5,447,281
	Value (*$1,000*)				
Net sales	6,699,340	6,187,525	6,817,900	2,013,526	1,382,510
COGS	6,302,624	6,136,392	6,536,725	1,832,542	1,583,614
Gross profit	396,716	51,133	281,175	180,984	(201,104)
SG&A expenses	317,531	308,357	302,533	82,383	72,700
Operating income (loss)	79,185	(257,224)	(21,358)	98,601	(273,804)
Interest expense	165,694	170,746	176,022	47,805	46,129
Other expense	75,894	91,423	80,385	24,545	21,089
Other income items	59,978	18,069	39,946	15,572	8,051
Net income (loss)	(102,425)	(501,324)	(237,819)	41,823	(332,971)
Depreciation/amortization	427,832	449,618	452,933	119,653	108,487
Cash flow	325,407	(51,706)	215,114	161,476	(224,484)
	Value (*per short ton*)				
Net sales	$335	$292	$310	$323	$254
COGS	315	289	297	294	291
Gross profit	20	2	13	29	(37)
SG&A expenses	16	15	14	13	13
Operating income (loss)	4	(12)	(1)	16	(50)
	Ratio to net sales (*percent*)				
COGS	94.1	99.2	95.9	91.0	114.5
Gross profit	5.9	0.8	4.1	9.0	(14.5)
SG&A expenses	4.7	5.0	4.4	4.1	5.3
Operating income (loss)	1.2	(4.2)	(0.3)	4.9	(19.8)
	Number of firms reporting				
Operating losses	12	13	12	10	16
Data	21	21	21	21	21

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

VI-2

Table VI-2
Results of operations of U.S. producers (by firm) in the production of hot-rolled steel–commercial sales only, fiscal years 1998-2000, January-March 2000, and January-March 20

* * * * * * *

Table VI-3
Results (per short ton) of operations of U.S. producers in the production of hot-rolled steel-commercial sales only, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
COGS:	**Value** (*per short ton*)				
Raw materials	$147	$132	$139	$139	$130
Direct labor	43	37	34	33	32
Factory overhead	125	121	124	122	128
Total COGS	315	289	297	294	291
SG&A expenses:					
Selling expenses	3	3	3	2	3
G&A expenses	13	12	11	11	11
Total SG&A expenses	16	15	14	13	13
Total cost	331	304	311	307	304

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

A variance analysis showing the effects of prices and volume on the producers' net trade sales of hot-rolled steel products, and of costs and volume on their total cost, is shown in table VI-4. The analysis is summarized at the bottom of the table. Operating income decreased by $101 million between 1998 and 2000. The substantial decrease in operating income between 1998 and 2000 resulted mainly from lower average prices (price variance, negative $542 million) which was not overcome by the positive effects of decreasing costs/expenses ($434 million) and increasing sales volume ($8 million).

OPERATIONS ON HOT-ROLLED STEEL PRODUCTS (COMMERCIAL SALES, INTERNAL CONSUMPTION, AND TRANSFERS)

The results of the U.S. producers' commercial sales, internal consumption, and related company transfers for hot-rolled steel operations are presented in tables VI-5 and VI-5A. A significant share (approximately 66 percent in terms of sales value) of production of hot-rolled steel products in 2000 was internally consumed (61 percent) and/or transferred (5 percent) to related companies for production of downstream products.

The producers were requested to value the transfers at fair market value, or to estimate the per-unit sales value, COGS, and SG&A expenses of the transfers based on the commercial sales data unless

VI-3

Table VI-4
Variance analysis of operations of U.S. producers in the production of hot-rolled steel-commercial sales only, between fiscal years 1998-2000 and between January-March 2000 and January-March 2001

Item	Between fiscal years			January-March
	1998-2000	1998-99	1999-2000	2000-2001
	Value (*$1,000*)			
Net sales:				
Price variance	(542,406)	(908,853)	400,249	(377,062)
Volume variance	660,966	397,038	230,126	(253,954)
Total net sales variance	118,560	(511,815)	630,375	(631,016)
Cost of sales:				
Cost variance	387,724	539,759	(172,109)	17,800
Volume variance	(621,825)	(373,527)	(228,224)	231,128
Total cost variance	(234,101)	166,232	(400,333)	248,928
Gross profit variance	(115,541)	(345,583)	230,042	(382,088)
SG&A expenses:				
Expense variance	46,326	27,993	17,292	(707)
Volume variance	(31,328)	(18,819)	(11,468)	10,391
Total SG&A variance	14,998	9,174	5,824	9,683
Operating income variance	(100,543)	(336,409)	235,866	(372,405)
Summarized as:				
Price variance	(542,406)	(908,853)	400,249	(377,062)
Net cost/expense variance	434,050	567,751	(154,817)	17,093
Net volume variance	7,812	4,693	(9,567)	(12,436)

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

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

VI-4

Table VI-5
Results of operations of U.S. producers in the production of hot-rolled steel–commercial, internal consumption, and transfers, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Commercial sales	20,016,268	21,202,537	21,991,099	6,233,472	5,447,281
Internal consumption	39,179,924	40,109,883	40,696,248	11,056,120	8,739,557
Related company transfers	3,172,238	3,518,558	3,467,347	920,067	914,170
Total sales	62,368,430	64,830,978	66,154,694	18,209,659	15,101,008
	Value (*$1,000*)				
Commercial sales	6,699,340	6,187,525	6,817,900	2,013,526	1,382,510
Internal consumption	12,603,092	11,304,533	12,075,290	3,427,687	2,141,344
Related company transfers	976,693	962,203	989,041	271,882	210,428
Total sales	20,279,125	18,454,261	19,882,231	5,713,095	3,734,282
COGS	18,893,389	18,649,602	19,545,579	5,351,870	4,456,005
Gross profit	1,385,736	(195,341)	336,652	361,225	(721,723)
SG&A expenses	1,052,583	1,018,594	1,041,689	270,701	232,372
Operating income	333,153	(1,213,935)	(705,037)	90,524	(954,095)
	Value (*per short ton*)				
Net sales	$325	$285	$301	$314	$247
COGS	303	288	295	294	295
Gross profit	22	(3)	5	20	(48)
SG&A expenses	17	16	16	15	15
Operating income	5	(19)	(11)	5	(63)
	Ratio to net sales (*percent*)				
COGS	93.2	101.1	98.3	93.7	119.3
Gross profit	6.8	(1.1)	1.7	6.3	(19.3)
SG&A expenses	5.2	5.5	5.2	4.7	6.2
Operating income	1.6	(6.6)	(3.5)	1.6	(25.6)
	Number of firms reporting				
Operating losses	12	13	13	10	17
Data	21	21	21	21	21

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

VI-5

Table VI-5A
Results of operations of U.S. producers in the production of hot-rolled steel–internal consumption and transfers only, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Internal consumption	39,179,924	40,109,883	40,696,248	11,056,120	8,739,557
Related company transfers	3,172,238	3,518,558	3,467,347	920,067	914,170
Total sales	42,352,162	43,628,441	44,163,595	11,976,187	9,653,727
	Value (*$1,000*)				
Internal consumption	12,603,092	11,304,533	12,075,290	3,427,687	2,141,344
Related company transfers	976,693	962,203	989,041	271,882	210,428
Total sales	13,579,785	12,266,736	13,064,331	3,699,569	2,351,772
COGS	12,590,765	12,513,210	13,008,854	3,519,328	2,872,391
Gross profit	989,020	(246,474)	55,477	180,241	(520,619)
SG&A expenses	735,052	710,237	739,156	188,318	159,672
Operating income	253,968	(956,711)	(683,679)	(8,077)	(680,291)
	Value (*per short ton*)				
Internal consumption	$322	$282	$297	$310	$245
Related company transfers	308	273	285	296	230
Total sales	321	281	296	309	244
COGS	297	287	295	294	298
Gross profit	23	(6)	1	15	(54)
SG&A expenses	17	16	17	16	17
Operating income	6	(22)	(15)	(1)	(70)
	Ratio to net sales (*percent*)				
COGS	92.7	102.0	99.6	95.1	122.1
Gross profit	7.3	(2.0)	0.4	4.9	(22.1)
SG&A expenses	5.4	5.8	5.7	5.1	6.8
Operating income	1.9	(7.8)	(5.2)	(0.2)	(28.9)

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

VI-6

there were any actual differences in the per-unit COGS between the commercial sales and transfers.[5] If there were any actual differences in the per-unit COGS between the commercial sales and transfers, due to any product mix, physical, or quality differences, producers were requested to adjust the per-unit value of the transfers using these actual COGS differences based on the per-unit value of commercial sales. SG&A expenses were allocated to these combined commercial and transfer sales proportionally, i.e., using the same per-ton expense for transfers as for commercial sales.

Total sales quantities increased continuously from 1998 through 2000. However, sales value decreased from 1998 to 1999 and increased from 1999 to 2000, due to the fluctuation of unit sales value per short ton over the period. Therefore, operating income followed the same pattern of the average selling prices, which decreased from 1998 to 1999 and increased from 1999 to 2000. However, both sales volume and value decreased significantly in interim 2001, which resulted in an operating loss of $954 million in interim 2001 compared to an operating income of $91 million in interim 2000.

The results of combined operations on commercial and transfer sales by firm are presented in table VI-6. The same seven producers again had an operating loss and the same two producers again had an operating income for all periods.

Table VI-6
Results of operations of U.S. producers (by firm) in the production of hot-rolled steel–commercial, internal consumption, and transfers, fiscal years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

Table VI-7 presents a comparison of per-unit net sales values, per-unit operating income/(loss), and operating margins between commercial sales, internal consumption, and related company transfers.

CAPITAL EXPENDITURES, R&D EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures and R&D expenses, together with the value of their fixed assets, are presented in table VI-8. Capital expenditures continuously increased from 1998 through 2000 and R&D expenses increased from 1998 to 1999 and decreased from 1999 to 2000. Capital expenditures by individual firms are presented in table VI-9. The original cost and book value of productive facilities increased continuously from 1998 through 2000.[4] For the interim periods, capital expenditures decreased substantially while R&D expenses increased slightly from interim 2000 to interim 2001. Six producers[5] spent substantial amounts on capital from 1998 through 2000.

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[5] ***.

[4] ***.

[5] They were ***.

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Table VI-7
Comparison of per-unit net sales values, per-unit operating income (loss), and operating margin of operations of U.S. producers in the production of hot-rolled steel–commercial, internal consumption, and transfers, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
Per-ton net sales value:	**Value** (*per short ton*)				
Commercial sales	$335	$292	$310	$323	$254
Internal consumption	322	282	297	310	245
Related transfers	308	273	285	296	230
Total	325	285	301	314	247
Per-ton operating income:					
Commercial sales	4	(12)	(1)	16	(50)
Internal cons/transfers	6	(22)	(15)	(1)	(70)
Total	5	(19)	(11)	5	(63)
Operating margin:	**Ratio to net sales** (*percent*)				
Commercial sales	1.2	(4.2)	(0.3)	4.9	(19.8)
Internal cons/transfers	1.9	(7.8)	(5.2)	(0.2)	(28.9)
Total	1.6	(6.6)	(3.5)	1.6	(25.6)

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

Table VI-8
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of hot-rolled steel, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
Capital expenditures	527,124	569,970	831,149	121,395	69,872
R&D expenses	8,820	9,049	8,214	2,074	2,109
Productive facilities:					
Original cost	11,304,080	12,244,671	12,910,465	12,458,456	12,937,199
Book value	6,390,778	6,479,362	6,597,362	6,453,328	6,621,231

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

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Table VI-9
Capital expenditures by U.S. producers (by firm) in the production of hot-rolled steel, fiscal years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested the producers to describe any actual or potential negative effects of imports of hot-rolled steel products from subject countries on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix E.

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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 nature of the subsidies was presented earlier in this report and in appendix A; 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 Part VI. 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.

THE FOREIGN INDUSTRIES

Argentina

The petition listed two firms believed to produce hot-rolled steel products in Argentina, i.e., Acindar and Siderar. Both firms supplied the requested information on their operations in Argentina concerning hot-rolled steel and that information is presented in table VII-1.[1] Siderar, by far the largest producer of hot-rolled steel in Argentina, accounted for *** percent of all hot-rolled steel production in Argentina during 2000 and *** percent of the exports of such merchandise.

As the data presented in table VII-1 indicate, Argentine production of hot-rolled steel increased throughout the period for which data were requested in these investigations; however, the Argentine firms expect production to fall somewhat in 2002. Capacity utilization hovered in the *** percent range in almost all periods for which information were requested. Siderar reported an increase in its capacity to produce the subject merchandise in 2000 and the firm ***.

Table VII-1
Hot-rolled steel: Argentina's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

As shown in table VII-1, a significant share (between *** percent and *** percent) of Argentina's production of hot-rolled steel was consumed internally during the period for which the Commission requested information. As a share of total shipments, exports to the United States rose from *** percent in 1998 to *** percent in 2000 but are expected to fall in 2001 and 2002. Siderar accounted for all exports of the Argentine subject merchandise to the United States during this period.

The responses of Acindar and Siderar to the Commission's questions concerning their production and exports of hot-rolled steel in Argentina are presented in the tabulation below:

* * * * * * *

[1] Other products produced by Siderar on the same equipment and machinery used in the production of hot-rolled steel include ***. Other products that the firm produces on the same equipment and machinery used in the production of hot-rolled steel include ***.

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China

The petition lists six hot-rolled steel producers in China: Anshan, Baosteel, Anyang, Wuhan, Benxi, and Laiwu. Five Chinese producers of the subject merchandise provided the Commission with information on their hot-rolled steel operations in China. These data are presented in table VII-2.[2] The firms reporting data accounted for 75.7 percent of U.S. imports of the Chinese subject merchandise during 2000. Baosteel, the largest of the responding Chinese producers, accounted for *** percent of total reported Chinese production of hot-rolled steel products during 2000.

The data reported by the Chinese producers indicate that production, capacity, and shipments increased throughout the period for which data were requested in these investigations. The data show that Chinese producers operated at a significantly high rate of capacity utilization over the period for which information was requested and that over 90 percent of Chinese production was consumed in China. Exports, in general, and exports to the United States, in particular, accounted for a relatively minor share of total shipments throughout the period. The Chinese producers reported that no other products were produced on the same equipment used in the production of hot-rolled steel and that they have no plans to add, expand, curtail or shut down production capability in China.

The responses of the Chinese producers to the Commission's questions concerning their production and exports of hot-rolled steel in China are presented in the tabulation below:

* * * * * * *

India

The petition lists four firms as being producers of hot-rolled steel in India: Ispat Industries, Essar, SAI, and Tata.[3] All four firms supplied the Commission with information concerning their hot-rolled steel operations in India. This information is presented in table VII-3. The four responding firms accounted for 79.1 percent of U.S. imports of the subject merchandise during 2000.

As the data show, the combined production of these four firms increased steadily throughout the period for which data were requested. While projections indicate that the Indian producers expect continued increases in production in 2001, they also indicate that production is projected to fall in 2002 below the level reported in 2000. Ispat reported that its present plans ***.

Production appears to be driven by demand for downstream articles as well as demand in the home market. While actual total exports increased without interruption from 1998 to 2000, exports still represented from 3.7 to 14.0 percent of total shipments during the entire period for which information was requested.

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[2] The five Chinese producers that responded to the Commission's request for information include: Angang, Baosteel, Benxi, Pangang, and Wugang.

