Foundry Coke From China

Investigation No. 731-TA-891 (Final)

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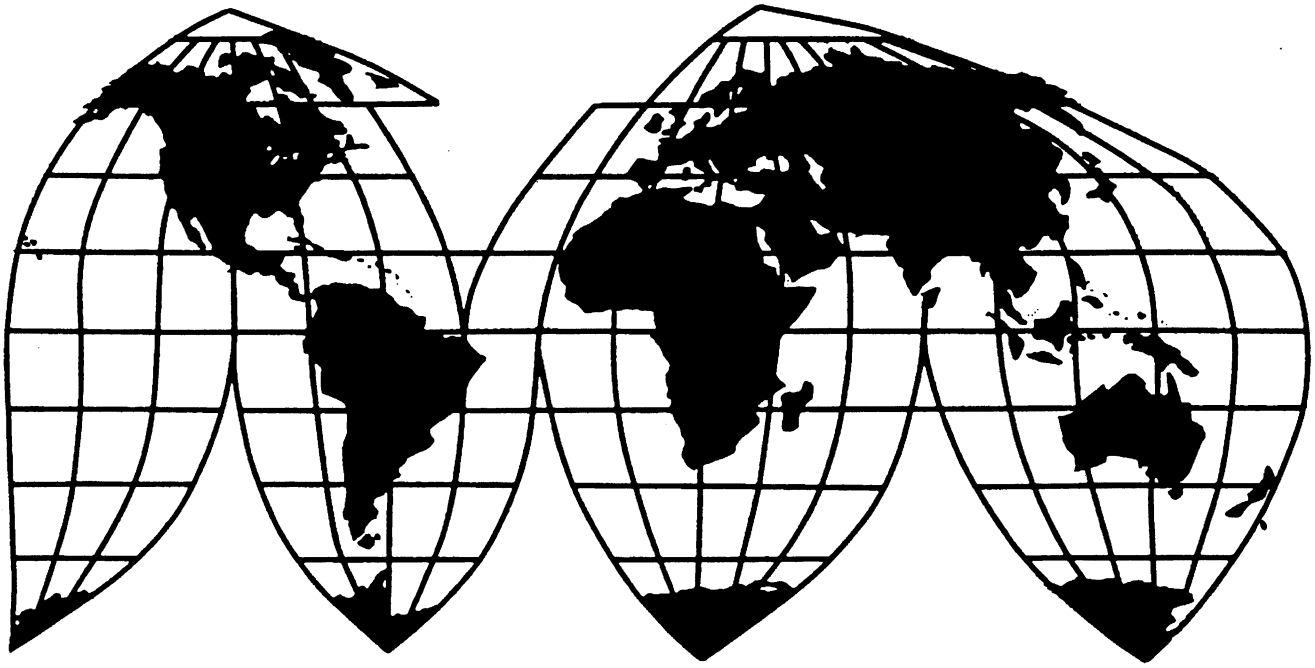

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GLOSSARY

ABC	ABC Coke
Acme	Acme Steel Co.
C.i.f.	Cost, insurance, freight
Citizens	Citizens Gas & Coke Utility
COGS	Cost of goods sold
Commerce	U.S. Department of Commerce
Commission/USITC	U.S. International Trade Commission
Drummond	Drummond Co., Inc.
Empire	Empire Coke Co.
EOP	End-of-period
EPA	Environmental Protection Agency
Erie	Erie Coke Corp.
EU	European Union
FR	Federal Register
HTS	Harmonized Tariff Schedule of the United States
Koch	Koch Carbon International
PRWs	Production and related workers
R&D	Research and development
SG&A	Selling, general, and administrative expenses
Shook	Shook Group, LLC
Sloss	Sloss Industrial Corp.
Tonawanda	Tonawanda Coke Corp.
U-Met	U-Met of PA, Inc.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-891 (Final)

FOUNDRY COKE FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of foundry coke, provided for in subheading 2704.00.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective September 20, 2000, following receipt of a petition filed with the Commission and Commerce by ABC Coke, Birmingham, AL; Citizens Gas & Coke Utility, Indianapolis, IN; Erie Coke Corp., Erie, PA; Tonawanda Coke Corp., Tonawanda, NY; and the United Steelworkers of America, AFL-CIO.[2] The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of foundry coke from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigation 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 9, 2001 (66 FR 23727).[3] The hearing was held in Washington, DC, on July 26, 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] On February 15, 2001, Sloss Industrial Corp. was added as a petitioner to the investigation.

[3] The Commission's scheduling notice was subsequently corrected (66 FR 29173, May 29, 2001).

VIEWS OF THE COMMISSION

Based on the record in this final investigation, we determine that an industry in the United States is materially injured by reason of imports of foundry coke from China that the U.S. Department of Commerce ("Commerce") has determined to be sold in the United States at less than fair value ("LTFV").

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."[1] 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."[2] 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."[3]

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.[4] No single factor is dispositive, and the Commission

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[1] 19 U.S.C. § 1677(4)(A).

[2] *Id.*

[3] 19 U.S.C. § 1677(10).

[4] *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.

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.[5] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[6] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise that has been found to be sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[7]

B. Product Description

In its final determination, Commerce defined the imported merchandise within the scope of this investigation as:

> coke larger than 100 mm (4 inches) in maximum diameter and at least 50 percent of which is retained on a 100-mm (4 inch) sieve, of a kind used in foundries.[8]

Foundry coke is the carbonized product remaining after blended bituminous coals are heated in an oven for a period of time.[9] It is one of three types of metallurgical coke,[10] and accounts for 5 to 7

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[4] (...continued)
United States, 913 F. Supp. 580, 584 (Ct Int'l Trade 1996).

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

[6] 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 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.").

[7] 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).

[8] 66 Fed. Reg. 39487 (July 31, 2001). Commerce indicated that the foundry coke products subject to this investigation were classifiable under subheading 2704.00.00.10 as of January 1, 2000, and as of July 1, 2000, are currently classifiable under subheading 2704.00.00.11 of the Harmonized Tariff Schedules of the United States (HTSUS). *Id.* Although the HTSUS subheadings are provided for convenience and Customs purposes, Commerce noted that its written description of the scope of this investigation is dispositive. *Id.*

[9] Confidential Report ("CR") and Public Report ("PR") at I-2-3; Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407, USITC Pub. 3323 at 1-1 (July 2000) ("Section 332 Report").

[10] "Metallurgical coke" is the carbonized product remaining after the destructive distillation of certain types of coal heated in the oven for many days or hours. Section 332 Report at 1-2. The types of metallurgical coke other than foundry coke are blast furnace coke (or "furnace coke") and other industrial coke, including coke breeze. CR and PR at I-2-3; Section 332 Report at 1-2.

percent of annual U.S. metallurgical coke production. Foundry coke is used primarily in the production of molten iron in a cupola furnace,[11] both as a fuel and a source of carbon for the melted product.[12]

C. Domestic Like Product

In the preliminary phase of this investigation, the Commission considered whether blast furnace coke or industrial coke should be included in the domestic like product. The Commission determined that blast furnace coke was not part of the domestic like product in light of differences in physical characteristics and end uses, prices, production facilities, and channels of distribution.[13] The Commission also determined that industrial coke was not part of the domestic like product because of the differences in size, ash and carbon content, price, end uses, and customers.[14] Thus, the Commission defined the domestic like product as consisting only of foundry coke.

No party in the final phase of this investigation has challenged the Commission's domestic like product determination,[15] and no new evidence has been obtained that would call into question the Commission's reasoning in the preliminary determination. We therefore adopt the Commission's reasoning and findings from the preliminary phase that neither blast furnace coke nor industrial coke is part of the domestic like product, and that the domestic like product consists only of foundry coke, commensurate with Commerce's definition of the scope of this investigation.

D. Domestic Industry

1. 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

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[11] A "cupola furnace" is a cylindrically-shaped continuous melting device that is charged in alternating layers of metal (*e.g.*, scrap iron) and replacement fuel (*e.g.*, foundry coke). Section 332 Report at E-2.