[3] In addition, there are three Indian producers that produce hot-rolled steel that were not listed in the petitions, Jindal Iron & Steel Co., Ltd.; Jindal Vijaynagar Steel Ltd.; and Lloyds Steel Industries, Ltd. Jindal Iron & Steel reports current hot-rolling capacity of *** short tons per year, which is being expanded to *** short tons per year. Lloyds Steel Industries reports hot-rolled production of *** short tons.

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Table VII-2
Hot-rolled steel: China's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002[1]

Item	Calendar year			January-March		Projected	
	1998	1999	2000	2000	2001	2001[2]	2002[2]
	Quantity (*short tons*)						
Capacity	17,636,701	17,986,701	19,168,541	4,917,135	5,122,480	17,129,921	12,830,951
Production	17,683,387	19,502,185	20,911,275	4,992,689	5,480,620	18,240,157	13,963,233
End-of-period inventories	180,326	154,373	307,416	331,546	289,463	274,284	220,271
Shipments:							
Internal consumption/ intercompany transfers	7,079,850	8,307,360	9,408,656	1,821,997	2,735,413	8,663,630	6,958,372
Home market	10,002,357	9,641,070	9,584,754	2,436,792	2,534,032	8,695,325	5,626,691
Exports to--							
United States	174,200	401,036	367,317	135,582	14,360	14,360	0
All other markets	453,732	1,112,209	1,397,999	421,144	214,768	867,645	771,775
Total exports	627,932	1,513,245	1,765,315	556,726	229,128	882,005	771,775
Total shipments	17,710,140	19,461,675	20,758,726	4,815,516	5,498,573	18,240,961	13,356,838
	Ratios and shares (*percent*)						
Capacity utilization	100.3	108.4	109.1	101.5	107.0	106.5	108.8
Inventories/production	1.0	0.8	1.5	1.7	1.3	1.5	1.6
Inventories/shipments	1.0	0.8	1.5	1.7	1.3	1.5	1.6
Share of total shipments:							
Internal consumption/ intercompany transfers	40.0	42.7	45.3	37.8	49.7	47.5	52.1
Home market	56.5	49.5	46.2	50.6	46.1	47.7	42.1
Exports to--							
United States	1.0	2.1	1.8	2.8	0.3	0.1	0.0
All other markets	2.6	5.7	6.7	8.7	3.9	4.8	5.8
Total exports	3.5	7.8	8.5	11.6	4.2	4.8	5.8

[1] Data shown are for Angang, Baosteel, Benxi, Pangang, and Wugang.
[2] Only three of the five firms reported projections.

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

VII-3

Table VII-3
Hot-rolled steel: India's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002[1]

Item	Calendar year			January-March		Projected	
	1998	1999	2000	2000	2001	2001	2002
	Quantity (*short tons*)						
Capacity	11,370,041	11,980,541	12,140,341	2,484,085	2,484,085	12,453,241	12,453,241
Production	7,595,093	9,293,101	10,415,739	2,224,912	2,235,419	10,997,606	10,085,886
End-of-period inventories	759,565	488,836	758,452	355,495	592,442	694,878	694,878
Shipments:							
Internal consumption/ intercompany transfers	2,649,783	3,348,508	3,365,220	815,347	958,859	4,648,215	4,663,972
Home market	4,329,762	4,981,890	5,424,900	1,195,330	1,313,858	5,362,410	5,369,857
Exports to--							
United States	81,600	475,591	693,336	226,373	0	265,281	269,970
All other markets	591,126	758,938	662,670	100,176	86,415	778,330	818,360
Total exports	672,726	1,234,530	1,356,006	326,548	86,415	1,043,611	1,088,330
Total shipments	7,652,271	9,564,928	10,146,126	2,337,225	2,359,133	11,054,235	11,122,159
	Ratios and shares (*percent*)						
Capacity utilization	66.8	77.6	85.8	89.6	90.0	88.3	81.0
Inventories/production	10.0	5.3	7.3	4.0	6.6	6.3	6.9
Inventories/shipments	9.9	5.1	7.5	3.8	6.3	6.3	6.2
Share of total shipments:							
Internal consumption/ intercompany transfers	34.6	35.0	33.2	34.9	40.6	42.0	41.9
Home market	56.6	52.1	53.5	51.1	55.7	48.5	48.3
Exports to--							
United States	1.1	5.0	6.8	9.7	0.0	2.4	2.4
All other markets	7.7	7.9	6.5	4.3	3.7	7.0	7.4
Total exports	8.8	12.9	13.4	14.0	3.7	9.4	9.8

[1] Data shown are for Essar, Ispat, SAI, and Tata.

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

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The responses of Ispat, Essar, SAI, and Tata concerning their production and exports of hot-rolled steel in India are presented in the tabulation that follows:

* * * * * * *

Indonesia

The petition lists one producer of hot-rolled steel products in Indonesia, and that producer, Krakatau, supplied the Commission with information on its operations related to the subject merchandise for the period from 1998 to 2000. The firm did not provide data for the first quarters of 2000 and 2001 or projections for the annual periods 2001 and 2002. Krakatau's information is presented in table VII-4.

Table VII-4
Hot-rolled steel: Indonesia's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

As shown in the table, capacity remained constant during the period for which information was collected in these investigations, but production of hot-rolled steel products rose significantly between 1998 and 1999, and fell in 2000. Total exports fell overall from *** percent of total shipments in 1998 to *** percent in 2000. Exports to the United States as a share of total shipments rose overall from *** percent in 1998 to *** percent in 2000. Krakatau reported that its sales of hot-rolled steel accounted for *** percent of its total sales in its most recent fiscal year.

Kazakhstan

Ispat Karmet is listed in the petition as the only producer of hot-rolled steel products in Kazakhstan.[4] The firm supplied the Commission with information on its hot-rolled steel operations in Kazakhstan and that information is presented in table VII-5.

Ispat Karmet acquired its production facility in November 1995. At that time, the mill was in a state of disrepair so Ispat Karmet embarked on a five-year revitalization plan to restore the mill to its full production capability of *** short tons. In 2000, Ispat Karmet reported production capacity of *** short tons. Much of the firm's production (*** percent in 2000) reportedly is internally consumed for use in the production of such products as cold-rolled steel, tin plate steel, black plate steel, and galvanized steel. Ispat Karmet's exports of the subject merchandise to the United States accounted for a relatively minor and declining share of its total shipments. Ispat Karmet indicated that its sales of hot-rolled steel products represented *** percent of its total sales in its most recent fiscal year and that all of its sales into the U.S. market are made through trading companies.

In addition to the information supplied by Ispat Karmet, the Commission requested and received information on the industry in Kazakhstan from the American embassy in that country. According to a senior member of the Ministry of Energy, Industry and Trade's Committee on Antidumping Control, hot-rolled carbon steel accounts for roughly *** percent of all Kazakhstan's exports to the United States.

[4] Related firms include the U.S. producer Ispat/Inland and the U.S. importer Ispat North America.

VII-5

Table VII-5
Hot-rolled steel: Kazakhstan's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

Ispat Karmet is reported to be the largest employer in Kazakhstan, employing some *** workers.[5]

The Netherlands

Corus is the only known producer of hot-rolled steel products in the Netherlands and was the only producer listed in the petition. A Dutch subsidiary of the United Kingdom entity, Corus Group, Corus also has a U.S. sister company, Corus Tuscaloosa, whose operations include the production of hot-rolled steel. Furthermore, Corus Steel USA, Inc., also a related firm, accounts for 100 percent of U.S. imports of the subject products from the Netherlands. ***.

Corus supplied the Commission with information on its operations in the Netherlands involving the production and shipments of hot-rolled steel. It reported that hot-rolled steel products accounted for *** percent of its total sales volume in the most recent fiscal year. Data provided by Corus in response to the Commission's request is presented in table VII-6.

The data show that Corus operated at *** percent capacity from 1998 to 2000, but operated at only *** percent capacity in the interim 2001 period. Corus' projected capacity increase in 2001 and 2002 is ***.

Table VII-6
Hot-rolled steel: The Netherland's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

As with ***, Corus consumes *** of its production of hot-rolled steel for use in downstream products, namely cold-rolled steel. As a share of total shipments, Corus' exports to the United States increased from *** percent in 1998 to *** percent in 2000, but fell from *** percent in the first quarter of 2000 to *** percent in the first quarter of 2001. Corus projects that its exports to the United States during 2001 and 2002 will account for approximately *** percent of its total shipments. Corus reported that all of its U.S. sales of hot-rolled steel products, whether made with or without a selling partner such as a steel service center, are for known and specific end-use applications. It indicated further that its U.S. sales are not made through trading companies.

Romania

The petition lists two Romanian producers of hot-rolled steel products, Sidex and Gavazzi. Sidex, by far the larger of the two producers, submitted information in response to the Commission's

[5] Department of State, incoming telegram, American embassy Almaty.

request in these investigations.[6] The firm's data are presented in table VII-7. As the data show, Sidex experienced a steady increase in its production capability and its production from 1998 to 2000. Declines were reported during the partial-year periods. The firm's projections indicate that the firm expects these indicators to remain stable from 2001 to 2002. Nearly *** of the firm's total shipments in 2000 was comprised of export shipments, *** of which were destined for the United States.

Table VII-7
Hot-rolled steel: Romania's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

South Africa

The petition lists three firms in South Africa that are believed to produce hot-rolled steel products. The Commission received information from two of these firms (i.e., Iscor and Saldanha) on their hot-rolled steel operations in South Africa. That information is presented in table VII-8. Total exports by Iscor and Saldanha during 2000 accounted for *** percent of total U.S. imports of the subject merchandise from South Africa.

Iscor is reportedly the larger of the two firms, accounting for *** percent of reported total 2000 production. The firm indicated ***. On the other hand, Saldanha ***. For 1999 and 2000, the South African firms combined have been operating at *** percent of capacity; however, capacity utilization rates are projected to increase to over *** percent during 2001 and 2002.

Table VII-8
Hot-rolled steel: South Africa's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

***. The responses of Iscor and Saldanha to the Commission's questions concerning their production and exports of hot-rolled steel are presented in the tabulation that follows:

* * * * * * *

As the data in table VII-8 show, ***, as there were significant increases in capacity, production, and total shipments between 1998 and 1999 and between interim 1999 and interim 2000. While exports to the United States declined as a share of total shipments between 1998 and 2000, in absolute terms such exports increased overall by *** percent, as did the two firms' combined exports to all other markets. Saldanha reported ***.

The Commission requested and received further information on the industry in South Africa from the American embassy in Pretoria. According to this information, ***.[7] Based on information

[6] Gavazzi has a production capacity of about *** tons of hot-rolled sheet.

[7] Department of State, incoming telegram, American embassy, Pretoria.

obtained by the embassy, ***.[8] The embassy also identified a third South African producer (Highveld Steel and Vanadium) but was unable to supply information specific to hot-rolled steel.

Taiwan

The hot-rolled steel industry in Taiwan is comprised of two known firms, China Steel and Yieh Loong. ***.[9] Combined data on the hot-rolled steel operations of China Steel and Yieh Loong are shown in table VII-9. The U.S. exports of these two firms combined represented *** percent of total U.S. imports of the subject merchandise from Taiwan during 1998-2000.

Table VII-9
Hot-rolled steel: Taiwan's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

China Steel is the larger of the two firms, accounting for *** percent of reported production during 2000. It indicated ***. Yieh Loong indicated ***.

The responses of China Steel and Yieh Loong concerning their production and exports of hot-rolled steel relative to the total industry in Taiwan are presented in the tabulation that follows:

* * * * * * *

The increased activity in the hot-rolled steel industry in Taiwan in terms of production capacity, production, and shipments for 1998-2000 resulted from what was described as ***.[10] Such increases were experienced through the year 2000, although projections reveal a decline is expected for 2001 and in 2002. The bulk of hot-rolled steel shipments by Taiwanese producers were home market shipments, with exports to the United States accounting for between *** percent of total shipments during the period for which information was requested.

Thailand

The petition identified three firms as being likely producers of hot-rolled steel in Thailand. The Commission requested and received information from the three Thai firms on their operations concerning the subject merchandise. Production, capacity, and shipment data supplied by all three firms, i.e., Nakornthai, Sahaviriya and Siam, are presented in table VII-10. Exports of the subject merchandise to the U.S. market by these three firms accounted for *** percent of total U.S. imports of subject merchandise from Thailand during 1998-2000.

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[8] Ibid.

[9] Department of State, incoming telegram, American Interest Section, Taipei.

[10] Ibid.

VII-8

Table VII-10
Hot-rolled steel: Thailand's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

Overall, Thai production and capacity to produce hot-rolled steel products increased during the period for which information was requested in these investigations. One of the firms, Nakornthai, reported that it shut down its operations in December 1998 and remains closed while it seeks to restructure.[11] [12] It also reported that it has no projections for 2001 and 2002 until its restructuring plan is approved by the Thailand Bankruptcy court. Siam began its hot-rolled steel operations in July 1999. The firm estimates that its capacity to produce hot-rolled steel products will reach *** short tons by the year 2002 as it moves towards operating under ***. Sahaviriya, producing the subject merchandise in Thailand during all periods for which information was requested, reported that it experienced an increase in capacity during the period as a result of minor improvements in productivity. According to questionnaire responses, no other products are produced using the same equipment used in the production of the subject merchandise in Thailand.

*** of the Thai production of the subject merchandise is exported to third-country markets, with *** of the remaining production being internally consumed by the companies. A *** share of the Thai production is destined for the U.S. market. The responses of Nakornthai, Sahaviriya, and Siam concerning their production and exports of hot-rolled steel in Thailand are presented in the tabulation that follows:

* * * * * * *

In connection with these investigations, the Commission also requested assistance from the American embassy in Bangkok in providing any information on the industry in Thailand. According to the embassy, there are two Thai firms not mentioned in the petition that are involved in the production of the subject merchandise.[13] These firms were identified as LPN Plate Mill Co., Ltd. and Sahaviriya Plate Mill Co., Ltd. According to information provided by the Thai Board of Investment (BOI), most of the steel mills in Thailand have gone bankrupt as a result of the country's economic crisis, which began in 1997. The BOI speculates that overcapacity has prompted producers to look increasingly to exports to boost revenues.

Ukraine

The petition lists four producers of hot-rolled steel in Ukraine. Two of the four firms supplied the Commission with information on their hot-rolled steel operations: Ilyich and Zaporizhstal. The combined data for these firms are shown in table VII-11. Exports of the subject merchandise to the U.S. market by these two firms accounted for *** percent of total U.S. imports of subject merchandise from Ukraine during 2000.

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[11] See questionnaire response and letter to the Commission from Nakornthai dated November 23, 2000.

[12] As of September 2000, Nakornthai was seeking a *** in order to restart the mill and improve productivity.

[13] Department of State, incoming telegram, American embassy, Bangkok.

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Table VII-11
Hot-rolled steel: Ukraine's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projections for 2001 and 2002

* * * * * * *

The data received in response to the Commission's request show increases in capacity and production from 1998 to 2001 (projected). Zaporizhstal explains that such increases are explained by ***. Zaporizhstal, the larger of the two producing firms in Ukraine, reported that it produces a variety of steel products on the same machinery used to produce the subject merchandise. These products accounted for *** percent of the firm's total sales in its most recent fiscal year. The Ukraine producers operated at *** percent capacity utilization throughout the period for which information was requested.

*** of the Ukraine production of hot-rolled steel is either consumed internally or exported to third country markets. Exports to the United States increased from 1998 to 2000, but fell during the partial-year periods. These exports accounted for between *** percent of Ukraine's total shipments.