[12] CR and PR at I-2; Section 332 Report at 1-1.

[13] Foundry Coke From China, Inv. No. 731-TA-891 (Preliminary), USITC Pub. 3365 (Nov. 2000) at 5-7.

[14] USITC Pub. 3365 at 7-8.

[15] *See* Petitioners' Prehearing Brief at 2; Prehearing Brief of USG Interiors, Inc. and Rock Wool Manufacturing Company at 1-2.

the major proportion of that product."[16] 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.[17] Based on our finding that the domestic like product consists of foundry coke, we conclude that the domestic industry consists of all domestic producers of that product.

2. 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.[18] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[19] In defining the domestic industry in this investigation, we have considered whether Sloss Industrial Corp. ("Sloss") or Empire Coke Co. ("Empire") should be excluded from the domestic industry under the related parties provision. No party has argued for exclusion of these or any producers under the related parties provision.

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[16] 19 U.S.C. § 1677(4)(A).

[17] *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).

[18] 19 U.S.C. § 1677(4)(B).

[19] 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 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.

a. Sloss Industries Corp.

Sloss is a wholly-owned subsidiary of Walter Foundries [20] which also owns a U.S. *** of subject foundry coke, U.S. Pipe and Foundry Co. ("U.S. Pipe").[21] In these circumstances, Walter Foundries directly controls Sloss as well as U.S. Pipe, and therefore Sloss is a related party under 19 U.S.C. § 1677(4)(B)(ii)(III).

U.S. Pipe's *** of subject Chinese coke were equivalent to *** percent of Sloss' foundry coke production in 2000.[22] Sloss does not itself import any subject coke, but does sell its domestically-produced coke to U.S. Pipe.[23] Thus, its affiliated *** both *** foundry coke from China and purchases domestic foundry coke from Sloss.[24]

Sloss maintains separate financial records from those maintained by the corporate parent.[25] It does not appear that Sloss derives a benefit from U.S. Pipe's *** of foundry coke from China. Although Sloss performed *** during 1998-2000, a comparison of its data for the interim periods indicates that Sloss' financial condition has since ***.[26] These *** occurred even as Sloss ***.[27] Sloss lost 100 percent of its business with one U.S. Pipe foundry and a significant share of its business with another U.S. Pipe foundry.[28]

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[20] CR at III-3 and IV-2, PR at III-2 and IV-1.

[21] CR at IV-2, PR at IV-1; Transcript of Hearing, July 26, 2001 ("Hearing Tr.") at 38-39 (testimony of Mike Keel, president and CEO of Sloss Industries); Hearing Tr. at 47 (testimony of Lee Airhart, Director of Six Sigma for U.S. Pipe and Foundry, and former plant manager at U.S. Pipe's Burlington, N.J. plant).

[22] CR and PR at III-1 and U.S. Pipe's ***. U.S. Pipe's *** were equivalent to *** percent of Sloss' production in 1998 and *** percent of Sloss' production in 1999. U.S. Pipe's *** and Sloss' producers' questionnaire response.

[23] *See* CR and PR at IV-1 n.4; Hearing Tr. at 38-39 (testimony of Sloss Industries president Mike Keel).

[24] *See* Tr. at 38-39 (testimony of Sloss Industries president Mike Keel), 47-48 (testimony of Lee Airhart of U.S. Pipe).

[25] *See* CR and PR at Table VI-3.

[26] *See* CR and PR at Table VI-3.

[27] CR at VI-12 n.17, PR at VI-3 n.17.

[28] Hearing Tr. at 39 (testimony of Sloss Industries president Mike Keel). The U.S. Pipe representative explained that U.S. Pipe "had the opportunity to significantly reduce [its] costs by purchasing Chinese foundry coke instead of (continued...)

Sloss accounted for *** percent of domestic foundry coke production in 2000.[29] Sloss joined the petition in the final phase of this investigation. Given that its interests appear to lie in domestic production and its lack of obvious benefit from its relationship to U.S. Pipe, we do not find that there are appropriate circumstances to exclude Sloss from the domestic industry.

b. Empire Coke Co.

Empire purchased subject Chinese coke *** in 1999 and *** in 2000,[30] and resold the imported product to ***.[31] Empire is not an importer itself and has no corporate affiliation with these or any other importers of foundry coke. However, Empire may be deemed a related party if its purchases of imports are sufficient to amount to "control" of a large share of subject imports.[32] In certain previous cases, the Commission has found such control to exist where the domestic producer was responsible for a predominant portion of an importer's purchases and the importer's purchases were substantial.[33]

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[28] (...continued)
coke from [its] related party, [and] could not afford to pass up that opportunity." Hearing Tr. at 47-48.

[29] CR and PR at III-1.

[30] CR and PR at IV-1 & n.4. ***. CR and PR at IV-1 & n.5.

[31] CR at III-2, PR at III-1-2. A former employee of the Koch division that imported Chinese foundry coke testified that Koch had imported Chinese foundry coke for Empire in 1999. Transcript of Conference, Oct. 11, 2000 ("Conference Tr.") at 106-108 (testimony of Patrick Kellerman). Additionally, the president of Shook Trading testified that he had bought some Chinese coke from Empire at the end of 2000 and the beginning of 2001. Hearing Tr. at 163 (testimony of Doug Shook).

[32] *See* Structural Steel Beams From Germany, Japan, Korea, and Spain, Invs. Nos. 701-TA-401 (Preliminary) and 731-TA-852-855 (Preliminary), USITC Pub. 3225 (Sept. 1999) at 8.

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

We find that Empire is a related party in light of the volumes of imports purchased and resold by Empire,[34] and the fact that ***.[35] However, we do not find appropriate circumstances to exclude Empire from the domestic industry. While Empire's purchases of subject imports in 1999 and 2000 were not insignificant, the evidence in the record suggests that Empire's primary interests continue to lie in domestic production of foundry coke, and not in importation. Empire's purchases of subject Chinese coke were equal to *** percent of Empire's foundry coke production in 1999 and *** of its foundry coke production in 2000.[36] Empire is one of the *** foundry coke producers, representing *** percent of 2000 U.S. production,[37] and its financial data *** the same general trends as the rest of the industry, ***.[38]

Empire ***.[39] Empire has not *** since its ***.[40] Empire's transactions concerning the subject imports appear to have been prompted in part by the needs of its related purchasers to stay competitive with their competitors who were purchasing and using Chinese coke.[41] In other part, it *** to supplement its ***.[42] Based on the information in the record, we find that appropriate circumstances do not exist to exclude Empire from the domestic industry.

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[34] In 1999, *** accounted for *** percent of subject imports, and Empire's purchases accounted for *** percent of *** imports in 1999. CR and PR at III-2 n.4 and Table IV-1; *** importers' questionnaire response; USITC Pub. 3365 at 9-10. In 2000, *** imported approximately *** percent, ***, of all subject imports, and Empire purchased *** percent of *** imports. *See* CR at III-2 & n.4, IV-1, and Tables III-3 and IV-1, PR at III-1-2 & n.4, IV-1, and Tables III-3 and IV-1; *** importers' questionnaire response.

[35] CR and PR at IV-1.

[36] CR and PR at III-2; Empire's producers' questionnaire response.

[37] CR and PR at III-1.

[38] *See* CR and PR at Table VI-3. Commission staff verified that ***. CR at VI-2 n.10, PR at VI-1 n.10.

[39] CR and PR at III-2.

[40] *See* Empire's producers' questionnaire response to question II-10. *See also* staff notes of Bonnie Noreen regarding phone conversation with *** (Aug. 8, 2001); Hearing Tr. at 163 (testimony of Doug Shook, president of Shook Trading).

[41] Empire indicated that it ***. Empire's producers' questionnaire response to question ***.

[42] Empire indicated that ***. Empire's producers' questionnaire response to question II-2.

III. MATERIAL INJURY BY REASON OF LTFV IMPORTS

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[43] 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.[44] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[45] 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.[46] 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."[47]

For the reasons discussed below, we determine that the domestic industry is materially injured by reason of subject imports from China that are sold in the United States at less than fair value.