The responses of Ilyich and Zaporizhstal to Commission questions concerning their production and exports of hot-rolled steel in Ukraine are presented in the tabulation that follows:

* * * * * * *

THIRD-COUNTRY MARKETS

Third-country markets for hot-rolled steel products produced in the 11 subject countries, and the extent to which such subject merchandise is subject to antidumping findings or other remedies in such third-country markets, are shown in the tabulation that follows:

Country of production	Third country markets
Argentina	Brazil, India, Italy, Morocco, Paraguay, Portugal, Spain, Venezuela, Mercosur countries
China[1]	Australia, Canada, Colombia, Greece, Hong Kong, India, Iran, Israel, Italy, Japan, Jordan, Korea, Malaysia, Mexico, Nigeria, Pakistan, Portugal, Philippines, Saudi Arabia, Singapore, Spain, Taiwan, Thailand, Turkey, Venezuela, Vietnam, Asia, Europe, and Central/South America
India[2]	Canada, Greece, Nepal, Portugal, Saudi Arabia, Spain, Sri Lanka, Taiwan, Thailand, UAE, Asia, Europe, and Middle East
Indonesia	China, Japan, Hong Kong, EU, and ASEAN
Kazakhstan[3]	China, Asia, Commonwealth of Independent States
Netherlands[4]	European Union
Romania[5]	Greece, Italy, Malaysia, Portugal, Spain, Turkey, and Venezuela
South Africa[6]	Canada, Africa, Asia, Europe, Middle East, Far East
Taiwan[7]	China, Southeast Asia, Canada, Japan, South Korea, Hong Kong
Tabulation continued on next page.	

Thailand	Bangladesh, Cambodia, Canada, China, Indonesia, Italy, Japan, Malaysia, Myanmar, Philippines, Saudi Arabia, South Korea, Spain, Taiwan, Vietnam,
Ukraine[8]	Algeria, Bulgaria, China, Greece, Israel, Mexico, Poland, Russia, Turkey, UAE, and Vietnam

[1] Subject merchandise exported to Canada became subject to antidumping findings or remedies in January 2001.

[2] Subject merchandise exported to the EU is subject to antidumping findings or remedies. India and the EU entered into a price-undertaking agreement in February 2000, which runs for five years. Also, in April 1997 Indonesia conducted an antidumping investigation and found zero margins.

[3] Subject merchandise exported to India and Venezuela is subject to antidumping findings or remedies. The antidumping duty applicable to Venezuela is 56.65 percent and reportedly covers only nine of the 33 HTS categories covered by the petition. The government of Thailand issued an order, effective February 25, 1999, terminating its antidumping investigation of hot-rolled steel sheet from Kazakhstan.

[4] Subject merchandise exported to Mexico became subject to antidumping findings or remedies in 1995.

[5] Subject merchandise exported to Canada became subject to antidumping findings or remedies effective April 1999.

[6] Subject merchandise exported to the EU is subject to antidumping findings or remedies, effective February 2000.

[7] Subject merchandise exported to the EU is subject to antidumping findings or remedies, effective February 2, 2000, and revised September 22, 2000.

[8] Subject merchandise is subject to antidumping findings or remedies in the following countries: Argentina, effective December 1999; Canada, in progress; Chile, effective October 1998; Egypt, effective July 2000; India, effective October 1996; Indonesia (unknown date); Mexico, effective March 2000; Nigeria (unknown date); Peru, effective December 1999; South Africa, effective February 1998; Thailand (unknown date); and Venezuela, effective August 1998.

U.S. INVENTORIES OF IMPORTED PRODUCT

Data on U.S. importers' inventories of hot-rolled steel products and the ratio of such inventories to imports are shown in table VII-12. As shown in the table, no inventories were reported for the subject merchandise from Kazakhstan and Ukraine. Inventories of product from the Netherlands, Romania, South Africa, and Taiwan were present in the U.S. market in all periods, and inventories of product from India and Thailand were present in the U.S. market in 2000 and 2001 only. U.S. importers' reported inventories from all subject countries varied substantially over the period for which such information was requested, fluctuating within the range of ***.

Table VII-12
Hot-rolled steel: End-of-period inventories of U.S. importers, by sources, 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

VII-11

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–404–408 (Final) and 731–TA–898–908 (Final)]

Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine

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–404–408 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) (the Act) 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 Argentina, India, Indonesia, South Africa, and Thailand of hot-rolled steel products, provided for in headings 7208, 7210, 7211, 7212, 7225, and 7226 of the Harmonized Tariff Schedule of the United States. Notice is also hereby given of the scheduling of the final phase of antidumping investigations Nos. 731–TA–898–908 (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 less-than-fair-value imports from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine of hot-rolled steel products.

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: April 30, 2001.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at http://dockets.usitc.gov/eol/public.

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 Argentina, India, Indonesia, South Africa, and Thailand of hot-rolled steel products, and that such products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine 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 investigations were requested in a petition filed on November 13, 2000, by Bethlehem Steel Corp. (Bethlehem, PA); Gallatin Steel Corp. (Ghent, KY); IPSCO Steel, Inc. (Lisle, IL); LTV Steel Co., Inc. (Cleveland, OH); National Steel Corp. (Mishawaka, IN); Nucor Corp. (Darlington, SC); Steel Dynamics, Inc. (Butler, IN); U.S. Steel Group (a unit of USX Corp.) (Pittsburgh, PA); Weirton Steel Corp. (Weirton, WV); and the Independent Steel Workers Union, a labor union representing the organized workers at Weirton Steel Corp.

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 July 5, 2001, 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 July 17, 2001, 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 July 11, 2001. 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 July 13, 2001, 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 July 11, 2001. 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 July 24, 2001; 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 investigations on or before July 24, 2001. On August 13, 2001, 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 August 15, 2001, 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: May 7, 2001.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–11846 Filed 5–9–01; 8:45 am]

BILLING CODE 7020–02–P

mechanical tubing, if such products are not produced to A–335, A–106, A–53 or API 5L specifications and are not used in standard, line or pressure applications. In addition, finished and unfinished OCTG are excluded from the scope of this order, if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG review, finished and unfinished OCTG are included in the scope of this order when used in standard, line or pressure applications. Finally, also excluded from the scope of this order are redraw hollows for cold-drawing when used in the production of cold-drawn pipe or tube.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this order (amended as indicated below) is dispositive. Excluded from the scope of this order, as a result of a changed circumstances review (63 FR 37338 (July 10, 1998)) are the following: Shipments of seamless carbon and alloy (other than stainless) steel pipes, of circular cross-section, not more than 114.3 mm (4.5 inches) in outside diameter, regardless of wall thickness or manufacturing process (hot-finished or cold-drawn) that (1) has been cut into lengths of six to 120 inches, (2) has had the inside bore ground to a smooth surface, (3) has had multiple layers of specially formulated corrosion resistant glass permanently baked on at temperatures of 1,440 to 1,700 degrees Fahrenheit in thicknesses from 0.032 to 0.085 inch (40 to 80 mils), and (4) has flanges or other forged stub ends welded on both ends of the pipe. The special corrosion resistant glass referred to in this definition may be glass containing by weight (1) 70 to 80 percent of an oxide of silicone, zirconium, titanium or cerium (Oxide Group RO sub2), (2) 10 to 15 percent of an oxide of sodium, potassium, or lithium (Oxide Group RO), (3) from a trace amount to 5 percent of an oxide of either aluminum, cobalt, iron, vanadium, or boron (Oxide Group R sub2 O sub3) , or (4) from a trace amount to 5 percent of a fluorine compound in which fluorine replaces the oxygen in any one of the previously listed oxide groups. These glass-lined pressure pipes are commonly manufactured for use in glass-lined equipment systems for processing corrosive or reactive chemicals, including acrylates, alkanolamines, herbicides, pesticides, pharmaceuticals and solvents. The glass-lined pressure pipes subject to the changed circumstances review are currently classifiable under subheadings 7304.39.0020, 7304.39.0024 and 7304.39.0028 of the HTSUS. The HTSUS subheadings are provided for convenience and U.S. Customs' purposes only. The written description of the excluded products remains dispositive.

[FR Doc. 01–17716 Filed 7–13–01; 8:45 am]
BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–357–815]

Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Argentina

AGENCY: Import Administration, International Trade Administration Department of Commerce.

ACTION: Notice of final affirmative countervailing duty investigation.

SUMMARY: On February 21, 2001, the Department of Commerce (the Department) published in the **Federal Register** its preliminary affirmative determination in the countervailing duty investigation of certain hot-rolled carbon steel flat products from Argentina for the period January 1, 1999 through December 31, 1999.

The net subsidy rates in the *Final Determination* differ from those of the *Preliminary Determination*. The revised final net subsidy rate for the investigated company is listed below in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: July 16, 2001.

FOR FURTHER INFORMATION CONTACT: Eric B. Greynolds at (202) 482–6071 or Darla Brown at (202) 482–2849, Office of AD/CVD Enforcement VI, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2000).

Background

On February 21, 2001, the Department published the results of its preliminary determination in the investigation of certain hot-rolled carbon steel flat products from Argentina. *See Notice of Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products from Argentina*, 66 FR 10990 (February 21, 2001) (*Preliminary Determination*). We invited interested parties to comment on the *Preliminary Determination*. On March 8, 2001, we received comments from petitioners. We received no other comments.

This investigation covers a single producer/exporter, Siderar Sociedad Anomina Industrial & Commercial (Siderar) for the period January 1, 1999 through December 31, 1999.

Scope of the Investigation

The merchandise subject to this investigation is certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of this investigation are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of this investigation:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, ASTM specifications A543, A387, A514, A517, A506).
- SAE/AISI grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTS.
- Tool steels, as defined in the HTS.
- Silico-manganese (as defined in the HTS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTS.

The merchandise subject to this investigation is classified in the HTS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled flat-rolled carbon-quality steel covered by this investigation, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTS subheadings are provided for convenience and U.S. Customs purposes, the Department's written description of the merchandise under investigation is dispositive.

Analysis of Comments Received

All issues raised in the sole brief submitted in this countervailing duty investigation are addressed in the "Issues and Decision Memorandum" (Decision Memorandum) from Bernard T. Carreau, Deputy Assistant Secretary, AD/CVD Enforcement II, to Faryar Shirzad, Assistant Secretary for Import Administration, dated July 9, 2001, which is hereby adopted by this notice. The Department's responses to issues petitioners raised are included in the Decision Memorandum, which is attached to this notice as Appendix I. This public memorandum, which is on file in room B–099 of the Main Commerce Building, also contains a complete discussion of the issues raised in this investigation and the corresponding recommendations. In addition, a complete version of the Decision Memorandum can be accessed directly on the World Wide Web at http://ia.ita.doc.gov, under the heading "**Federal Register** Notices." The paper copy and electronic version of the Decision Memorandum are identical in content.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated an individual rate for the company under investigation, Siderar. With respect to the "all others" rate, section 705(c)(5)(A)(ii) of the Act provides that if the countervailable subsidy rates established for all exporters and producers individually investigated are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish an "all others" rate for exporters and producers not individually investigated. In this case, although the rate for the only other investigated company is based entirely on facts available under section 776 of the Act, there is no other information on the record upon which we could determine an "all others" rate. As a result, we have used the rate for Siderar as the "all others" rate.

Producer/exporter	Net subsidy rate
Siderar	41.69% *Ad Valorem.*
All Others	41.69 % *Ad Valorem.*

In accordance with our preliminary affirmative determination, we instructed the U.S. Customs Service to suspend liquidation of all entries of certain hot-rolled carbon steel flat products from Argentina, which were entered or withdrawn from warehouse, for consumption on or after February 21, 2001, the date of the publication of our preliminary determination in the **Federal Register**. In accordance with section 703(d) of the Act, we instructed the U.S. Customs Service to discontinue the suspension of liquidation for merchandise entered on or after June 21, 2001, but to continue the suspension of liquidation of entries made between February 21, 2001 and June 20, 2001.

We will reinstate suspension of liquidation under section 706(a) of the Act for all entries if the ITC issues a final affirmative injury determination and will require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided that the ITC confirms that it will not disclose

such information, either publically or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Import Administration.

If the ITC determines that material injury, or threat of material injury, does not exist, these proceedings will be terminated. If however, the ITC determines that such injury does exist, we will issue a countervailing duty order.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Failure to comply is a violation of the APO.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: July 9, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

Appendix I—Issues and Decision Memorandum

Methodology and Background Information

I. *Use of Facts Available*
II. *Change in Ownership*
III. *Subsidies Valuation Information*
  A. *Allocation Period*
  B. *Equityworthiness*
  C. *Calculation of Discount Rate and Creditworthiness*
IV. *Programs Determined to Confer Subsidies*
  A. *Equity Infusions Bestowed From 1986 Through 1990*
  B. *GOA Assumption of SOMISA Debt*
  C. *Relief from Liquidation Costs*
  D. *Additional Subsidies From Reorganization/Privatization Under Decree 1144/92*
  E. *Investment Commitment*
  F. *Rebate of Indirect Taxes (Reembolso)*
  G. *Pre- and Post-Shipment Export Financing*
  H. *Zero-Tariff Turn Key Bill*
V. *Total Ad Valorem Rate*
VI. *Analysis of Comments*
  Comment 1: Siderar's Uncreditworthiness
  Comment 2: Relief from Liquidation Costs

[FR Doc. 01–17719 Filed 7–13–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Availability of Alternate Member Seats for the Hawaiian Islands Humpback Whale National Marine Sanctuary Advisory Council

AGENCY: National Marine Sanctuary Program (NMSP), National Ocean Service (NOS), National Oceanic and Atmospheric Administration, Department of Commerce (DOC).

ACTION: Notice and request for applications.

SUMMARY: The Hawaiian Islands Humpback Whale National Marine Sanctuary (HIHWNMS or Sanctuary) is seeking applicants for the following three vacant alternate member seats on its Sanctuary Advisory Council (Council): Hawaii County, Research, and Whale Watching. Applicants are chosen based upon their particular expertise and experience in relation to the seat for which they are applying; community and professional affiliations; philosophy regarding the conservation and management of marine resources; and the length of residence in the area affected by the Sanctuary. Applicants will serve as alternate members, fulfilling the duties of their member in his/her absence. Applicants who are chosen as alternate members should expect to serve two-year terms, pursuant to the Council's Charter.

DATES: Applications are due by July 31, 2001.

ADDRESSES: Application kits may be obtained from Kellie Cheung at the Hawaiian Islands Humpback Whale National Marine Sanctuary, 6700 Kalanianaole Hwy, Suite 104, Honolulu, Hawaii 96825. Completed applications should be sent to the same address.

FOR FURTHER INFORMATION CONTACT: Kellie Cheung at (808) 397–2651, or Kellie.Cheung@noaa.gov.

SUPPLEMENTARY INFORMATION: The HIHWNMS Advisory Council was established in March 1996 (the current Council has served since July 1998) to assure continued public participation in the management of the Sanctuary. Since its establishment, the Council has played a vital role in the decisions affecting the Sanctuary surrounding the main Hawaiian Islands.

The Council's twenty-three voting members represent a variety of local user groups, as well as the general public, plus ten local, state, and federal governmental jurisdictions.

The Council is supported by three working groups: the Research Subcommittee chaired by the Research Representative, the Education Subcommittee chaired by the Education Representative, and the Conservation Subcommittee chaired by the Conservation Representative, each respectively dealing with matters concerning research, education and resource protection.

The Council represents the coordination link between the Sanctuary and the state and federal management agencies, user groups, researchers, educators, policy makers, and other various groups that help to focus efforts and attention on the humpback whale and its habitat around the main Hawaiian Islands.

The Council functions in an advisory capacity to the Sanctuary Manager and is instrumental in helping to develop policies and program goals, and to identify education, outreach, research, long-term monitoring, resource protection and revenue enhancement priorities. The Council works in concert with the Sanctuary Manager by keeping him or her informed about issues of concern throughout the Sanctuary, offering recommendations on specific issues, and aiding the Manager in achieving the goals of the Sanctuary program within the context of Hawaii's marine programs and policies.

Authority: 16 U.S.C. Section 1431 *et seq.*

(Federal Domestic Assistance Catalog Number 11.429 Marine Sanctuary Program)

Dated: July 11, 2001.

Ted I. Lillestolen,

Deputy Assistant Administrator for Oceans and Coastal Zone Management.

[FR Doc. 01–17733 Filed 7–13–01; 8:45 am]

BILLING CODE 3570–08–M

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 071001A]

Mid-Atlantic Fishery Management Council; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of public meetings.

SUMMARY: The Mid-Atlantic Fishery Management Council's (Council) Summer Flounder Monitoring Committee, Scup Monitoring Committee, Black Sea Bass Monitoring Committee, and Bluefish Monitoring Committee will hold public meetings.

Pursuant to section 751(c)(6)(A)(iv) of the Act and 19 CFR 351.222(i)(2)(i), revocation is effective August 3, 2000, with respect to the antidumping duty order, and August 8, 2000, with respect to the countervailing duty order. The Department will instruct the Customs Service to discontinue the suspension of liquidation and collection of cash deposit rates on entries of the subject merchandise entered or withdrawn from warehouse on or after August 3, 2001, and August 8, 2000 (the effective dates). The Department will complete any pending administrative reviews of these orders and will conduct administrative reviews of subject merchandise entered prior to the effective date of revocation in response to appropriately filed requests for review.

Dated: July 6, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–17715 Filed 7–13–01; 8:45 am]

BILLING CODE 3510–DS–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–357–814]

Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-RolledCarbon Steel Flat Products From Argentina

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 16, 2001.

FOR FURTHER INFORMATION CONTACT: Constance Handley at (202) 482–0631 or David Bede at (202) 482–3693, respectively, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to Department of Commerce (the Department) regulations refer to the regulations codified at 19 CFR part 351 (April 2000).

Final Determination

We determine that certain hot-rolled carbon steel flat products (HRS) from Argentina are being, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Act. The estimated margins of sales at LTFV are shown in the *Suspension of Liquidation* section of this notice.

Case History

The preliminary determination in this investigation was issued on April 23, 2001. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products from Argentina*, 66 FR 22180 (May 3, 2001) (*"Preliminary Determination"*). No case briefs were filed.[1] On May 16, 2001, Siderar Saic (Siderar) requested that the final determination be postponed. This request was denied. *See Memorandum from Gary Taverman to Faryar Shirzad: Request for Postponement of Final Determination* (June 19, 2001).

Scope of Investigation

For purposes of this investigation, the products covered are certain HRS of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight length, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to this investigation is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00,

[1] Normally, when the Department issues a final determination, the **Federal Register** notice is accompanied by a separate Issues and Decision Memorandum. Since no briefs were filed in this case, a separate memorandum is not required.

7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by this investigation, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel may also enter under the following tariff classification numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00.

Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise subject to this proceeding is dispositive.

Period of Investigation

The period of investigation (POI) for this investigation is October 1, 1999 through September 30, 2000. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, November 2000).

Facts Available

In the preliminary determination, the Department based the dumping margin for Siderar on facts otherwise available pursuant to section 776(a)(2)(A) of the Act. The use of facts otherwise available was warranted because Siderar failed to respond to the Department's questionnaire, and failed to provide any indication that it was unable to respond. Therefore, the Department found that Siderar failed to cooperate by not acting to the best of its ability. As a result, pursuant to section 776(b) of the Act, the Department used an adverse inference in selecting from the facts available. Specifically, the Department assigned Siderar the highest margin alleged in the petition. We continue to find this margin corroborated, pursuant to section 776(c) of the Act, for the reasons discussed in the *Preliminary Determination*. No interested parties have objected to the use of adverse facts available for Siderar in this investigation, nor to the Department's choice of the facts available margin. Accordingly, for the final determination, the Department is continuing to use, for Siderar, the highest margin alleged in the petition. *See Preliminary Determination*. In addition, the Department has left unchanged from the preliminary determination the "All Others Rate" in this investigation.

On January 17, 2001, the other mandatory respondent, Acindar Industria Argentina de Aceros SA (Acindar), informed the Department that it did not sell the subject merchandise to the United States during the period of investigation (POI) and, therefore, had no sales to report. Upon reviewing U.S. Customs data, the Department confirmed that Acindar did not sell the subject merchandise to the United States during the POI and, as such, any future exports from Acindar will be subject to the "All Others Rate."

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend all entries of HRS from Argentina, that are entered, or withdrawn from warehouse, for consumption on or after May 3, 2001, the date of publication of our preliminary determination. The Customs Service shall require a cash deposit or bond equal to the dumping margin, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice.

The dumping margins are provided below:

Manufacturer/exporter	Margin (percent)
Siderar Saic (Siderar)	44.59
All Others	40.60

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the Customs Service to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: July 7, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–17717 Filed 7–13–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–791–809]

Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products from South Africa

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 16, 2001.

FOR FURTHER INFORMATION CONTACT: Doug Campau or Maureen Flannery at (202) 482–1395 or (202) 482–3020, respectively; Office of Antidumping/Countervailing Duty Enforcement VII, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the

Department of Commerce (Department) regulations are to the regulations at 19 CFR part 351 (April 2001).

Final Determination

We determine that certain hot-rolled carbon steel flat products (HR) from South Africa are being, or are likely to be sold, in the United States at less than fair value (LFTV), as provided in section 735 of the Act. The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Background

On May 3, 2001, the Department published its preliminary determination in the above-captioned antidumping duty investigation. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products from South Africa*, 66 FR 22173 (May 3, 2001) (*Preliminary Determination*).

On January 25, 2001, Saldahna Steel Limited (Saldanha), and Iscor Limited (Iscor), two of the three mandatory respondents, informed the Department that they would not be responding to the Department's questionnaire. Just prior to publication of the *Preliminary Determination*, Highveld Steel and Vanadium Corporation Limited (Highveld)—the only respondent to have submitted information in response to the Department's questionnaires—was afforded an additional opportunity to submit information to the record via supplemental cost and sales questionnaires issued by the Department on April 10 and April 17, 2001, respectively. The Department received the responses to its April 10 and April 17, 2001 supplemental cost and sales questionnaires on April 20 and 27, 2001, respectively. The April 27, 2001 supplemental sales questionnaire response was filed on Highveld's behalf by Highveld's affiliated U.S. reseller. On May 23, 2001, we rejected the submission filed by Highveld's affiliated U.S. reseller. *See* letters to Highveld and Highveld's affiliated U.S. reseller dated May 23, 2001. On May 23, 2001, we rejected Highveld's submission(s). *See* letter to Highveld dated May 23, 2001.

We gave interested parties an opportunity to comment on the preliminary determination. No case or rebuttal briefs were submitted. On June 4, 2001, the petitioners requested a hearing in this case. On June 13, 2001, the petitioners withdrew their request.

Scope of Investigation

For purposes of this investigation, the products covered are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation. Specifically included within the scope of this investigation are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of these investigations, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of this investigation:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., ASTM specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron and Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTS.
- Tool steels, as defined in the HTS.
- Silico-manganese (as defined in the HTS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTS.

The merchandise subject to this investigation is classified in the HTS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled flat-rolled carbon steel flat products covered by this investigation, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTS subheadings are provided for

convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

Analysis of Comments Received

As noted above, there were no case or rebuttal briefs submitted in this investigation, nor was there a hearing. There were, however, further supplemental questionnaire responses supplied by Highveld and its U.S. affiliate after the publication of the *Preliminary Determination*. An explanation of the history of this investigation following the preliminary determination can be found in the *Issues and Decision Memorandum for Final Determination (Decision Memorandum)*, dated July 9, 2001, which is hereby adopted by this notice. The *Decision Memorandum* is on file in the Central Records Unit, room B–099 ("B–099") of the main Department building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Web at *http://ia.ita.doc.gov*. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Use of Facts Available

In the *Preliminary Determination*, the Department applied total adverse facts available to each mandatory respondent. Specifically, the Department assigned the mandatory respondents the rate of 9.28 percent—the margin calculated from information in the petition and information gathered by the Department, and used for initiation. The Department also applied the 9.28 percent margin as the "all others" rate. The interested parties did not object to the use of adverse facts available, nor to the Department's choice of facts available.

Subsequent to the *Preliminary Determination*, both Highveld and its affiliated U.S. reseller submitted additional information to the Department, but for reasons discussed in greater detail in the *Decision Memorandum*, we have continued to use facts available for purposes of this final determination. As also discussed in the *Decision Memorandum*, notwithstanding these submissions, we have determined that Highveld did not cooperate to the best of its ability to comply with the Department's requests for information. Therefore, the Department continues to find, pursuant to section 776(b) of the Act, that the use of adverse facts available is warranted. Consequently, we have continued to apply the rate of 9.28 percent for purposes of this final determination.

Affiliation

In the *Preliminary Determination*, the Department concluded that, in accordance with section 771(33)(E) of the Act, Iscor and Saldanha are affiliated for purposes of this proceeding. No new facts were submitted, or arguments made, which would cause the Department to revisit this decision. Therefore, we continue to determine that these companies are affiliated for purposes of this proceeding.

Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we are instructing the U.S. Customs Service to continue to suspend liquidation of all entries of HR from South Africa that are entered, or withdrawn from warehouse, for consumption on or after May 3, 2001 (the date of publication of the *Preliminary Determination* in the **Federal Register**). The Customs Service shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. The suspension of liquidation instructions will remain in effect until further notice.

We determine that the following percentage margins exist for the period October 1, 1999 through September 30, 2000:

Exporter/Manufacturer	Margin (Percent)
Highveld Steel and Vanadium Corporation Limited	9.28
Iscor Limited/Saldanha Steel Limited	9.28
All Others	9.28

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine, within 45 days, whether these imports are causing material injury, or threat of material injury, to an industry in the United States. If the ITC determines that material injury, or threat of injury does not exist, the proceeding will be terminated and all securities posted will be refunded or cancelled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: July 9, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–17718 Filed 7–13–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–357–809][A–351–826][A–428–820]

Continuation of Antidumping Duty Orders: Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, and Germany

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of continuation of antidumping duty orders: certain seamless carbon and alloy steel standard, line and pressure pipe from Argentina, Brazil, and Germany.

SUMMARY: On November 7, 2000, the Department of Commerce ("the Department"), pursuant to sections 751(c) and 752 (c) of the Tariff Act of 1930, as amended ("the Act"), determined that revocation of the antidumping duty orders on certain seamless carbon and alloy steel standard, line and pressure pipe ("seamless pipe") from Argentina, Brazil, and Germany would be likely to lead to continuation or recurrence of dumping (65 FR 66708).

On June 29, 2001, the International Trade Commission ("the Commission"), pursuant to section 751(c) of the Act, determined that revocation of the antidumping duty orders on seamless pipe from Argentina, Brazil, and Germany would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable

APPENDIX B

CALENDAR OF PUBLIC HEARING

B-1

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine
Inv. Nos.:	701-TA-404-408 and 731-TA-898-908 (Final)
Date and Time:	July 17, 2001 - 9:30 a.m.

Sessions in connection with these investigations were held in the Main Hearing Room, (room 101), 500 E Street, S.W., Washington, D.C.

CONGRESSIONAL APPEARANCES:

The Honorable Peter J. Visclosky, U.S. Congressman, 1st District, State of Indiana

The Honorable Benjamin L. Cardin, U.S. Congressman, 3rd District, State of Maryland

The Honorable Jack Quinn, U.S. Congressman, 30th District, State of New York

The Honorable Mike Doyle, U.S. Congressman, 18th District, State of Pennsylvania

The Honorable Phil English, U.S. Congressman, 21st District, State of Pennsylvania

The Honorable Stephanie Tubbs Jones, U.S. Congresswoman, 11th District, State of Ohio

OPENING REMARKS:	**TIME ALLOCATIONS**
Petitioners (**James Hecht**, Skadden, Arps, Slate, Meagher, & Flom LLP, and **Roger B. Schagrin**, Schagrin Associates)	5 minutes
Respondents (**Richard O. Cunningham**, Steptoe & Johnson LLP)	5 minutes

- MORE -

In Support of the Imposition
of Antidumping Duties: 70 minutes

Dewey Ballantine LLP
and
Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

Bethlehem Steel Corporation
LTV Steel Company, Incorporated
National Steel Corporation
United States Steel LLC

Duane Dunham, Chairman, President & CEO, Bethlehem Steel Corporation

William Bricker, Chairman, President & CEO, LTV Corporation

Thomas Usher, Chairman & CEO, USX Corporation

Leo Gerard, President, United Steelworkers of America

David Conrad, Manager, Hot-Rolled Products Group, Sparrows Point Division, Bethlehem Steel Corporation

Stephen Szymanski, Manager of Sales, United States Steel LLC, a Delaware limited liability company and successor by merger to USX Corporation

Seth Kaplan, Vice President and Economist, Charles River Associates

David Riker, Economist, Charles River Associates

In Support of the Imposition
of Antidumping Duties (continued):

William Noellert, Chief Economist, Dewey Ballantine LLP

Susan Hester, Economist, Dewey Ballantine LLP

Alan Wolff	)
Robert Lighthizer	)
Kevin Dempsey	)
James Hecht	) - OF COUNSEL
Michael Stein	)
Stephen Narkin	)
Stephen Vaughn	)

Schagrin Associates
Washington, D.C.
on behalf of

Gallatin Steel Company
IPSCO Steel Incorporated
Nucor Corporation
Steel Dynamics, Incorporated
Weirton Steel Corporation
The Independent Steelworkers Union

Don Daily, Vice President and General Manager, Gallatin Steel Company

John Bates, President and CEO, Heidtman Steel

John Tulloch, Senior Vice President and Chief Commercial Officer, IPSCO Steel, Incorporated

Daniel R. DiMicco, President and CEO, Nucor Corporation

Robert W. Johns, Director of Marketing Sheet Mill Group, Nucor Corporation

- MORE -

In Support to the Imposition
of Antidumping Duties (continued):

Keith Busse, President and CEO, Steel Dynamics, Incorporated

John Nolan, Executive Vice President, Sales and Marketing, Steel Dynamics, Incorporated

Robert A. Blecker, Professor, Department of Economics, American University

Roger B. Schagrin) – OF COUNSEL

In Opposition to the Imposition
of Antidumping Duties:

Embassy of the Republic of Indonesia
Washington, D.C.
on behalf of

The Government of the Republic of Indonesia

Pos M. Hutabarat, Director, Bilateral Cooperation, Department of Industry and Trade, Embassy of Indonesia

Rita P.S. Algamar, Assistant Director, Cooperation with the Americas, Department of Industry and Trade, Embassy of Indonesia

Peter Jacobs, Assistant Director, Foreign Relations, Bank of Indonesia

- MORE -

In Opposition to the Imposition of Antidumping Duties (continued):

NON-PARTIES TO THE INVESTIGATIONS: **TIME ALLOCATIONS**

Covington & Burling — 10 minutes
Washington, D.C.
on behalf of

The Gillette Company ("Gillette")

Linda Serafini, Senior Corporate Counsel, The Gillette Company

Jeffrey Johnson, Director, Central Sourcing, Duracell Global Business Management Group, a unit of Gillette

Harvey M. Applebaum) – OF COUNSEL

Sonnenberg & Anderson
Chicago, IL
on behalf of

Eveready Battery Company ("Eveready")

Al J. Dillis, Eveready Battery Company

Steven P. Sonnenberg)
Paul S. Anderson) – OF COUNSEL
M. Jason Cunningham)

In Opposition to the Imposition of Antidumping Duties (continued):

TIME ALLOCATIONS

White & Case LLP
Washington, D.C.
on behalf of

60 minutes

Indonesian Respondents

PT Krakatau ("Krakatau")

Dony Sugihmukti, Head of Legal Division, PT Krakatau Steel

Titi Marga, Marketing Division, PT Krakatau Steel

Frank H. Morgan) – OF COUNSEL

Argentina Respondents

Siderar SAIC

Lyle B. Vander Schaaf)
) – OF COUNSEL
Joseph H. Heckendorn)

Chinese Respondents

Shanghai Bao Steel Group Corporation ("Baosteel")

Tang Lifeng, Member, Planning and Development Department, Shanghai Bao Steel Group Corporation

Zhang Qingyun, Member, Planning and Development Department, Shanghai Bao Steel Group Corporation

Adams C. Lee) – OF COUNSEL

In Opposition to the Imposition of Antidumping Duties (continued):

O'Melveny & Myers LLP
Washington, D.C.
on behalf of

South African Respondents

Saldanha Steel Pty. Ltd.