A. Conditions of Competition

Several conditions of competition are pertinent to our analysis in this investigation. Demand for foundry coke is derived from the demand for the end products produced by purchasers, mainly in the automotive and truck manufacturing sectors, the pipe and fittings sectors, and the municipal castings sector.[48] Apparent U.S. consumption of foundry coke increased by 4.3 percent from 1998 through 1999,

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[43] 19 U.S.C. § 1673d(b).

[44] 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).

[45] 19 U.S.C. § 1677(7)(A).

[46] 19 U.S.C. § 1677(7)(C)(iii).

[47] *Id.*

[48] CR at II-4 and II-6, PR at II-2-3.

but then declined by 4.1 percent in 2000.[49] Apparent U.S. consumption was also 11.8 percent lower during the first quarter of 2001 relative to the comparable period for 2000.[50]

Total foundry cokemaking capacity in the United States increased by a moderate 1.7 percent during 1998-2000, primarily because of capital investments made by the domestic industry to retrofit, maintain, and improve efficiencies of aging batteries.[51] After a slight decrease from 1998 to 1999, domestic production declined by 7.9 percent in 2000.[52] Paralleling production, the capacity utilization rate declined from 89.6 percent in 1998 to 88.5 percent in 1999, and then declined more sharply, to 81.1 percent in 2000.[53] In interim 2001, capacity was 2.7 percent higher than it was during the comparable period for 2000, but production was 12.9 percent lower, resulting in a drop in the capacity utilization rate to 72.2 percent, as compared to 85.0 percent in interim 2000.[54]

Environmental compliance costs represent a significant ongoing cost for the domestic foundry coke industry.[55] The industry has already spent over $100 million in complying with environmental regulations, in particular the Clean Air Act of 1990, and there are further significant costs that domestic foundry coke producers will continue to incur in the future in order to stay environmentally compliant.[56]

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[49] CR and PR at Tables IV-2, IV-3 and C-1.

[50] CR and PR at Tables IV-2, IV-3 and C-1.

[51] CR at III-3, PR at III-2. Nearly all equipment necessary for current U.S. foundry coke capacity has reached or is nearing the 35 year average lifespan for coke oven batteries. During the lifespan of these batteries, the industry has replaced, repaired, and/or retrofitted ovens, depending on their condition, to comply with environmental regulations. CR at III-3-4, PR at III-2; Conference Tr. at 50-51 (Testimony of Robert Bloom, president of Erie Coke Corp. and Tonawanda Coke Corp; Testimony of Martin Dusel, senior vice president of operations for Citizens Gas and Coke Utility; Testimony of John Pearson, president of ABC Coke). As a result, these ovens are lasting longer than their original lifespan estimation.

[52] CR and PR at Tables III-1 and C-1.

[53] CR and PR at Table III-1.

[54] CR and PR at Tables III-1 and C-1.

[55] Petition at 12-13; Petitioners' Prehearing Brief at 20. *See, e.g.*, Hearing Tr. at 31 (testimony of ABC president John Pearson), 33-34 (testimony of Martin Dusel, senior vice president of Citizens), 37 (testimony of Don Crane, chairman and owner of Erie and Tonawanda).

[56] Conference Tr. at 17-18 (Mr. Schagrin), 35 (testimony of Robert Bloom, president of Erie and Tonawanda); Conference Tr. at 32 and Hearing Tr. at 34 (testimony of Martin Dusel, senior vice president of Citizens).

In addition, the record indicates that domestic production is capital intensive and that the domestic industry has high fixed costs.[57] High expenses associated with building and maintaining production equipment as well as costs of complying with environmental measures require that the industry maintain high capacity utilization rates to offset its costs.[58]

All foundry coke sold in the United States is either produced domestically or imported from China. There were no nonsubject imports of foundry coke into the United States during the period of investigation.[59]

Nearly all responding purchasers indicated that price is an important factor in their purchasing decisions, although quality is often the first consideration.[60] The majority of purchasers considered the domestic and Chinese product comparable in quality, while most considered the Chinese product advantageous in terms of price.[61] Notwithstanding differences in carbon and ash content, purchasers who compared the domestic and Chinese product indicated that they view the Chinese product as substitutable for the domestic product;[62] this was true across end use sectors.[63] In addition to quality, purchasers also ranked the U.S. and Chinese product generally comparable in terms of availability, delivery, quantity requirements, packaging, consistency, product range, supply reliability, and transportation costs.[64]

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[57] Petitioners' Prehearing Brief at 19-20; Hearing Tr. at 30 (testimony of ABC president John Pearson), 59 (testimony of Robert Blecker, professor of Economics at American University), and 110 (Mr. Schagrin).

[58] CR at VI-14-17 and Table VI-4, PR at VI-4-5 and Table VI-4; Hearing Tr. at 59 (testimony of Robert Blecker, professor of economics).

[59] CR and PR at Tables IV-1 and IV-2.

[60] CR and PR at Table II-1.

[61] CR and PR at Table II-2.

[62] CR at II-9 & n.9, PR at II-5 & n.9.

[63] CR at II-9, PR at II-5.

[64] CR and PR at Table II-2. Just over half of the purchasers considered the U.S. product superior in terms of technical support and service, a factor which was not ranked as a priority in purchasing decisions. *Id.*; CR and PR at Table II-1.

The majority of domestic producers' U.S. sales of foundry coke are made on a contract basis, for terms of one to five years.[65] Prices are normally fixed during the contract period, and quantities are fixed in some contracts but not others.[66] However, several *** multi-year contracts *** and there may be renegotiations after one year.[67] Many of the domestic producers' current contracts were negotiated during 2000 or 2001.[68] In contrast, U.S. importers' U.S. sales of foundry coke are made on a spot basis or pursuant to shorter-term *** contracts.[69]

We also note as a condition of competition that *** and Sloss--reported sales of foundry coke to related pipe foundries in the United States.[70] The proportionate share of these firms' combined related party transfers amounted to *** percent of 2000 U.S. shipments by domestic producers.[71] However, the record indicates that these firms competed on a price basis with the subject imports and with other U.S.

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[65] CR at V-3, PR at V-2. Among six producers accounting for *** percent of 2000 domestic production (*see* CR and PR at III-1), contract sales accounted for 65-100 percent of total shipments. CR at V-3, PR at V-2.

[66] CR at V-3-4, PR at V-2.

[67] Petitioners' Posthearing Brief at A-13-16 and Exhibit 6; CR at V-3, PR at V-2.

[68] *See* Petitioners' Posthearing Brief at Exhibit 6. For example, *** negotiated *** contracts for sale of approximately *** metric tons annually effective in 2000, and *** contracts for sale of approximately *** metric tons annually effective in 2001. *Id.* In the first half of 2000, *** signed *** contracts for annual sales of approximately *** metric tons. *Id.* *** negotiated *** long term contracts in 2000, one effective on ***, and the other effective on ***. *Id.* At the expiration of numerous *** contracts in 2000 and 2001, *** negotiated new *** contracts ***. *Id.* In 2000 and 2001, *** renegotiated *** expiring contracts. *Id.* Contracts reportedly accounting for over one half of the total quantity of U.S. industry shipments during 2000 are due to be renewed or renegotiated during the remainder of 2001 and during 2002. CR at V-4, PR at V-3.

[69] CR at V-3-4, PR at V-2-3.

[70] CR at III-4, PR at III-3; Hearing Tr. at 38-39 (testimony of Mike Keel, President and CEO of Sloss Industries). No party has argued for application of the statutory captive production provision, 19 U.S.C. § 1677(7)(C)(iv), and we do not find that provision applicable. We note that the related party transfers would not meet at least two of the statutory captive consumption criteria. *** indicated that foundry coke constitutes *** percent or less, and *** indicated that foundry coke constitutes less than *** percent, of the input in the production of their downstream articles (pipes and fittings); therefore, foundry coke does not appear to be "the predominant input" in the production of the downstream articles, as required by the second criterion of the statutory captive consumption provision, 19 U.S.C. § 1677(7)(C)(iv)(II). *See* Purchaser Questionnaire Responses of *** and *** subsidiary *** to question III-3. Also, even if the related party transfers were considered non-commercial sales, the related party transfers do not appear to meet the third statutory criterion, (19 U.S.C. § 1677(7)(C)(iv)(III)) given that domestic foundry coke sold in the merchant market is generally used in the production of the same downstream articles that *** and *** manufacture–iron pipes and fittings. *See* CR at II-4, PR at II-2; Purchaser Questionnaire Responses of *** to question III-1.