Kristin H. Mowry) – OF COUNSEL

Steptoe & Johnson LLP
Washington, D.C.
on behalf of

The Netherlands Respondents

Corus Staal BV
Curos Steel USA, Incorporated

Thomas E. Kinley, Managing Director, Corus America, Incorporated

Kenneth R. Button, Senior Vice President, Economic Consulting Services, Incorporated

Richard O. Cunningham)
) – OF COUNSEL
Alice A. Kipel)

Arent Fox Kintner Plotkin & Kahn, PLLC
Washington, D.C.
on behalf of

Romanian Respondents

Sidex S.A.

Matthew J. McConkey) – OF COUNSEL

In Opposition to the Imposition
of Antidumping Duties (continued):

Willkie Farr & Gallagher
Washington, D.C.
on behalf of

Thai Respondents

Sahaviriya Steel Industries Public Company Limited
Siam Strip Mill Public Company Limited
The Government of Thailand

Karl von Schriltz) – OF COUNSEL

Aitken Irvin Berlin & Vrooman, LLP
Washington, D.C.
on behalf of

Ukrainian Respondents

Zaporozhstal Iron & Steel Works
Ispat Industries Ltd.

Yaroslav Voitko, Chief of Trade and Economic Mission,
Embassy of Ukraine

Michael Macready, President, Kennett International

Barry Bernstein, President, Rudolph Robinson International

Bruce Aitken)
) – OF COUNSEL
Kieran Sharpe)

In Opposition to the Imposition
of Antidumping Duties (continued):

Powell, Goldstein, Frazer & Murphy LLP
Washington, D.C.
on behalf of

Indian Respondents ("The Indian Producers")

Essar Steel Ltd. ("Essar")
Ispat Industries Limited ("Ispat")
The Steel Authority of India Ltd. ("SAIL")
The Tata Iron and Steel Company, Ltd. ("Tisco")

Lawrence R. Walders)
Elizabeth C. Hafner) – OF COUNSEL
Maria DiGiulian)

Akin, Gump Strauss, Hauer & Feld L.L.P.
Washington, D.C.
on behalf of

Kazakhstan Respondents

Ispat Karmet OJSC

Stephen Watters, Director of Strategic Planning, Ispat Inland, Inc.

Anne K. Cusick) – OF COUNSEL

Dickstein Shapiro Morin & Oshinsky LLP
Washington, D.C.
on behalf of

Chinese Respondents

AnGang Group International Trade Corporation
AnGang New Iron & Steel Company, Ltd.
Benxi Iron & Steel (Group) International & Economic Trading Company, Ltd.
Bengang Steel Plates Company, Ltd.

Francis J. Sailer) – OF COUNSEL

- MORE -

REBUTTAL/CLOSING REMARKS:	**TIME ALLOCATIONS**
Petitioners (**Kevin Dempsey**, Dewey Ballantine LLP, **Stephen Vaughn**, Skadden, Arps, Slate, Meagher, & Flom LLP, and **Roger B. Schagrin**, Schagrin Associates)	5 minutes
Respondents (**Richard O. Cunningham**, Steptoe & Johnson LLP)	5 minutes

- END -

APPENDIX C

SUMMARY DATA

C-1

Table C-1
Hot-rolled steel: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

(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)

	Reported data					Period changes			
				January-March					Jan.-Mar.
Item	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. consumption quantity:									
Amount	73,969,211	71,395,689	72,535,753	19,964,288	15,852,731	-1.9	-3.5	1.6	-20.6
Producers' share (1)	84.1	91.1	89.9	90.0	94.7	5.8	7.0	-1.2	4.7
Importers' share (1):									
Argentina	0.0	0.2	0.2	0.2	0.1	0.2	0.2	0.0	-0.0
China	0.1	0.7	0.7	0.6	0.3	0.5	0.5	0.0	-0.3
India	0.1	0.7	1.2	0.6	0.3	1.1	0.6	0.5	-0.3
Indonesia	0.1	0.4	0.4	0.7	0.1	0.3	0.4	-0.1	-0.7
Kazakhstan	0.2	0.2	0.3	0.4	0.1	0.1	-0.0	0.1	-0.3
Netherlands	0.6	0.7	0.8	0.7	0.4	0.2	0.1	0.1	-0.2
Romania	0.2	0.5	0.6	0.6	0.2	0.4	0.4	0.0	-0.4
South Africa	0.1	0.2	0.2	0.3	0.0	0.1	0.1	-0.0	-0.3
Taiwan	0.3	0.6	1.0	1.6	0.3	0.7	0.3	0.4	-1.3
Thailand	0.0	0.1	0.3	0.0	0.1	0.3	0.0	0.3	0.1
Ukraine	0.2	0.1	0.3	0.2	0.1	0.1	-0.1	0.2	-0.1
Subtotal	1.9	4.4	5.9	5.9	2.0	4.0	2.5	1.5	-3.9
Other sources	14.0	4.6	4.2	4.1	3.3	-9.8	-9.4	-0.3	-0.7
Total imports	15.9	8.9	10.1	10.0	5.3	-5.8	-7.0	1.2	-4.7
U.S. consumption value:									
Amount	23,423,599	20,134,473	21,707,897	6,184,998	3,937,340	-7.3	-14.0	7.8	-36.3
Producers' share (1)	86.0	91.7	89.9	90.8	94.1	4.0	5.7	-1.7	3.3
Importers' share (1):									
Argentina	0.0	0.1	0.2	0.1	0.1	0.2	0.1	0.0	-0.0
China	0.1	0.5	0.6	0.5	0.3	0.5	0.4	0.1	-0.2
India	0.1	0.6	1.2	0.5	0.3	1.0	0.5	0.6	-0.2
Indonesia	0.0	0.3	0.3	0.6	0.1	0.3	0.3	-0.0	-0.6
Kazakhstan	0.1	0.1	0.2	0.3	0.1	0.1	-0.0	0.1	-0.3
Netherlands	0.6	0.8	0.8	0.7	0.5	0.2	0.1	0.1	-0.1
Romania	0.1	0.4	0.5	0.5	0.2	0.3	0.3	0.1	-0.3
South Africa	0.1	0.2	0.2	0.3	0.0	0.1	0.1	0.0	-0.2
Taiwan	0.3	0.5	1.0	1.5	0.3	0.8	0.3	0.5	-1.3
Thailand	0.0	0.1	0.3	0.0	0.1	0.3	0.0	0.3	0.1
Ukraine	0.1	0.1	0.2	0.1	0.1	0.1	-0.1	0.2	-0.1
Subtotal	1.7	3.7	5.6	5.3	2.1	3.9	2.0	1.9	-3.2
Other sources	12.3	4.6	4.4	3.9	3.9	-7.9	-7.7	-0.2	-0.0
Total imports	14.0	8.3	10.1	9.2	5.9	-4.0	-5.7	1.7	-3.3
U.S. imports from--									
Argentina:									
Quantity	0	116,950	118,920	30,769	21,474	(2)	(2)	1.7	-30.2
Value	0	29,765	34,192	8,821	4,957	(2)	(2)	14.9	-43.8
Unit value	(2)	$254.51	$287.52	$286.68	$230.82	(2)	(2)	13.0	-19.5
China:									
Quantity	102,588	467,380	485,299	115,588	44,537	373.1	355.6	3.8	-61.5
Value	26,626	106,648	139,475	31,655	10,764	423.8	300.5	30.8	-66.0
Unit value	$259.54	$228.18	$287.40	$273.86	$241.68	10.7	-12.1	26.0	-11.8
India:									
Quantity	109,941	504,155	876,264	116,905	49,911	697.0	358.6	73.8	-57.3
Value	30,062	119,121	253,991	32,760	11,722	744.9	296.2	113.2	-64.2
Unit value	$273.44	$236.28	$289.86	$280.22	$234.86	6.0	-13.6	22.7	-16.2

Table continued on next page.

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Table C-1--Continued
Hot-rolled steel: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

(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-March					
	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	Jan.-Mar. 2000-2001
U.S. imports from--									
Indonesia:									
Quantity	38,163	301,264	259,166	148,265	10,726	579.1	689.4	-14.0	-92.8
Value	11,021	69,343	74,574	39,133	2,576	576.7	529.2	7.5	-93.4
Unit value	$288.78	$230.17	$287.75	$263.94	$240.20	-0.4	-20.3	25.0	-9.0
Kazakhstan:									
Quantity	130,329	123,132	192,470	86,079	14,584	47.7	-5.5	56.3	-83.1
Value	34,306	24,727	45,070	20,110	2,634	31.4	-27.9	82.3	-86.9
Unit value	$263.23	$200.82	$234.17	$233.62	$180.62	-11.0	-23.7	16.6	-22.7
Netherlands:									
Quantity	440,866	505,601	562,597	131,501	66,912	27.6	14.7	11.3	-49.1
Value	147,432	153,495	179,591	40,524	21,173	21.8	4.1	17.0	-47.8
Unit value	$334.41	$303.59	$319.22	$308.17	$316.43	-4.5	-9.2	5.1	2.7
Romania:									
Quantity	128,253	384,458	410,796	124,994	32,601	220.3	199.8	6.9	-73.9
Value	32,896	80,543	104,291	29,540	6,997	217.0	144.8	29.5	-76.3
Unit value	$256.49	$209.50	$253.87	$236.34	$214.64	-1.0	-18.3	21.2	-9.2
South Africa:									
Quantity	80,434	173,044	167,773	61,153	2,881	108.6	115.1	-3.0	-95.3
Value	22,321	40,440	47,229	16,765	857	111.6	81.2	16.8	-94.9
Unit value	$277.50	$233.70	$281.50	$274.16	$297.26	1.4	-15.8	20.5	8.4
Taiwan:									
Quantity	224,058	428,939	724,854	318,038	41,963	223.5	91.4	69.0	-86.8
Value	61,858	104,003	222,532	95,828	11,529	259.7	68.1	114.0	-88.0
Unit value	$276.08	$242.47	$307.00	$301.31	$274.74	11.2	-12.2	26.6	-8.8
Thailand:									
Quantity	18,050	38,637	233,762	6,673	15,847	1,195.1	114.1	505.0	137.5
Value	5,521	10,422	70,070	1,849	4,836	1,169.2	88.8	572.4	161.5
Unit value	$305.86	$269.73	$299.75	$277.11	$305.17	-2.0	-11.8	11.1	10.1
Ukraine:									
Quantity	126,648	72,907	213,764	42,798	12,534	68.8	-42.4	193.2	-70.7
Value	27,280	13,146	50,012	8,926	2,803	83.3	-51.8	280.4	-68.6
Unit value	$215.40	$180.31	$233.96	$208.55	$223.66	8.6	-16.3	29.8	7.2
Subtotal:									
Quantity	1,399,330	3,116,468	4,245,666	1,182,763	313,971	203.4	122.7	36.2	-73.5
Value	399,322	751,651	1,221,025	325,912	80,848	205.8	88.2	62.4	-75.2
Unit value	$285.37	$241.19	$287.59	$275.55	$257.50	0.8	-15.5	19.2	-6.6
Ending inventory quantity	60,017	40,838	66,356	82,051	38,566	10.6	-32.0	62.5	-53.0
All other sources:									
Quantity	10,354,907	3,255,768	3,070,958	811,971	526,743	-70.3	-68.6	-5.7	-35.1
Value	2,886,970	927,219	964,189	241,219	151,904	-66.6	-67.9	4.0	-37.0
Unit value	$278.80	$284.79	$313.97	$297.08	$288.38	12.6	2.1	10.2	-2.9
Ending inventory quantity	113,589	87,336	53,006	91,671	65,947	-53.3	-23.1	-39.3	-28.1
All sources:									
Quantity	11,754,238	6,372,236	7,316,624	1,994,733	840,714	-37.8	-45.8	14.8	-57.9
Value	3,286,293	1,678,870	2,185,214	567,130	232,753	-33.5	-48.9	30.2	-59.0
Unit value	$279.58	$263.47	$298.66	$284.31	$276.85	6.8	-5.8	13.4	-2.6
Ending inventory quantity	173,606	128,174	119,362	173,722	104,513	-31.2	-26.2	-6.9	-39.8

Table continued on next page.