[71] CR and PR at Table III-2.

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producers for sales to their related foundries, that their prices to related firms followed similar trends as their prices to non-related purchasers,[72] and that, for financial purposes, they treat the related party sales in a manner comparable to their treatment of non-related sales.[73]

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."[74]

By quantity and value, the volume of subject imports increased significantly, from *** metric tons valued at $*** in 1998 to 119,649 metric tons valued at $13.3 million in 1999, and then to 146,785 metric tons valued at $15.8 million in 2000.[75] Subject imports also increased significantly as a share of the U.S. market, from only 1.0 percent of shipments in 1998 to 7.6 percent in 1999 and to 11.5 percent in

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[72] *See, e.g.*, Producer Questionnaire Responses of *** and ***; Hearing Tr. at 38-39 (testimony of Sloss Industries president Mike Keel) and 47-48 (testimony of Lee Airhart, Director of Six Sigma for U.S. Pipe and Foundry, and former plant manager at U.S. Pipe's Burlington , N.J. plant) (Sloss lost all of its business with one U.S. Pipe foundry and a significant share of its business with another U.S. Pipe foundry to imports.); CR at *** and VI-2 n.9, PR at *** and VI-1 n.9. In interim 2001, ***.

[73] *** average unit sales value for related parties was *** than the average unit value of its commercial U.S. sales. *See* *** producers' questionnaire response to question II-7. *** average unit value for related party transfers at the beginning of the period of investigation was *** than the average unit value for its U.S. commercial sales. *See* *** producers' questionnaire response to question II-7. The related parties unit sales value subsequently *** to *** that for U.S. commercial sales, which ***. In the first quarter of 2001, *** average unit value for commercial shipments ***, to within *** percent of the unit value for related party transfers. *** producers' questionnaire response at question II-7. *See* CR at VI-2 & nn.9-10, VI-12 n. 17, PR at VI-1 & nn.9-10, VI-3 n.17.

[74] 19 U.S.C. § 1677(7)(C)(i).

[75] CR and PR at Table IV-1. The importer respondents argued that the Commission should subtract all domestic producers' direct and indirect imports from the volume of imports in considering market share. Prehearing Brief of Shook Trading, Inc. and U-Met of PA, Inc. (Importers' Prehearing Brief) at 24. Exclusion of these subject imports from our consideration of volume would be contrary to the general statutory requirement that the Commission evaluate whether an industry is injured or threatened by reason of imports of "subject" merchandise. *See* 19 U.S.C. §§ 1673d(a)(1) and 1673d(b)(1). *Cf.* SAA at 853 (exclusion of certain related party imports only if the captive product provision applies). In any event, we note that the extent of related party imports/purchases declined during the period examined, both in absolute terms and relative to total subject imports. *See* CR and PR at Table III-3 and U.S. Pipe and Foundry's ***; Empire's producers' questionnaire response to question II-10.

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2000.[76] In terms of value, subject imports' share of the market also increased significantly, from 0.7 percent of the market in 1998, to 5.7 percent in 1999, and to 9.3 percent in 2000.[77]

Although actual imports of foundry coke from China ceased after the Commission's affirmative preliminary determination in November 2000,[78] U.S. shipments of subject imports continued into 2001, with shipped imports continuing to occupy 6.6 percent of the volume and 6.0 percent of the value of the U.S. foundry coke market in interim 2001.[79] The available volumes of subject imports are reflected in the importers' high end-of-period inventories,[80] which increased from *** metric tons at the end of 1998 to 44,381 metric tons at the end of 1999, and then to 46,187 metric tons at the end of 2000.[81] Even at the end of March 2001, importers retained 27,864 metric tons of subject foundry coke available for shipment in the U.S. market.[82]

By volume and value, U.S. producers' market share declined, dropping from 99.0 percent of volume and 99.3 percent of value in 1998 to 88.5 percent of volume and 90.7 percent of value in 2000.[83] When apparent consumption declined by 4.1 percent from 1999 to 2000, the quantity of U.S. producers' shipments showed a greater decline, by 8.1 percent, while U.S. shipments of subject imports increased by 45.4 percent.[84]

Accordingly, we determine that subject import volume and the increase in that volume during the period of investigation, both in absolute terms and relative to consumption in the United States, is significant.

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[76] CR and PR at Table IV-3.

[77] CR and PR at Table IV-3.

[78] We find that the reduction in subject import volume is related to the pendency of the investigation and therefore reduce the weight accorded to this reduction pursuant to 19 U.S.C. §1677(7)(I).

[79] CR and PR at Table IV-3.

[80] CR and PR at Table VII-2.

[81] CR and PR at Table VII-2.

[82] CR and PR at Table VII-2. *See also* Hearing Tr. at 31-31(testimony of John Pearson, president of ABC Coke).

[83] CR and PR at Table IV-3.

[84] CR and PR at Table C-1.

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.[85]

As noted under conditions of competition, the record in this final investigation indicates that domestic foundry coke and imported foundry coke from China are substitutable, notwithstanding differences in carbon and ash content and product density. Indeed, in all end use sectors, responding purchasers almost unanimously indicated that they viewed the products as interchangeable.[86] As also discussed as a condition of competition, the record further indicates that price is an important factor in purchasing decisions,[87] and that purchasers overwhelmingly viewed subject imports as more favorably priced than the domestic product.[88]

We find that the imports significantly undersold the domestic like product. The quarterly price comparisons, based upon questionnaire responses of domestic producers and importers, confirm that the Chinese product was priced below that of the domestic like product in every quarter between January 1998 and March 2001.[89] The margins of underselling reflected in the price comparisons ranged from *** percent to *** percent.

The price comparison data include responses from all U.S. producers except ***, and represent approximately *** percent of U.S. producers' shipments during the period of investigation, while the

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[85] 19 U.S.C. § 1677(7)(C)(ii).

[86] CR at II-9, PR at II-5.

[87] *See, e.g.*, CR and PR at Table II-1.

[88] CR and PR at Table II-2.

[89] CR and PR at Table V-1.

import data are based on responses from two importers representing *** of the 1999 and 2000 commercial shipments of imports.[90] The record also indicates that the importers who did not provide quarterly pricing data reported average unit values *** below those reported by the two who did provide quarterly data.[91] The per metric ton values for all U.S. shipments of imports were $136.37 in 1998, $133.79 in 1999, and $140.80 in 2000.[92] The per metric ton values for all U.S. shipments of the domestic like product were substantially higher than those of subject imports, but declined steadily, from $181.67 in 1998 to $180.25 in 1999 and to $177.85 in 2000.[93] These data indicate that the overall price differential is even greater than that exhibited by the quarterly pricing data.

The record further indicates that the subject imports suppressed and depressed prices for the domestic like product to a significant degree. Despite rising unit cost of goods sold ("COGS") and selling, general, and administrative expenses ("SG&A"), and substantial expenditures necessary for compliance with environmental requirements, domestic producers were unable to raise prices. Rather, over the period examined, the domestic industry's foundry coke prices tended to move gradually but steadily downward.

The quarterly pricing data show that the domestic producers' efforts to increase prices gradually during 1998 failed, as lower-priced subject imports began to enter the U.S. market.[94] Instead, prices for the domestic product declined steadily from the third quarter of 1998 through the first quarter of 2001.[95] Import prices fluctuated from quarter to quarter, but, as noted, were consistently below U.S. prices.

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[90] CR at V-5, PR at V-3.