Table C-1--Continued
Hot-rolled steel: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

(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)

	Reported data					Period changes			
				January-March					Jan.-Mar.
Item	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. producers':									
Average capacity quantity	73,468,340	75,462,035	76,397,442	19,210,635	19,067,423	4.0	2.7	1.2	-0.7
Production quantity	62,456,688	65,279,659	65,898,724	18,132,724	15,258,602	5.5	4.5	0.9	-15.9
Capacity utilization (1)	85.0	86.5	86.3	94.4	80.0	1.2	1.5	-0.2	-14.4
U.S. shipments:									
Quantity	62,214,973	65,023,453	65,219,129	17,969,555	15,012,017	4.8	4.5	0.3	-16.5
Value	20,137,306	18,455,603	19,522,683	5,617,868	3,704,587	-3.1	-8.4	5.8	-34.1
Unit value	$323.67	$283.83	$299.34	$312.63	$246.77	-7.5	-12.3	5.5	-21.1
Export shipments:									
Quantity	173,764	360,825	608,378	185,040	85,903	250.1	107.7	68.6	-53.6
Value	58,960	114,386	198,031	64,118	25,888	235.9	94.0	73.1	-59.6
Unit value	$339.31	$317.01	$325.51	$346.51	$301.36	-4.1	-6.6	2.7	-13.0
Ending inventory quantity	2,463,228	2,365,945	2,410,466	2,345,973	2,300,258	-2.1	-3.9	1.9	-1.9
Inventories/total shipments (1)	3.9	3.6	3.7	3.2	3.8	-0.3	-0.3	0.0	0.6
Production workers	31,956	31,073	30,385	31,639	29,123	-4.9	-2.8	-2.2	-8.0
Hours worked (1,000s)	71,732	69,932	69,208	18,185	16,315	-3.5	-2.5	-1.0	-10.3
Wages paid ($1,000s)	1,746,327	1,731,700	1,737,694	454,888	406,781	-0.5	-0.8	0.3	-10.6
Hourly wages	$24.35	$24.76	$25.11	$25.01	$24.93	3.1	1.7	1.4	-0.3
Productivity (tons/1,000 hours)	870.7	933.5	952.2	997.1	935.2	9.4	7.2	2.0	-6.2
Unit labor costs	$27.96	$26.53	$26.37	$25.09	$26.66	-5.7	-5.1	-0.6	6.3
Net sales:									
Quantity	62,368,430	64,830,978	66,154,694	18,209,659	15,101,008	6.1	3.9	2.0	-17.1
Value	20,279,125	18,454,261	19,882,231	5,713,095	3,734,282	-2.0	-9.0	7.7	-34.6
Unit value	$325.15	$284.65	$300.54	$313.74	$247.29	-7.6	-12.5	5.6	-21.2
Cost of goods sold (COGS)	18,893,389	18,649,602	19,545,579	5,351,870	4,456,005	3.5	-1.3	4.8	-16.7
Gross profit or (loss)	1,385,736	(195,341)	336,652	361,225	(721,723)	-75.7	(3)	(3)	(3)
SG&A expenses	1,052,583	1,018,594	1,041,689	270,701	232,372	-1.0	-3.2	2.3	-14.2
Operating income or (loss)	333,153	(1,213,935)	(705,037)	90,524	(954,095)	(3)	(3)	41.9	(3)
Capital expenditures	527,124	569,970	831,149	121,395	69,872	57.7	8.1	45.8	-42.4
Unit COGS	$302.93	$287.66	$295.45	$293.90	$295.08	-2.5	-5.0	2.7	0.4
Unit SG&A expenses	$16.88	$15.71	$15.75	$14.87	$15.39	-6.7	-6.9	0.2	3.5
Unit operating income or (loss)	$5.34	($18.72)	($10.66)	$4.97	($63.18)	(3)	(3)	43.1	(3)
COGS/sales (1)	93.2	101.1	98.3	93.7	119.3	5.1	7.9	-2.8	25.6
Operating income or (loss)/ sales (1)	1.6	(6.6)	(3.5)	1.6	(25.5)	-5.2	-8.2	3.0	-27.1

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

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

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Table C-2
Hot-rolled steel: Summary data concerning the U.S. open market, 1998-2000, January-March 2000, and January-March 2001

(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-March					Jan.-Mar.
	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. consumption quantity:									
Amount	31,763,257	27,757,707	28,595,291	8,043,299	6,202,531	-10.0	-12.6	3.0	-22.9
Producers' share (1)	63.0	77.0	74.4	75.2	86.4	11.4	14.0	-2.6	11.2
Importers' share (1):									
Argentina	0.0	0.4	0.4	0.4	0.3	0.4	0.4	-0.0	-0.0
China	0.3	1.7	1.7	1.4	0.7	1.4	1.4	0.0	-0.7
India	0.3	1.8	3.1	1.5	0.8	2.7	1.5	1.2	-0.6
Indonesia	0.1	1.1	0.9	1.8	0.2	0.8	1.0	-0.2	-1.7
Kazakhstan	0.4	0.4	0.7	1.1	0.2	0.3	0.0	0.2	-0.8
Netherlands	1.4	1.8	2.0	1.6	1.1	0.6	0.4	0.1	-0.6
Romania	0.4	1.4	1.4	1.6	0.5	1.0	1.0	0.1	-1.0
South Africa	0.3	0.6	0.6	0.8	0.0	0.3	0.4	-0.0	-0.7
Taiwan	0.7	1.5	2.5	4.0	0.7	1.8	0.8	1.0	-3.3
Thailand	0.1	0.1	0.8	0.1	0.3	0.8	0.1	0.7	0.2
Ukraine	0.4	0.3	0.7	0.5	0.2	0.3	-0.1	0.5	-0.3
Subtotal	4.4	11.2	14.8	14.7	5.1	10.4	6.8	3.6	-9.6
Other sources	32.6	11.7	10.7	10.1	8.5	-21.9	-20.9	-1.0	-1.6
Total imports	37.0	23.0	25.6	24.8	13.6	-11.4	-14.0	2.6	-11.2
U.S. consumption value:									
Amount	9,945,011	7,913,087	8,759,689	2,516,764	1,589,172	-11.9	-20.4	10.7	-36.9
Producers' share (1)	67.0	78.8	75.1	77.5	85.4	8.1	11.8	-3.7	7.9
Importers' share (1):									
Argentina	0.0	0.4	0.4	0.4	0.3	0.4	0.4	0.0	-0.0
China	0.3	1.3	1.6	1.3	0.7	1.3	1.1	0.2	-0.6
India	0.3	1.5	2.9	1.3	0.7	2.6	1.2	1.4	-0.6
Indonesia	0.1	0.9	0.9	1.6	0.2	0.7	0.8	-0.0	-1.4
Kazakhstan	0.3	0.3	0.5	0.8	0.2	0.2	-0.0	0.2	-0.6
Netherlands	1.5	1.9	2.1	1.6	1.3	0.6	0.5	0.1	-0.3
Romania	0.3	1.0	1.2	1.2	0.4	0.9	0.7	0.2	-0.7
South Africa	0.2	0.5	0.5	0.7	0.1	0.3	0.3	0.0	-0.6
Taiwan	0.6	1.3	2.5	3.8	0.7	1.9	0.7	1.2	-3.1
Thailand	0.1	0.1	0.8	0.1	0.3	0.7	0.1	0.7	0.2
Ukraine	0.3	0.2	0.6	0.4	0.2	0.3	-0.1	0.4	-0.2
Subtotal	4.0	9.5	13.9	12.9	5.1	9.9	5.5	4.4	-7.9
Other sources	29.0	11.7	11.0	9.6	9.6	-18.0	-17.3	-0.7	-0.0
Total imports	33.0	21.2	24.9	22.5	14.6	-8.1	-11.8	3.7	-7.9
U.S. imports from--									
Argentina:									
Quantity	0	116,950	118,920	30,769	21,474	(2)	(2)	1.7	-30.2
Value	0	29,765	34,192	8,821	4,957	(2)	(2)	14.9	-43.8
Unit value	(2)	$254.51	$287.52	$286.68	$230.82	(2)	(2)	13.0	-19.5
China:									
Quantity	102,588	467,380	485,299	115,588	44,537	373.1	355.6	3.8	-61.5
Value	26,626	106,648	139,475	31,655	10,764	423.8	300.5	30.8	-66.0
Unit value	$259.54	$228.18	$287.40	$273.86	$241.68	10.7	-12.1	26.0	-11.8
India:									
Quantity	109,941	504,155	876,264	116,905	49,911	697.0	358.6	73.8	-57.3
Value	30,062	119,121	253,991	32,760	11,722	744.9	296.2	113.2	-64.2
Unit value	$273.44	$236.28	$289.86	$280.22	$234.86	6.0	-13.6	22.7	-16.2

Table continued on next page.

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Table C-2--Continued
Hot-rolled steel: Summary data concerning the U.S. open market, 1998-2000, January-March 2000, and January-March 2001

(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-March					Jan.-Mar.
	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. imports from--									
Indonesia:									
Quantity	38,163	301,264	259,166	148,265	10,726	579.1	689.4	-14.0	-92.8
Value	11,021	69,343	74,574	39,133	2,576	576.7	529.2	7.5	-93.4
Unit value	$288.78	$230.17	$287.75	$263.94	$240.20	-0.4	-20.3	25.0	-9.0
Kazakhstan:									
Quantity	130,329	123,132	192,470	86,079	14,584	47.7	-5.5	56.3	-83.1
Value	34,306	24,727	45,070	20,110	2,634	31.4	-27.9	82.3	-86.9
Unit value	$263.23	$200.82	$234.17	$233.62	$180.62	-11.0	-23.7	16.6	-22.7
Netherlands:									
Quantity	440,866	505,601	562,597	131,501	66,912	27.6	14.7	11.3	-49.1
Value	147,432	153,495	179,591	40,524	21,173	21.8	4.1	17.0	-47.8
Unit value	$334.41	$303.59	$319.22	$308.17	$316.43	-4.5	-9.2	5.1	2.7
Romania:									
Quantity	128,253	384,458	410,796	124,994	32,601	220.3	199.8	6.9	-73.9
Value	32,896	80,543	104,291	29,540	6,997	217.0	144.8	29.5	-76.3
Unit value	$256.49	$209.50	$253.87	$236.34	$214.64	-1.0	-18.3	21.2	-9.2
South Africa:									
Quantity	80,434	173,044	167,773	61,153	2,881	108.6	115.1	-3.0	-95.3
Value	22,321	40,440	47,229	16,765	857	111.6	81.2	16.8	-94.9
Unit value	$277.50	$233.70	$281.50	$274.16	$297.26	1.4	-15.8	20.5	8.4
Taiwan:									
Quantity	224,058	428,939	724,854	318,038	41,963	223.5	91.4	69.0	-86.8
Value	61,858	104,003	222,532	95,828	11,529	259.7	68.1	114.0	-88.0
Unit value	$276.08	$242.47	$307.00	$301.31	$274.74	11.2	-12.2	26.6	-8.8
Thailand:									
Quantity	18,050	38,637	233,762	6,673	15,847	1,195.1	114.1	505.0	137.5
Value	5,521	10,422	70,070	1,849	4,836	1,169.2	88.8	572.4	161.5
Unit value	$305.86	$269.73	$299.75	$277.11	$305.17	-2.0	-11.8	11.1	10.1
Ukraine:									
Quantity	126,648	72,907	213,764	42,798	12,534	68.8	-42.4	193.2	-70.7
Value	27,280	13,146	50,012	8,926	2,803	83.3	-51.8	280.4	-68.6
Unit value	$215.40	$180.31	$233.96	$208.55	$223.66	8.6	-16.3	29.8	7.2
Subtotal:									
Quantity	1,399,330	3,116,468	4,245,666	1,182,763	313,971	203.4	122.7	36.2	-73.5
Value	399,322	751,651	1,221,025	325,912	80,848	205.8	88.2	62.4	-75.2
Unit value	$285.37	$241.19	$287.59	$275.55	$257.50	0.8	-15.5	19.2	-6.6
Ending inventory quantity	60,017	40,838	66,356	82,051	38,566	10.6	-32.0	62.5	-53.0
All other sources:									
Quantity	10,354,907	3,255,768	3,070,958	811,971	526,743	-70.3	-68.6	-5.7	-35.1
Value	2,886,970	927,219	964,189	241,219	151,904	-66.6	-67.9	4.0	-37.0
Unit value	$278.80	$284.79	$313.97	$297.08	$288.38	12.6	2.1	10.2	-2.9
Ending inventory quantity	113,589	87,336	53,006	91,671	65,947	-53.3	-23.1	-39.3	-28.1
All sources:									
Quantity	11,754,238	6,372,236	7,316,624	1,994,733	840,714	-37.8	-45.8	14.8	-57.9
Value	3,286,293	1,678,870	2,185,214	567,130	232,753	-33.5	-48.9	30.2	-59.0
Unit value	$279.58	$263.47	$298.66	$284.31	$276.85	6.8	-5.8	13.4	-2.6
Ending inventory quantity	173,606	128,174	119,362	173,722	104,513	-31.2	-26.2	-6.9	-39.8

Table continued on next page.

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Table C-2--Continued
Hot-rolled steel: Summary data concerning the U.S. open market, 1998-2000, January-March 2000, and January-March 2001

(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-March					
	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	Jan.-Mar. 2000-2001
U.S. producers':									
Average capacity quantity	73,468,340	75,462,035	76,397,442	19,210,635	19,067,423	4.0	2.7	1.2	-0.7
Production quantity	62,456,688	65,279,659	65,898,724	18,132,724	15,258,602	5.5	4.5	0.9	-15.9
Capacity utilization (1)	85.0	86.5	86.3	94.4	80.0	1.2	1.5	-0.2	-14.4
U.S. commercial shipments:									
Quantity	20,009,019	21,385,471	21,278,667	6,048,566	5,361,817	6.3	6.9	-0.5	-11.4
Value	6,658,718	6,234,217	6,574,475	1,949,634	1,356,419	-1.3	-6.4	5.5	-30.4
Unit value	$332.79	$291.52	$308.97	$322.33	$252.98	-7.2	-12.4	6.0	-21.5
Export shipments:									
Quantity	173,764	360,825	608,378	185,040	85,903	250.1	107.7	68.6	-53.6
Value	58,960	114,386	198,031	64,118	25,888	235.9	94.0	73.1	-59.6
Unit value	$339.31	$317.01	$325.51	$346.51	$301.36	-4.1	-6.6	2.7	-13.0
Ending inventory quantity	2,463,228	2,365,945	2,410,466	2,345,973	2,300,258	-2.1	-3.9	1.9	-1.9
Inventories/total shipments (1)	12.2	10.9	11.0	9.4	10.6	-1.2	-1.3	0.1	1.1
Production workers	31,956	31,073	30,385	31,639	29,123	-4.9	-2.8	-2.2	-8.0
Hours worked (1,000s)	71,732	69,932	69,208	18,185	16,315	-3.5	-2.5	-1.0	-10.3
Wages paid ($1,000s)	1,746,327	1,731,700	1,737,694	454,888	406,781	-0.5	-0.8	0.3	-10.6
Hourly wages	$24.35	$24.76	$25.11	$25.01	$24.93	3.1	1.7	1.4	-0.3
Productivity (tons/1,000 hours)	870.7	933.5	952.2	997.1	935.2	9.4	7.2	2.0	-6.2
Unit labor costs	$27.96	$26.53	$26.37	$25.09	$26.66	-5.7	-5.1	-0.6	6.3
Net commercial sales:									
Quantity	20,016,268	21,202,537	21,991,099	6,233,472	5,447,281	9.9	5.9	3.7	-12.6
Value	6,699,340	6,187,525	6,817,900	2,013,526	1,382,510	1.8	-7.6	10.2	-31.3
Unit value	$334.69	$291.83	$310.03	$323.02	$253.80	-7.4	-12.8	6.2	-21.4
Cost of goods sold (COGS)	6,302,624	6,136,392	6,536,725	1,832,542	1,583,614	3.7	-2.6	6.5	-13.6
Gross profit or (loss)	396,716	51,133	281,175	180,984	(201,104)	-29.1	-87.1	449.9	(3)
SG&A expenses	317,531	308,357	302,533	82,383	72,700	-4.7	-2.9	-1.9	-11.8
Operating income or (loss)	79,185	(257,224)	(21,358)	98,601	(273,804)	(3)	(3)	91.7	(3)
Unit COGS	$314.88	$289.42	$297.24	$293.98	$290.72	-5.6	-8.1	2.7	-1.1
Unit SG&A expenses	$15.86	$14.54	$13.76	$13.22	$13.35	-13.3	-8.3	-5.4	1.0
Unit operating income or (loss)	$3.96	($12.13)	($0.97)	$15.82	($50.26)	(3)	(3)	92.0	(3)
COGS/sales (1)	94.1	99.2	95.9	91.0	114.5	1.8	5.1	-3.3	23.5
Operating income or (loss)/ sales (1)	1.2	(4.2)	(0.3)	4.9	(19.8)	-1.5	-5.3	3.8	-24.7

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

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

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APPENDIX D

COMPAS PRESENTATION

D-1

ASSUMPTIONS

The COMPAS model[1] is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models are relatively standard in applied trade policy analysis. The elasticity estimates are discussed in part II of this report. The antidumping and CVD margins are from part I of the report. When more than one margin was available for a country, the "all other" margin was used. Import value shares are from table C-1. Transportation ratios are from table V-1. For the aggregate runs, margins and transportation ratios are averages of the involved countries weighted by their market shares. The estimates are based on calendar year 2000 data. The individual runs are shown in the following pages.

[1] COMPAS version 1.4 (dumping, 6/1/93).

D-3

COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

All Subject

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	44.46	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	5.6	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	10.24	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#4	But-for Imports:
Domestic Price:	-1.9%	-2.8%
Domestic Output:	-3.8%	-2.8%
Domestic Revenue:	-5.6%	-5.6%
"BUT-FOR" ESTIMATIONS		
Domestic Share:	92.8%	95.2%
Unfair Import Share:	2.2%	--
Fair Share:	4.9%	4.8%
Capacity Utilization:	89.7%	88.8%

ERRORS

complementary goods?
but-for imports?

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-28.4%	--
Unfair Import Output:	239.0%	--
Unfair Import Revenue:	142.7%	--
Fair Import Price:	0.0%	-0.5%
Fair Import Output:	-10.9%	-5.1%
Fair Import Revenue:	-10.9%	-5.6%

D-4

COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Argentina

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	40.6	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.2	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	13	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#3	#4	But-for Imports:
Domestic Price:	-0.1%	-0.1%	-0.1%
Domestic Output:	-0.1%	-0.1%	-0.1%
Domestic Revenue:	-0.2%	-0.2%	-0.2%
"BUT-FOR" ESTIMATIONS			
Domestic Share:	90.0%	90.0%	90.1%
Unfair Import Share:	0.1%	0.1%	--
Fair Share:	9.9%	9.9%	9.9%
Capacity Utilization:	86.4%	86.4%	86.4%

ERRORS
complementary goods?
but-for imports?

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-26.1%	-26.1%	--
Unfair Import Output:	233.8%	234.2%	--
Unfair Import Revenue:	146.7%	147.0%	--
Fair Import Price:	-0.0%	0.0%	-0.0%
Fair Import Output:	-0.3%	-0.4%	-0.2%
Fair Import Revenue:	-0.4%	-0.4%	-0.2%

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COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

China

INPUTS (in percentages)	08/03 CNTRY		From:	To:
Margin:	67.44	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.6	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	9.3	Aggregate Demand Elast	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8	But-for Imports:
Domestic Price:									-0.3%
Domestic Output:									-0.3%
Domestic Revenue:									-0.6%
"BUT-FOR" ESTIMATIONS									
Domestic Share:									90.4%
Unfair Import Share:									--
Fair Share:									9.6%
Capacity Utilization:									86.6%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	--
Unfair Import Output:	--
Unfair Import Revenue:	--
Fair Import Price:	-0.1%
Fair Import Output:	-0.5%
Fair Import Revenue:	-0.6%

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COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

India

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	34.75	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	1.2	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	10.9	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#3	#4	But-for Imports:
Domestic Price:	-0.5%	-0.3%	-0.6%
Domestic Output:	-0.5%	-0.7%	-0.6%
Domestic Revenue:	-1.0%	-1.0%	-1.2%
"BUT-FOR" ESTIMATIONS			
Domestic Share:	90.4%	90.4%	91.0%
Unfair Import Share:	0.5%	0.5%	--
Fair Share:	9.0%	9.0%	9.0%
Capacity Utilization:	86.7%	86.9%	86.8%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-23.6%	-23.6%	--
Unfair Import Output:	185.4%	187.0%	--
Unfair Import Revenue:	118.2%	119.4%	--
Fair Import Price:	-0.2%	0.0%	-0.1%
Fair Import Output:	-1.8%	-2.0%	-1.1%
Fair Import Revenue:	-2.0%	-2.0%	-1.2%

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COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Indonesia

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	59.25	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.3	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	13.6	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values) SCENARIOS	But-for Imports:
Domestic Price:	-0.2%
Domestic Output:	-0.2%
Domestic Revenue:	-0.3%
"BUT-FOR" ESTIMATIONS	
Domestic Share:	90.2%
Unfair Import Share:	--
Fair Share:	9.8%
Capacity Utilization:	86.4%

ERRORS	
complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)	
Unfair Import Price:	--
Unfair Import Output:	--
Unfair Import Revenue:	--
Fair Import Price:	-0.0%
Fair Import Output:	-0.3%
Fair Import Revenue:	-0.3%

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COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Kazakhstan

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	239.57	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.2	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	10.4	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	But-for ǂ Imports:
Domestic Price:								-0.1%
Domestic Output:								-0.1%
Domestic Revenue:								-0.2%
"BUT-FOR" ESTIMATIONS								
Domestic Share:								90.1%
Unfair Import Share:								--
Fair Share:								9.9%
Capacity Utilization:								86.4%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	--
Unfair Import Output:	--
Unfair Import Revenue:	--
Fair Import Price:	-0.0%
Fair Import Output:	-0.2%
Fair Import Revenue:	-0.2%

COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Netherlands

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	2.44	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.8	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	9.7	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.0%	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.1%	-0.0%	-0.1%
Domestic Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	89.9%	89.9%	89.9%	89.9%	90.0%	90.0%	90.0%	90.0%
Unfair Import Share:	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%
Fair Share:	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Capacity Utilization:	86.3%	86.3%	86.3%	86.3%	86.4%	86.4%	86.3%	86.4%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%
Unfair Import Output:	8.8%	8.9%	8.9%	8.9%	15.7%	16.0%	15.9%	16.0%
Unfair Import Revenue:	6.5%	6.6%	6.6%	6.6%	13.3%	13.5%	13.4%	13.5%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.1%	-0.1%	-0.1%	-0.3%	-0.3%	-0.2%	-0.3%
Fair Import Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.3%	-0.3%	-0.3%	-0.3%

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COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Romania

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	88.62	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.5	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	8.7	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	But-for Imports:
Domestic Price:	-0.3%
Domestic Output:	-0.3%
Domestic Revenue:	-0.5%
"BUT-FOR" ESTIMATIONS	
Domestic Share:	90.4%
Unfair Import Share:	--
Fair Share:	9.6%
Capacity Utilization:	86.5%

ERRORS

complementary goods?
but-for imports?

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	--
Unfair Import Output:	--
Unfair Import Revenue:	--
Fair Import Price:	-0.0%
Fair Import Output:	-0.5%
Fair Import Revenue:	-0.5%

COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

South Africa

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	9.28	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.2	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	11.4	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.0%	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.1%	-0.0%	-0.1%
Domestic Revenue:	-0.1%	-0.1%	-0.1%	-0.0%	-0.1%	-0.1%	-0.1%	-0.1%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	89.9%	89.9%	89.9%	89.9%	90.0%	89.9%	90.0%	90.0%
Unfair Import Share:	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Fair Share:	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
Capacity Utilization:	86.3%	86.3%	86.3%	86.3%	86.4%	86.4%	86.3%	86.3%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-7.6%	-7.6%	-7.6%	-7.6%	-7.6%	-7.6%	-7.6%	-7.6%
Unfair Import Output:	36.8%	36.8%	36.8%	36.9%	72.7%	73.0%	72.9%	73.1%
Unfair Import Revenue:	26.4%	26.5%	26.5%	26.5%	59.6%	59.9%	59.8%	60.0%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.1%	-0.1%	-0.1%	-0.3%	-0.3%	-0.2%	-0.3%
Fair Import Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.3%	-0.3%	-0.2%	-0.3%

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COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Taiwan

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	20.28	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	1.0	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	8.7	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#1	#2	#3	#4	#7	#8	But-for Imports:
Domestic Price:	-0.4%	-0.2%	-0.3%	-0.2%	-0.5%	-0.3%	-0.5%
Domestic Output:	-0.4%	-0.4%	-0.3%	-0.3%	-0.5%	-0.6%	-0.5%
Domestic Revenue:	-0.7%	-0.7%	-0.5%	-0.5%	-1.0%	-0.9%	-1.0%
"BUT-FOR" ESTIMATIONS							
Domestic Share:	90.2%	90.2%	90.2%	90.2%	90.3%	90.3%	90.8%
Unfair Import Share:	0.6%	0.6%	0.6%	0.6%	0.4%	0.4%	--
Fair Share:	9.2%	9.2%	9.2%	9.2%	9.3%	9.3%	9.2%
Capacity Utilization:	86.6%	86.7%	86.5%	86.6%	86.7%	86.8%	86.7%

ERRORS
complementary goods?
but-for imports?

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	-15.5%	--
Unfair Import Output:	92.5%	93.5%	93.5%	94.1%	212.6%	216.2%	--
Unfair Import Revenue:	62.7%	63.5%	63.5%	64.0%	164.2%	167.2%	--
Fair Import Price:	-0.1%	0.0%	-0.1%	0.0%	-0.2%	0.0%	-0.1%
Fair Import Output:	-1.3%	-1.3%	-0.9%	-1.0%	-2.2%	-2.7%	-0.9%
Fair Import Revenue:	-1.4%	-1.3%	-1.0%	-1.0%	-2.5%	-2.7%	-1.0%

D-13

COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Thailand

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	7.48	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.3	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	12.8	Aggregate Demand Elast:	0.4	0.8
Domestic Content:	0	Domestic Supply Elast:	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.0%	-0.1%	-0.0%
Domestic Output:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.1%	-0.1%	-0.1%
Domestic Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	89.9%	89.9%	89.9%	89.9%	90.0%	90.0%	90.0%	90.0%
Unfair Import Share:	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Fair Share:	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Capacity Utilization:	86.3%	86.3%	86.3%	86.3%	86.4%	86.4%	86.3%	86.4%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	-6.1%	-6.1%	-6.1%	-6.1%	-6.1%	-6.1%	-6.1%	-6.1%
Unfair Import Output:	28.5%	28.6%	28.6%	28.6%	54.7%	55.0%	54.9%	55.1%
Unfair Import Revenue:	20.6%	20.7%	20.7%	20.7%	45.3%	45.6%	45.4%	45.6%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.1%	-0.1%	-0.1%	-0.3%	-0.4%	-0.3%	-0.3%
Fair Import Revenue:	-0.2%	-0.1%	-0.1%	-0.1%	-0.4%	-0.4%	-0.3%	-0.3%

COMPAS ver. 1.4 (DUMPING) -- THE EFFECTS OF LTFV PRICING OF IMPORTS (6/1/9
by Joseph Francois and Keith Hall, Office of Economics, USITC

Ukraine

INPUTS (in percentages)	08/03	CNTRY	From:	To:
Margin:	89.49	Substitution Elast.		
Domestic Share:	89.9	Domsetic/Unfair:	4	7
Unfair Import Share:	0.2	Domestic/Fair:	4	7
Ave. U.S. Tariff Rate:	1.9	Unfair/Fair:	4	7
Transportation Ratio:	9.8	Aggregate Demand Ela	0.4	0.8
Domestic Content:	0	Domestic Supply Elast	1	2
Dom. Capacity Util:	86.3	Fair Supply Elast:	10	inf

Estimated Impact of Dumping on U.S. Market (as percent of "fair" values)

SCENARIOS	But-for Imports:
Domestic Price:	-0.1%
Domestic Output:	-0.1%
Domestic Revenue:	-0.2%
"BUT-FOR" ESTIMATIONS	
Domestic Share:	90.1%
Unfair Import Share:	--
Fair Share:	9.9%
Capacity Utilization:	86.4%

ERRORS

complementary goods?	
but-for imports?	

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Unfair Import Price:	--
Unfair Import Output:	--
Unfair Import Revenue:	--
Fair Import Price:	-0.0%
Fair Import Output:	-0.2%
Fair Import Revenue:	-0.2%

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COMPAS version 1.4 (SUBSIDY) -- EFFECTS OF UNFAIR SUBSIDIZATION OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC
Argentina, India, Indonesia, South Africa, Thailand
03-Aug-01

INPUTS

VALUES (ALL IN PERCENTAGES)	
SUBSIDY MARGIN:	16.74
DOMESTIC VALUE SHARE:	89.9
UNFAIR IMPORT VALUE SHARI	2.2
AVERAGE U.S. TARIFF RATE:	1.9
TRANSPORTATION RATIO:	11.76
CAPACITY UTILIZATION:	86.3
U.S. SHARE OF UNFAIR PRODI	100

ELASTICITIES (ABSOLUTE VAL	FROM:	TO:
SUBSTITUTION - DOM/UNFAIR:	4	7
SUBSTITUTION - DOM/FAIR:	4	7
SUBSTITUTION - UNFAIR/FAIR:	4	7
AGGREGATE DEMAND:	0.4	0.8
DOMESTIC SUPPLY (INF=infinit	1	2
Unfair Supply (INF=infinity):	5	10
FAIR SUPPLY (INF=infinity):	10	inf
Non-U.S. Unfair Elasticity of Dem	1	1

ESTIMATED IMPACT ON U.S. MARKET (as percent of "fair" values)	FROM:	TO:
Domestic Price:	-0.3%	-0.4%
Domestic Output:	-0.3%	-0.8%
Domestic Revenue:	-0.5%	-1.2%
Unfair Import Price:	-7.5%	-8.0%
Unfair Import Output:	34.7%	72.5%
Unfair Import Revenue:	24.6%	58.7%
Fair Import Price:	-0.1%	0.0%
Fair Import Output:	-1.0%	-3.5%
Fair Import Revenue:	-1.1%	-3.5%
"BUT-FOR" ESTIMATIONS	FROM:	TO:
Domestic Value Share:	90.3%	90.5%
Unfair Import Value Share:	1.8%	1.4%
Fair Import Value Share:	8.0%	8.1%
Capacity Utilization:	86.5%	87.0%

SCENARIOS

ESTIMATED IMPACT ON U.S. M	0	0	max	0	0	min	0	0
(as percentage of "fair" values)	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Price:	-0.4%	-0.3%	-0.3%	-0.2%	-0.5%	-0.4%	-0.4%	-0.3%
Domestic Output:	-0.4%	-0.6%	-0.3%	-0.4%	-0.5%	-0.8%	-0.4%	-0.7%
Domestic Revenue:	-0.7%	-0.9%	-0.5%	-0.7%	-1.0%	-1.2%	-0.7%	-1.0%
Unfair Import Price:	-7.5%	-9.5%	-7.5%	-9.4%	-5.9%	-8.0%	-5.8%	-7.9%
Unfair Import Output:	34.3%	46.3%	34.7%	46.7%	46.9%	72.5%	47.5%	73.0%
Unfair Import Revenue:	24.2%	32.4%	24.6%	32.8%	38.3%	58.7%	38.9%	59.3%
Fair Import Price:	-0.1%	0.0%	-0.1%	0.0%	-0.2%	0.0%	-0.2%	0.0%
Fair Import Output:	-1.3%	-1.7%	-1.0%	-1.3%	-2.2%	-3.5%	-1.7%	-2.9%
Fair Import Revenue:	-1.5%	-1.7%	-1.1%	-1.3%	-2.5%	-3.5%	-1.9%	-2.9%
"BUT-FOR" ESTIMATIONS	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Value Share:	90.2%	90.3%	90.3%	90.4%	90.4%	90.5%	90.4%	90.5%
Unfair Import Value Share:	1.8%	1.7%	1.8%	1.7%	1.6%	1.4%	1.6%	1.4%
Fair Import Value Share:	8.0%	8.0%	8.0%	8.0%	8.1%	8.1%	8.0%	8.1%
Capacity Utilization:	86.6%	86.8%	86.5%	86.7%	86.7%	87.0%	86.6%	86.9%

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COMPAS version 1.4 (SUBSIDY) -- EFFECTS OF UNFAIR SUBSIDIZATION OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Argentina

03-Aug-01

INPUTS

VALUES (ALL IN PERCENTAGES)	
SUBSIDY MARGIN:	41.69
DOMESTIC VALUE SHARE:	89.9
UNFAIR IMPORT VALUE SHAR	0.2
AVERAGE U.S. TARIFF RATE:	1.9
TRANSPORTATION RATIO:	13
CAPACITY UTILIZATION:	86.3
U.S. SHARE OF UNFAIR PROD	100