[91] *See* CR at V-6, PR at V-5; Importers' Questionnaire Responses of ***, ***, and ***. Given that there are no uncertainties in this investigation as to product mix, we find the average unit value data to be probative, particularly as a supplement to the importer pricing data.

[92] CR and PR at Table C-1. The average unit value for import shipments was higher in interim 2001 than it was in interim 2000. *Id.* However, we consider any post-petition changes in values to be related to the pendency of this investigation, and accord that information less weight. *See* 19 U.S.C. § 1677(7)(I).

[93] CR and PR at Table C-1.

[94] CR and PR at Table V-1.

[95] CR and PR at Table V-1.

In order to maintain customers in the face of the lower prices offered by importers of Chinese foundry coke, U.S. producers were often forced to decrease their prices, in some cases to customers already under contract.[96] Several contracts re-negotiated during 2000 and 2001 require ***, and others ***.[97] A number of purchasers confirmed that the attractiveness of the prices offered for subject imports compelled them to purchase the imports in lieu of some or all of their previous purchases of domestic product, or to seek lower prices from domestic producers.[98] Of the 31 responding purchasers, 22 bought at least some Chinese product during the period of investigation, and three of these purchasers switched completely to the lower-priced imports from China.[99] Purchasers also confirmed many of the domestic producers' allegations of sales lost to lower-priced imports and of lost revenues because of the need to lower prices in order to compete with the Chinese prices and to retain customers.[100]

Accordingly, we find that subject imports undersold the domestic like product and suppressed and depressed U.S. prices to a significant degree during the period of investigation.

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.[101] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits,

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[96] *See* CR and PR at Table V-3; Petitioners' Posthearing Brief at A-13-15 and Exhibit 6.

[97] *See* Petitioners' Posthearing Brief at A-14-15 and Exhibit 6. Further, as prices trend downward, contracts accounting for over half of the total quantity of U.S. shipments during 2000 are due to be renewed or renegotiated during the remainder of 2001 and 2002. CR at V-4, PR at V-3.

[98] *See, e.g.*, CR V-9-19 and Tables V-2 and V-3, PR at V-5-8 and Tables V-2 and V-3.

[99] CR at II-6, PR at II-3.

[100] CR at V-9-19 and Tables V-2 and V-3, PR at V-5-8 and Tables V-2 and V-3. We note that even the confirmed lost sales and revenues excluding *** and *** transactions with related parties are sufficient to demonstrate this point.

[101] 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).

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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."[102] [103] [104]

We find that the subject imports are having a significant adverse impact on the domestic industry.[105] As the lower-priced LTFV imports captured market share at the expense of the domestic industry, the combination of declining shipments and depressed prices resulted in falling sales revenues for the domestic industry. The accompanying decline in sales revenue was primarily due to the lower sales and shipment volume, but the decline in prices and average unit values also contributed to the financial decline.[106]

While the capacity of domestic producers increased modestly as they brought their batteries into compliance with environmental standards, actual production of foundry coke decreased significantly as the result of declining shipments.[107] Consequently, capacity utilization rates declined significantly as

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[102] 19 U.S.C. § 1677(7)(C)(iii). *See also* SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

[103] 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 determination in its investigation of foundry coke on July 31, 2001. In its final determination, Commerce assigned individual weighted-average dumping margins ranging from 76.19 percent to 109.85 percent, and a PRC-wide rate of 214.89 percent. 66 Fed. Reg. 39487, 39489 (July 31, 2001).

[104] 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.

[105] In this investigation, production and trade data on the domestic industry are based on questionnaire responses for seven domestic producers that accounted for all domestic foundry coke production in 2000. CR and PR at III-1. Financial data are based on questionnaire responses that accounted for approximately *** percent of domestic foundry coke production in 2000. CR and PR at VI-1 & n.1.

[106] CR at VI-12, PR at VI-3.

[107] The domestic industry's U.S. shipments declined from 1.14 million metric tons in 1998 to 1.02 million metric tons in 2000. CR and PR at Tables III-2. During the same period, U.S. foundry coke production declined from 1.24 million metric tons in 1998 to 1.14 million metric tons in 2000. CR and PR at Table III-1.

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more ovens were hot idled in response to declining shipments.[108] However, even the reduced production outpaced shipments, as reflected in the industry's growing end-of-period inventories, which increased from 38,877 metric tons at the end of 1998 to 54,899 metric tons at the end of 1999, and then to 66,771 metric tons at the end of 2000.[109]

The reduced production and sales volume resulted in higher average unit cost of goods sold ("COGS") and selling, general, and administrative costs ("SG&A"), which rose, respectively, from $*** and $*** per metric ton in 1998 to $*** and $*** per metric ton in 2000.[110] Over the same period, the average unit sales revenue declined from $*** per metric ton in 1998 to $*** per metric ton in 2000.[111] This in turn led to declines in average unit gross profits from $*** per metric ton in 1998 to $*** per metric ton in 2000, and to declines in average unit operating profits from $*** in 1998 to $*** in 2000.[112]

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[108] As noted, the U.S. industry's capacity utilization rate declined by 8.5 percentage points, from 89.6 percent in 1998 to 81.1 percent in 2000. CR and PR at Tables III-1 and C-1. In interim 2001, the industry was operating at only 72.2 percent capacity as compared to 85.0 percent in interim 2000. CR and PR at Table III-1.

During the final phase of this investigation, respondents questioned the accuracy of the capacity and capacity utilization data originally reported in the producers' questionnaire responses. *See* Posthearing Brief of Chinese Exporters at 5-6; Hearing Tr. at 242 (Mr. Neeley). Commission staff conferred with the producers to ensure that these data were reported accurately and, where necessary, producers revised the data as presented in the final confidential staff report. *See* Revised Producers' Questionnaire Responses of ***, submitted on Aug. 9, 2001; CR and PR at Table III-1 n.1.

[109] CR and PR at Table III-4. The ratio of U.S. producers' end-of-period inventories to production increased from 3.1 percent in 1998 to 4.4 percent in 1999, and then to 5.9 percent in 2000. We note that the increase in inventories was not attributable to changes in U.S. producers' export shipments, which increased between 1998 and 1999, as inventories began to grow. CR and PR at Tables III-2 and III-4. In 2000, export shipments were only *** metric tons lower than they were in 1998, and therefore could not account for the 27,894 metric ton increase in inventories during that period.

[110] CR and PR at Table VI-2.

[111] CR and PR at Table VI-2. This downward trend continued in interim 2001, when the average unit value of sales was $*** as compared to $*** in interim 2000.

[112] CR at VI-13 and Table VI-2, PR at VI-4 and Table VI-2. The decline in average unit gross profits continued in interim 2001, when they were $*** per metric ton as compared to $*** per metric ton in interim 2000. Likewise, the decline in average unit operating profits continued in interim 2001, when they were $*** per metric ton compared to $*** per metric ton in interim 2000.

The domestic industry's operating income declined by *** percent, from $*** in 1998 to $*** in 2000.[113] In interim 2001, it was only $*** as compared to $*** in interim 2000.[114] Operating income margins declined from *** percent in 1998 to *** percent in 1999, and then to *** percent in 2000.[115] The adverse impact of the LTFV imports is thus reflected in the domestic industry's financial indicators, all of which declined during the period of investigation.[116]

Other domestic industry performance indicators also indicate the adverse effects of the LTFV imports.[117] The average number of production and related workers ("PRWs") employed industry-wide

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[113] CR and PR at Tables VI-1 and C-1.

[114] *Id.* As noted in the discussion of volume, there were no subject imports of foundry coke in 2001. However, the large volumes of inventoried imports enabled importers to continue shipping significant volumes of Chinese foundry coke in interim 2001. The financial data indicate that the domestic industry's condition remained poor in the interim 2001 period relative to interim 2000, as it continued to experience the adverse impact of the LTFV imports.

[115] CR and PR at Table VI-1. This decline continued into interim 2001, when operating income margins were *** percent as compared to *** percent in the comparable period of 2000.

[116] *See* CR and PR at Table VI-3. As required by the statute, we examined the effects of the LTFV imports upon the industry as a whole. *See* 19 U.S.C. § 1677(4)(A); Sandvik AB v. United States, 721 F. Supp. 1322, 1330 (Ct Int'l Trade 1989) *aff'd*, 904 F.2d 46 (Fed. Cir. 1990); Copperweld Copperweld Corp. v. United States, 682 F. Supp. 552, 562 (Ct Int'l Trade 1988), 682 F. Supp. at 569. We note, however, that the record evinces different levels of performance among the U.S. producers, largely based upon the age of the batteries and the firms' economies of scale; those firms with *** generally outperformed the *** facilities. CR and PR at Tables I-1 and VI-3. Notwithstanding these differences, the record indicates that *** U.S. producers were adversely affected by the influx of low-priced LTFV imports. Indeed, the evidence shows that the operating income margins for *** producers were lower in 2000 than they were in 1998, and that *** suffered steady revenue losses throughout the period of investigation. *See* CR and PR at Table VI-3. In interim 2001, *** reported substantial reductions in profits. *Id.*

[117] We also examined the decline in apparent domestic consumption between 1999 and 2000 to determine if it could have been responsible for the concurrent declines in the performance indicia of the domestic industry. However, apparent consumption declined by only 48,798 metric tons, whereas domestic producers' U.S. shipments declined by almost twice that amount, *i.e.*, by 90,222 metric tons. CR and PR at Table IV-2. Domestic producers' non-related U.S. shipments declined by *** metric tons at the same time that subject imports increased. CR and PR at Table IV-2. Apparent U.S. consumption declined at a greater rate (11.8 percent) between interim 2000 and interim 2001. However, as noted above, we have given data on the period after the filing of the petition less weight in our analysis.

declined steadily between 1998 and 2000 and was lower in interim 2001 than in interim 2000.[118] While hourly and total wages paid increased, average worker productivity fell and unit labor costs rose.[119] Notwithstanding the need for domestic foundry coke producers to fund the projects necessary for compliance with strict environmental standards, the domestic industry's capital expenditures declined from $*** in 1998 to $*** in 2000.[120] Several domestic producers reported reductions in the size of their capital expenditures during the period examined, as well as anticipated further reductions, as a result of the LTFV imports.[121] The domestic industry's declining operating income and operating margins undermine their ability to finance the capital projects necessary for them to continue as ongoing concerns.[122]

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

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[118] CR and PR at Table III-5. In 1998, the industry employed 1,094 PRWs, but by 2000 employed only 1,042 PRWs. In interim 2001, there were 977 PRWs in the domestic foundry coke industry as compared to 1,078 in interim 2000. *Id.*

[119] CR and PR at Table III-5. Average worker productivity fell from 517.1 metric tons per 1,000 hours in 1998 to *** metric tons per 1,000 hours in 2000, and in interim 2001 was *** metric tons per 1,000 hours as compared to *** metric tons per 1,000 hours in interim 2000. *Id.* Per metric ton labor costs rose from $35.07 in 1998 to $*** in 2000, and were $*** in interim 2001 as compared to $*** in interim 2000. *Id.*

[120] CR and PR at Table VI-4. In interim 2001, domestic producers reported capital expenditures in the amount of $***, *** percent lower than the $*** they reported for interim 2000. CR and PR at Tables VI-4 and C-1.

[121] CR and PR at Appendix E.

[122] *See* CR at VI-15-16, PR at VI-12-13; Hearing Tr. at 32 (testimony of John Pearson, president of ABC Coke), 34 (testimony of Martin Dusel, senior vice president of operations for Citizens Gas and Utility), 42 (testimony of Robert Bloom, president of Eric Coke and Tonawanda Coke).

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is materially injured by reason of imports of foundry coke from China that are being sold in the United States at less than fair value.

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PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by ABC, Birmingham, AL; Citizens, Indianapolis, IN; Erie, Erie, PA; Tonawanda, Tonawanda, NY; and the United Steelworkers of America, AFL-CIO[1] on September 20, 2000, alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports of less-than-fair-value (LTFV) foundry coke[2] from China. Information relating to the background of the investigation is provided below.

Date	*Action*
September 20, 2000 .	Petition filed with Commerce and the Commission; institution of Commission investigation (65 FR 58103, September 27, 2000)
October 17, 2000 ...	Commerce's notice of initiation (65 FR 61303, October 17, 2000)
November 6, 2000 ..	Commission's preliminary determination sent to Commerce
March 8, 2001	Commerce's preliminary determination (66 FR 13885); scheduling of final phase of Commission investigation (66 FR 23727, May 9, 2001)[1]
July 31, 2001	Commerce's final determination (66 FR 39487, July 31, 2001)[2]
July 26, 2001	Commission's hearing[3]
August 28, 2001	Commission's vote
September 5, 2001 ..	Commission's determination sent to Commerce

[1] The Commission's scheduling notice was subsequently corrected (66 FR 29173, May 29, 2001). Both of the Commission's *Federal Register* notices are presented in app. A.

[2] Commerce calculated final LTFV margins to be as follows: 109.85 percent for Shanxi Dajin International (Group) Co., Ltd.; 163.73 percent for Sinochem International Co., Ltd.; 76.19 percent for Minmetals Townlord Technology Co., Ltd.; 78.03 percent for CITIC Trading Co., Ltd.; and 214.89 percent for all others. Commerce's *Federal Register* notice is presented in app. A.

[3] App. B contains a list of witnesses who appeared at the hearing.

SUMMARY DATA

A summary of data collected in the investigation is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of seven firms that accounted for 100 percent of U.S. production of foundry coke during 2000. U.S. imports are based on the questionnaire responses received and other information supplied regarding the activities of seven firms that are believed to have accounted for 100 percent of U.S. imports of foundry coke during 2000.

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[1] On February 15, 2001, Sloss was added as a petitioner to the investigation.

[2] For purposes of this investigation, foundry coke is provided for in subheading 2704.00.00 of the HTS. All types of coke enter the United States free of duty from all sources.

I-1

THE PRODUCT

Physical Characteristics and Uses[3]

For purposes of this investigation, foundry coke is defined as coke larger than 100 mm (4 inches) in maximum diameter and at least 50 percent of which is retained on a 100-mm (4-inch) sieve, of a kind used in foundries. The subject product is covered by statistical reporting number 2704.00.0011 of the 2001 HTS.[4]

There are three subgroups of metallurgical coke: foundry coke, blast furnace coke, and other industrial coke, including both industrial coke and coke breeze. Foundry coke is the carbonized product used both as a fuel and as a source of carbon in a cupola furnace for the production of molten iron. Foundry coke, as a fuel, is used to melt scrap or pig iron with other compounds; it is also used as a source of carbon for the melted product. The molten iron is then used to make various cast products such as automotive engines. As a result, it is necessary for the foundry coke to have a good strength and low ash content. Blast furnace coke is a type of metallurgical coke used in an iron-making blast furnace for the production of steel. Blast furnace coke requires higher temperatures and shorter coking times than foundry coke and does not necessarily need to be of a uniform shape and/or size as does foundry coke. Also, unlike foundry coke, coals are usually not blended to produce blast furnace coke, nor does the blast furnace coke need to be screened. Industrial coke is defined as those products that are not used in blast furnaces or foundries, either because of the size, carbon content, or ash content. Finally, coke breeze is the fine screenings from crushed coke and is used predominantly as a fuel source in the process of agglomerating iron.