ELASTICITIES (ABSOLUTE VAI	FROM:	TO:
SUBSTITUTION - DOM/UNFAIR	4	7
SUBSTITUTION - DOM/FAIR:	4	7
SUBSTITUTION - UNFAIR/FAIR	4	7
AGGREGATE DEMAND:	0.4	0.8
DOMESTIC SUPPLY (INF=infini	1	2
Unfair Supply (INF=infinity):	5	10
FAIR SUPPLY (INF=infinity):	10	inf
Non-U.S. Unfair Elasticity of Den	1	1

ESTIMATED IMPACT ON U.S. MARKET (as percent of "fair" values)	FROM:	TO:
Domestic Price:	-0.1%	-0.1%
Domestic Output:	-0.1%	-0.2%
Domestic Revenue:	-0.1%	-0.2%
Unfair Import Price:	-15.8%	-16.7%
Unfair Import Output:	98.7%	256.3%
Unfair Import Revenue:	67.2%	196.8%
Fair Import Price:	-0.0%	0.0%
Fair Import Output:	-0.2%	-0.7%
Fair Import Revenue:	-0.2%	-0.7%
"BUT-FOR" ESTIMATIONS	FROM:	TO:
Domestic Value Share:	90.0%	90.0%
Unfair Import Value Share:	0.1%	0.1%
Fair Import Value Share:	9.9%	10.0%
Capacity Utilization:	86.3%	86.4%

SCENARIOS

ESTIMATED IMPACT ON U.S. M	0	0	max	0	0	min	0	0
(as percentage of "fair" values)	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Price:	-0.1%	-0.1%	-0.1%	-0.0%	-0.1%	-0.1%	-0.1%	-0.1%
Domestic Output:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%
Domestic Revenue:	-0.2%	-0.2%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%
Unfair Import Price:	-15.8%	-19.9%	-15.8%	-19.9%	-12.2%	-16.7%	-12.1%	-16.7%
Unfair Import Output:	98.5%	141.6%	98.7%	141.7%	145.9%	256.3%	146.1%	256.5%
Unfair Import Revenue:	67.1%	93.6%	67.2%	93.7%	116.0%	196.8%	116.2%	197.1%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.3%	-0.3%	-0.2%	-0.3%	-0.5%	-0.7%	-0.4%	-0.6%
Fair Import Revenue:	-0.3%	-0.3%	-0.2%	-0.3%	-0.5%	-0.7%	-0.4%	-0.6%
"BUT-FOR" ESTIMATIONS	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Value Share:	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Unfair Import Value Share:	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Fair Import Value Share:	9.9%	9.9%	9.9%	9.9%	9.9%	10.0%	9.9%	9.9%
Capacity Utilization:	86.4%	86.4%	86.3%	86.4%	86.4%	86.4%	86.4%	86.4%

COMPAS version 1.4 (SUBSIDY) -- EFFECTS OF UNFAIR SUBSIDIZATION OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

India

03-Aug-01

INPUTS

VALUES (ALL IN PERCENTAGES)	
SUBSIDY MARGIN:	15.72
DOMESTIC VALUE SHARE:	89.9
UNFAIR IMPORT VALUE SHAR	1.2
AVERAGE U.S. TARIFF RATE:	1.9
TRANSPORTATION RATIO:	10.9
CAPACITY UTILIZATION:	86.3
U.S. SHARE OF UNFAIR PROD	100

ELASTICITIES (ABSOLUTE VAI	FROM:	TO:
SUBSTITUTION - DOM/UNFAIR	4	7
SUBSTITUTION - DOM/FAIR:	4	7
SUBSTITUTION - UNFAIR/FAIR	4	7
AGGREGATE DEMAND:	0.4	0.8
DOMESTIC SUPPLY (INF=infini	1	2
Unfair Supply (INF=infinity):	5	10
FAIR SUPPLY (INF=infinity):	10	inf
Non-U.S. Unfair Elasticity of Den	1	1

ESTIMATED IMPACT ON U.S. MARKET (as percent of "fair" values)	FROM:	TO:
Domestic Price:	-0.1%	-0.2%
Domestic Output:	-0.1%	-0.4%
Domestic Revenue:	-0.3%	-0.6%
Unfair Import Price:	-7.1%	-7.5%
Unfair Import Output:	33.1%	69.3%
Unfair Import Revenue:	23.7%	56.6%
Fair Import Price:	-0.0%	0.0%
Fair Import Output:	-0.5%	-1.8%
Fair Import Revenue:	-0.5%	-1.8%
"BUT-FOR" ESTIMATIONS	FROM:	TO:
Domestic Value Share:	90.1%	90.2%
Unfair Import Value Share:	1.0%	0.8%
Fair Import Value Share:	8.9%	9.0%
Capacity Utilization:	86.4%	86.6%

SCENARIOS

ESTIMATED IMPACT ON U.S. M	0	0	max	0	0	min	0	0
(as percentage of "fair" values)	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%
Domestic Output:	-0.2%	-0.3%	-0.1%	-0.2%	-0.2%	-0.4%	-0.2%	-0.3%
Domestic Revenue:	-0.4%	-0.4%	-0.3%	-0.3%	-0.5%	-0.6%	-0.4%	-0.5%
Unfair Import Price:	-7.1%	-9.0%	-7.1%	-8.9%	-5.4%	-7.5%	-5.4%	-7.5%
Unfair Import Output:	32.9%	44.3%	33.1%	44.5%	45.1%	69.3%	45.4%	69.6%
Unfair Import Revenue:	23.5%	31.3%	23.7%	31.5%	37.2%	56.6%	37.5%	56.9%
Fair Import Price:	-0.1%	0.0%	-0.0%	0.0%	-0.1%	0.0%	-0.1%	0.0%
Fair Import Output:	-0.7%	-0.9%	-0.5%	-0.7%	-1.2%	-1.8%	-0.9%	-1.5%
Fair Import Revenue:	-0.8%	-0.9%	-0.5%	-0.7%	-1.3%	-1.8%	-1.0%	-1.5%
"BUT-FOR" ESTIMATIONS	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Value Share:	90.1%	90.1%	90.1%	90.1%	90.1%	90.2%	90.1%	90.2%
Unfair Import Value Share:	1.0%	0.9%	1.0%	0.9%	0.9%	0.8%	0.9%	0.8%
Fair Import Value Share:	9.0%	9.0%	8.9%	9.0%	9.0%	9.0%	9.0%	9.0%
Capacity Utilization:	86.5%	86.6%	86.4%	86.5%	86.5%	86.6%	86.5%	86.6%

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COMPAS version 1.4 (SUBSIDY) -- EFFECTS OF UNFAIR SUBSIDIZATION OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Indonesia

03-Aug-01

INPUTS

VALUES (ALL IN PERCENTAGES)	
SUBSIDY MARGIN:	16.53
DOMESTIC VALUE SHARE:	89.9
UNFAIR IMPORT VALUE SHAR	0.3
AVERAGE U.S. TARIFF RATE:	1.9
TRANSPORTATION RATIO:	13.6
CAPACITY UTILIZATION:	86.3
U.S. SHARE OF UNFAIR PROD	100

ELASTICITIES (ABSOLUTE VAI	FROM:	TO:
SUBSTITUTION - DOM/UNFAIR	4	7
SUBSTITUTION - DOM/FAIR:	4	7
SUBSTITUTION - UNFAIR/FAIR	4	7
AGGREGATE DEMAND:	0.4	0.8
DOMESTIC SUPPLY (INF=infini	1	2
Unfair Supply (INF=infinity):	5	10
FAIR SUPPLY (INF=infinity):	10	inf
Non-U.S. Unfair Elasticity of Den	1	1

ESTIMATED IMPACT ON U.S. MARKET (as percent of "fair" values)	FROM:	TO:
Domestic Price:	-0.0%	-0.1%
Domestic Output:	-0.0%	-0.1%
Domestic Revenue:	-0.1%	-0.2%
Unfair Import Price:	-7.2%	-7.6%
Unfair Import Output:	34.5%	73.0%
Unfair Import Revenue:	24.8%	59.9%
Fair Import Price:	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.5%
Fair Import Revenue:	-0.1%	-0.5%
"BUT-FOR" ESTIMATIONS	FROM:	TO:
Domestic Value Share:	89.9%	90.0%
Unfair Import Value Share:	0.2%	0.2%
Fair Import Value Share:	9.8%	9.8%
Capacity Utilization:	86.3%	86.4%

SCENARIOS

ESTIMATED IMPACT ON U.S. M	0	0	max	0	0	min	0	0
(as percentage of "fair" values)	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Price:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.1%	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.1%	-0.0%	-0.1%	-0.1%	-0.1%	-0.0%	-0.1%
Domestic Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%
Unfair Import Price:	-7.2%	-9.1%	-7.2%	-9.1%	-5.5%	-7.6%	-5.5%	-7.6%
Unfair Import Output:	34.4%	46.3%	34.5%	46.4%	47.4%	73.0%	47.5%	73.1%
Unfair Import Revenue:	24.8%	33.0%	24.8%	33.0%	39.4%	59.9%	39.4%	59.9%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.2%	-0.2%	-0.1%	-0.2%	-0.3%	-0.5%	-0.2%	-0.4%
Fair Import Revenue:	-0.2%	-0.2%	-0.1%	-0.2%	-0.3%	-0.5%	-0.3%	-0.4%
"BUT-FOR" ESTIMATIONS	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Value Share:	89.9%	90.0%	89.9%	90.0%	90.0%	90.0%	90.0%	90.0%
Unfair Import Value Share:	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Fair Import Value Share:	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Capacity Utilization:	86.3%	86.4%	86.3%	86.4%	86.4%	86.4%	86.3%	86.4%

COMPAS version 1.4 (SUBSIDY) -- EFFECTS OF UNFAIR SUBSIDIZATION OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

South Africa

03-Aug-01

INPUTS

VALUES (ALL IN PERCENTAGES)	
SUBSIDY MARGIN:	13.53
DOMESTIC VALUE SHARE:	89.9
UNFAIR IMPORT VALUE SHAR	0.2
AVERAGE U.S. TARIFF RATE:	1.9
TRANSPORTATION RATIO:	11.4
CAPACITY UTILIZATION:	86.3
U.S. SHARE OF UNFAIR PROD	100

ELASTICITIES (ABSOLUTE VAI	FROM:	TO:
SUBSTITUTION - DOM/UNFAIR	4	7
SUBSTITUTION - DOM/FAIR:	4	7
SUBSTITUTION - UNFAIR/FAIR	4	7
AGGREGATE DEMAND:	0.4	0.8
DOMESTIC SUPPLY (INF=infini	1	2
Unfair Supply (INF=infinity):	5	10
FAIR SUPPLY (INF=infinity):	10	inf
Non-U.S. Unfair Elasticity of Den	1	1

ESTIMATED IMPACT ON U.S. MARKET (as percent of "fair" values)	FROM:	TO:
Domestic Price:	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.1%
Domestic Revenue:	-0.0%	-0.1%
Unfair Import Price:	-6.1%	-6.4%
Unfair Import Output:	28.4%	58.9%
Unfair Import Revenue:	20.6%	48.7%
Fair Import Price:	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.3%
Fair Import Revenue:	-0.1%	-0.3%
"BUT-FOR" ESTIMATIONS	FROM:	TO:
Domestic Value Share:	89.9%	89.9%
Unfair Import Value Share:	0.2%	0.1%
Fair Import Value Share:	9.9%	9.9%
Capacity Utilization:	86.3%	86.3%

SCENARIOS

ESTIMATED IMPACT ON U.S. M	0	0	max	0	0	min	0	0
(as percentage of "fair" values)	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Price:	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.0%	-0.0%
Domestic Revenue:	-0.1%	-0.1%	-0.0%	-0.0%	-0.1%	-0.1%	-0.1%	-0.1%
Unfair Import Price:	-6.1%	-7.7%	-6.1%	-7.7%	-4.6%	-6.4%	-4.6%	-6.4%
Unfair Import Output:	28.4%	37.9%	28.4%	37.9%	38.8%	58.9%	38.8%	58.9%
Unfair Import Revenue:	20.6%	27.2%	20.6%	27.2%	32.4%	48.7%	32.4%	48.7%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.3%	-0.1%	-0.2%
Fair Import Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.3%	-0.1%	-0.2%
"BUT-FOR" ESTIMATIONS	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Value Share:	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%
Unfair Import Value Share:	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%
Fair Import Value Share:	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
Capacity Utilization:	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%

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COMPAS version 1.4 (SUBSIDY) -- EFFECTS OF UNFAIR SUBSIDIZATION OF IMPORTS (6/1/93)
by Joseph Francois and Keith Hall, Office of Economics, USITC

Thailand

03-Aug-01

INPUTS

VALUES (ALL IN PERCENTAGES)	
SUBSIDY MARGIN:	6.55
DOMESTIC VALUE SHARE:	89.9
UNFAIR IMPORT VALUE SHAR	0.3
AVERAGE U.S. TARIFF RATE:	1.9
TRANSPORTATION RATIO:	12.8
CAPACITY UTILIZATION:	86.3
U.S. SHARE OF UNFAIR PROD	100

ELASTICITIES (ABSOLUTE VAI	FROM:	TO:
SUBSTITUTION - DOM/UNFAIR	4	7
SUBSTITUTION - DOM/FAIR:	4	7
SUBSTITUTION - UNFAIR/FAIR	4	7
AGGREGATE DEMAND:	0.4	0.8
DOMESTIC SUPPLY (INF=infini	1	2
Unfair Supply (INF=infinity):	5	10
FAIR SUPPLY (INF=infinity):	10	inf
Non-U.S. Unfair Elasticity of Den	1	1

ESTIMATED IMPACT ON U.S. MARKET (as percent of "fair" values)	FROM:	TO:
Domestic Price:	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.0%
Domestic Revenue:	-0.0%	-0.1%
Unfair Import Price:	-3.0%	-3.2%
Unfair Import Output:	13.1%	25.6%
Unfair Import Revenue:	9.6%	21.5%
Fair Import Price:	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.2%
Fair Import Revenue:	-0.1%	-0.2%
"BUT-FOR" ESTIMATIONS	FROM:	TO:
Domestic Value Share:	89.9%	89.9%
Unfair Import Value Share:	0.3%	0.2%
Fair Import Value Share:	9.8%	9.8%
Capacity Utilization:	86.3%	86.3%

SCENARIOS

ESTIMATED IMPACT ON U.S. M	0	0	max	0	0	min	0	0
(as percentage of "fair" values)	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Price:	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Domestic Output:	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Domestic Revenue:	-0.0%	-0.0%	-0.0%	-0.0%	-0.1%	-0.1%	-0.0%	-0.1%
Unfair Import Price:	-3.0%	-3.9%	-3.0%	-3.9%	-2.3%	-3.2%	-2.3%	-3.2%
Unfair Import Output:	13.1%	17.1%	13.1%	17.1%	17.5%	25.6%	17.5%	25.6%
Unfair Import Revenue:	9.6%	12.6%	9.6%	12.6%	14.8%	21.5%	14.8%	21.5%
Fair Import Price:	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%	-0.0%	0.0%
Fair Import Output:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.2%
Fair Import Revenue:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.2%
"BUT-FOR" ESTIMATIONS	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Domestic Value Share:	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%
Unfair Import Value Share:	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%	0.2%
Fair Import Value Share:	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Capacity Utilization:	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%

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APPENDIX E

EFFECT OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

E-1

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