Manufacturing Process

Foundry coke is produced using one of two processes: the byproduct recovery process or the beehive process.[5] In the United States, foundry coke producers use the byproduct recovery process, in which coking coals are heated in a retort oven until the volatile materials burn off; the volatile materials are then collected for further processing. The retort ovens, also called slot ovens because of their shape, are constructed in batteries containing 10 to 100 ovens in series. The coking chambers alternate with heating chambers so each oven is heated on each side, with the coking process proceeding from the sides

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[3] Information in this section is derived from the Commission's 332 investigation on foundry coke (*Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407,* USITC Pub. 3323 (July 2000)) and from Anderson Jr., Nils: *North American Coke Today...Red Hot Coke for Red Hot Iron 1990.*

[4] Foundry coke of this description is the only type of coke for which separate data are gathered; a broader group of coke and semicoke of coal products is covered by statistical reporting number 2704.00.0025, while remaining goods of subheading 2704.00.00 fall in statistical number 2704.00.0050. Therefore, foundry coke's statistical reporting number (2704.00.0011) does not include industrial coke, which is generally under 4 inches. However, because of possible degradation during transit, most coke imported into the United States as foundry coke is actually a mixture of foundry and industrial coke. Respondents estimate that degradation averages 20-25 percent per shipment. Conference transcript, pp. 125 and 130. Petitioners believe that importers' degradation rate is overstated and that it is actually somewhere in the range of *** percent. See petitioners' postconference brief, p. 15.

[5] In the beehive process, which is used in China (there is no beehive production in the United States), crushed and blended coking coals are placed in a kiln lined with firebrick and ignited while restricting the air flow. The older dome-shaped ovens were usually built in single rows against an earthen bank or against another row of ovens. Coking time for foundry coke produced using the beehive process is about 8 to 11 days. Several ovens are also connected to a common chimney that is used to disperse the waste emissions directly into the atmosphere.

to the center of the oven. After the coking coals are loaded into the oven, it is heated to a range of 900° to 1,100°C, usually for 26 to 32 hours. As the coking process proceeds, pressure builds, forcing the volatile compounds out of the oven through "offtake" pipes to the collecting main, where they are treated and separated for further processing.

After the coking process is completed, the doors on both ends of the oven are opened and a ram placed in front of one opening pushes the foundry coke cake out the other side into a quenching car. At this point, the foundry coke has a temperature of about 1,000°C and must be cooled before further processing. In the United States, the most common method for cooling the foundry coke is wet quenching. In this operation, the quenching car containing the foundry coke proceeds to the quenching tower, usually located at the end of the battery, where the hot foundry coke is sprayed with water until cooled. The quenched foundry coke is then brought to the coke wharf, where it is deposited for further cooling. The wharf is sloped, so the foundry coke slides onto a conveyer belt at the bottom that moves the foundry coke to the screening and loading operations.

Once brought into service, a typical byproduct coke battery runs continuously. Although individual ovens may be cold idled for maintenance, such as silica brick replacement, a battery is only shut down as a last resort. Allowing a battery to cool results in significant damage to the ovens upon reheating. Batteries are occasionally "hot-idled," where the temperature is maintained but no coal is charged nor is coke produced.

All of the U.S. foundry coke producers also produce byproducts. Byproducts produced during the coking process are crude materials such as crude coal tar,[6] crude light oil,[7] and coke oven gas;[8] industrial coke (undersized foundry coke) and breeze are also produced during the coking process as well as during handling. Demand for some of the primary coke byproducts has declined, as these products can be produced more efficiently and less expensively from crude petroleum.

The majority of the coke oven batteries operating in the United States began operations in the 1940s and 1950s (table I-1). The equipment necessary for nearly all current U.S. foundry coke capacity has reached or is nearing the 35 year average acceptable lifespan for coke oven batteries. During the lifespan of these batteries, the industry has replaced, repaired, and/or retrofitted ovens, depending upon their condition, to comply with environmental regulations. As a result, these ovens are lasting longer than their original lifespan estimation. During the course of maintaining older ovens, the industry has developed various technologies, such as replacement of brick for the oven walls, sealing techniques, and coal-mixing techniques, which are expected to further increase the lifespan of these ovens.[9]

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[6] Crude coal tar is refined into tar acid oils, soft pitch, creosote oil, road tar, and other products.

[7] Crude light oil is a mixture of aromatic hydrocarbons (benzene, toluene, and xylenes), as well as thiophene, mercaptans, hydrogen sulfide, and hydrogen disulfide. Additional refining separates the higher valued aromatic hydrocarbons from the other chemicals.

[8] Coke oven gas, which in the United States is generally more important in operating the coke facility than as a product for sale, contains several components, with methane and hydrogen in the greatest proportion. These gases have approximately 50 percent of the heating value of natural gas and must be further processed before being used as a fuel. Within the foundry coking operations, the coke oven gas is used to produce electricity for plant operations or to heat the ovens. According to industry sources, coke producers consume about 90 percent of the coke oven gas produced.

[9] *Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407,* USITC Pub. 3323 (July 2000), p. 2-1.

Table I-1
U.S. foundry coke producers, 2000

Company	Location	No. of ovens per battery[1]	Start-up date of battery	Total capacity[2] *(1,000 metric tons)*	EPA track[3]
ABC	Birmingham, AL	78	1968	***	L
		25	1953		L
		29	1953		L
Acme	Riverdale, IL	([4])	1980	***	M
Citizens	Indianapolis, IN	47	1946	***	L
		41	1943		L
		72	1979		L
Empire	Holt, AL	40	1941	***	L
		20	1941		L
Erie	Erie, PA	23	1952	***	M
		35	1943		M
Sloss	Birmingham, AL	30	1952	***	L
		30	1956		L
		60	1956		L
Tonawanda	Tonawanda, NY	60	1962	***	M

[1] The ovens shown produce all coke, not just foundry coke.
[2] Compiled from data submitted in response to Commission questionnaires.
[3] The track selection under the provisions of the Clean Air Act: "M" refers to the MACT (Maximum Achievable Control Technology) Track and "L" refers to the LAER (Lowest Achievable Emissions Rate) Track. See the text for further information on track selections.
[4] In 1999, Acme converted 15 of its 100 blast furnace ovens to a test production of foundry coke.

Source: *Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407*, USITC Pub. 3323 (July 2000) p. 2-2, and responses to Commission questionnaires.

In 1999, the U.S. producers of foundry coke operated a total of 14 batteries with a combined total of 605 ovens,[10] with production concentrated near Birmingham, AL. The geographic location of the producers results from necessary proximity both to the location of foundries and the transportation infrastructure necessary to receive coal and to move the product from the production site to the end users. Foundry coke producers are located on established rail routes and within reasonable proximity to coal mines in West Virginia, Kentucky, Alabama, and Pennsylvania.

The Clean Air Act Amendments of 1990 (CAAA) imposed the first Federal emission control requirements on coke oven emissions as hazardous air pollutants, as part of the National Emissions Standards for Hazardous Air Pollutants (NESHAP).[11] As a result of the CAAA, the EPA promulgated regulations for a new two-track set of national emission standards;[12] the final regulations were published

[10] Acme's 15 ovens used to produce foundry coke during 1999 are included in the 605 ovens.

[11] Work practices for the control of employee exposure to coke emission limits are also subject to regulation by the U.S. Occupational Safety and Health Administration, 29 CFR 1910.1029. Unregulated releases exceeding 1 pound are also subject to release notification requirements under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or Superfund), 40 CFR 302.6.

[12] Since there is relatively high positive pressure within byproduct coke ovens during the coking process, the

(continued...)

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on October 27, 1993.[13] Under the CAAA, EPA was required first to promulgate technology-based standards and then to promulgate standards based on risk to human health. EPA issued final emissions standards for hazardous air pollutants based upon a Maximum Achievable Control Technology (MACT) or a Lowest Achievable Emission Rate (LAER) for all coke batteries.[14] Six emission points are subject to these standards: the charging operation, coke oven doors, topside lids, topside offtakes, collecting mains, and bypass/bleeder stacks. Both the MACT and LAER standards involve limits placed on charging time and the allowable percentage of leaking doors, lids, and offtakes at coke batteries. The LAER standards were issued for plants that sought more time to meet possibly even tougher standards based upon risks to human health that have yet to be issued.

Producers electing the MACT track were required to meet technology-based standards by December 31, 1995,[15] and must now meet emissions limits based upon a residual risk-based standard by January 1, 2003.[16] Producers opting for the LAER track were required to meet interim standards by November 15, 1993, and the LAER technology-based standards by January 1, 1998. The LAER-track option enabled these companies to defer compliance with the residual risk-based standards for their batteries until 2020.[17] In most cases, any new batteries that are constructed will have to meet stricter standards than do existing batteries. New batteries that add capacity at an existing plant will have to meet the standard for nonrecovery ovens. Construction of byproduct recovery ovens using a new technology will have to meet limits more stringent than the LAER limits.[18]

The foundry coke industry must also comply with the provisions for permits and licenses of the Clean Water Act.[19] A byproduct coke plant generates about 100 gallons of process wastewater per metric ton of coke produced; additional wastewater is sometimes generated from the quenching process and from runoff from the coal yard and plant site. The wastewater stream generally undergoes a biological treatment process at the foundry coke plants to lower the incidence of various contaminants to acceptable levels before it is released into the receiving waters. The EPA's effluent limitations guidelines and standards are industry-specific, technology-based standards that limit the amount of industrial wastewater pollutants being discharged into the receiving waters.[20] The specific emissions standards or permit requirements for each foundry coke operation depend upon the nature of the receiving waters. The installation of biological treatment plants and recent improvements in the ammonia removal process at the various coke operations have added to the cost of producing coke but also have improved the quality of the effluent flows from these facilities.

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[12] (...continued)
doors, lids, and offtakes tend to leak; the primary health concern relates to benzene and other known or suspected carcinogens that occur in coke oven gas. Emissions are measured by observing the percentage of doors, lids, and offtakes on a coke battery that are leaking. A specific procedure has been developed to determine compliance with qualitative emission limits for each of the points where leaks occur.

[13] 58 FR 57898, October 27, 1993.

[14] Ibid.

[15] Coke plants also had to meet work practice standards by November 15, 1993, regardless of the track selected.

[16] EPA is to issue the risk-based standards by October 27, 2001.

[17] The CAAA also requires the owner/operators of batteries on the LAER track to publicly disclose in 2002 the results of any residual risk assessment performed by EPA.

[18] 58 FR 57898, October 27, 1993.

[19] Federal Water Pollution Control Act of 1972 as amended in 1977, 1978, 1981, and 1987.

[20] EPA, "Effluent Guidelines, Iron and Steel Background," *http://www.epa.gov/ost/ironsteel/background.html,* retrieved May 19, 2000, p. 1.

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LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.[21] Petitioners argue for a single domestic like product consisting solely of foundry coke. Although respondents technically did not challenge petitioners' definition of a like product in the preliminary phase of investigation, they did suggest that should the like product be expanded to include both blast furnace coke and industrial coke "the evidence for a negative determination would be even more compelling."[22] They did not raise any like product issues in the final phase of the investigation. The following discussion summarizes the parties' arguments, made during the preliminary phase of the investigation, concerning the like product issue.

Blast Furnace Coke

Blast furnace coke is a type of metallurgical coke used in blast furnaces to produce molten iron, which is further refined and alloyed to make steel. Blast furnace coke is usually 1 to 3 inches in diameter and, according to respondents, is a stable product that is able to withstand abrasion and breaking during handling.[23] Both blast furnace and foundry coke are produced from metallurgical coals. Foundry coke is produced from a blend of coals, which distinguishes it from blast furnace coke which is not produced from blended coals.[24] Respondents argued that this results in only slight differences between the chemistries of blast furnace coke and foundry coke. According to respondents, the primary physical difference between blast furnace coke and foundry coke is size.[25]

Both blast furnace and foundry coke may be made in the same ovens, using the same production workers.[26] Respondents further asserted that all coke can and does use the same manufacturing facilities, production processes, and production employees. Some of the production equipment, as well as the coking time required for each type of coke, may vary. Respondents stated that blast furnace and foundry coke are somewhat interchangeable for certain end users, because almost all foundry end users of foundry coke obtain and use blast furnace coke in their operations when foundry coke breaks up into sizes smaller than 4 inches during the delivery process to the foundry.[27] Another source indicates, however, that blast furnace coke is only used in the production of steel and can not be used in foundry

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[21] 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) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

[22] Respondents' postconference brief, p. Q-6.

[23] Respondents' postconference brief, p. Q-8.

[24] Conference transcript, pp. 16 and 54. Hearing transcript, p. 69.

[25] Respondents' postconference brief, p. Q-8.

[26] Tonawanda, Citizens, and Sloss all make blast furnace coke in addition to foundry coke. *See* hearing transcript pp. 64, 68, and 70. *** and *** both make foundry and blast furnace coke in the same ovens, although they use different coals and coking times in order to do so. *** produces the two products in separate ovens, but did not rule out the possibility of using one oven for both products. (See phone interviews of October 23, 2000, and October 24, 2000).

[27] Respondents' postconference brief, p. Q-9.

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cupolas because of its smaller size.[28] Respondents suggested that blast furnace coke and foundry coke are both sold to end users who use coke in their production process. In general, blast furnace coke is sold to steel manufacturers while foundry coke is sold to foundries. Respondents asserted that while customers may perceive a difference between the cokes, that perception is based primarily on the size of the product. Finally, blast furnace coke is sold at a cheaper price than foundry coke.[29]

Petitioners countered that most foundry coke in the United States is produced by merchant coke producers, whereas most blast furnace coke is produced captively by domestic steel producers.[30] Although blast furnace coke and foundry coke can be produced in the same oven, petitioners state that these products require different production protocols and certain differences in equipment. For example, ABC has nine silos for blending coal to make foundry coke but would require only one silo to make blast furnace coke,[31] and ***.[32] Foundry and blast furnace coke have different physical characteristics, including different sizes and chemistries, and are produced from different coal blends.[33] Petitioners further stated that foundry and blast furnace coke have different end uses. Foundry coke is used in cupola foundries for the production of finished castings, while blast furnace coke is used in blast furnaces for the production of molten iron (sometimes called pig iron) that is further processed into steel; therefore, petitioners state that whereas foundry coke is used to produce a finished product (the casting), blast furnace coke is used to produce an intermediate product (pig iron).[34] Finally, end users perceive the products as being different, and the products are sold through different channels of distribution.[35]

Industrial Coke

Respondents define industrial coke as consisting of the undersized material (less than 4 inches) after the screening of blast furnace and foundry coke.[36] Industrial coke is used as a fuel in the production of rock wool, sugar beets, calcium carbide, and smelting lead.[37] Because industrial coke may be a byproduct of both foundry and blast furnace coke production, the primary difference between foundry coke and industrial coke, respondents claim, is the size of industrial coke rather than its chemical composition.[38] Given that industrial coke is undersized foundry coke, industrial coke uses the same

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[28] Anderson Jr., Nils: *North American Coke Today...Red Hot Coke for Red Hot Iron 1990*, pp. 42-44.

[29] Respondents' postconference brief, p. Q-11.

[30] Conference transcript, p. 56.

[31] Hearing transcript, pp. 64 and 69. Similarly, the screening process is reportedly entirely different and much more complicated for foundry coke compared to blast furnace coke. Ibid.

[32] Phone interview of October 23, 2000.

[33] Petitioners' postconference brief, p. 4.

[34] See hearing transcript, pp. 64-65. See also blast furnace coke conference transcript, pp. 18, 55, 66.

[35] Petitioners' postconference brief, p. 4.

[36] Degradation often results in imported foundry coke also containing industrial coke. USG Interiors believes that an antidumping order on foundry coke would effectively preclude imports of industrial coke from China because industrial coke imports generally enter the United States as a byproduct of imports of foundry coke, as foundry coke is defined in the petition. USG Interior's postconference brief, p. 2.

[37] Conference transcript, p. 151.

[38] Respondents' postconference brief, p. Q-8.

manufacturing facilities, production processes, and production employees.[39] Like blast furnace coke, respondents argued that industrial coke is somewhat interchangeable with foundry coke. Again, all three are forms of metallurgical coke and all are used primarily as a fuel source. However, industrial coke, because of its size, cannot be used in foundry production, and is generally only used in the production of non-foundry products, such as rock wool and smelting lead.[40] Respondents contended that on a basic level, industrial coke shares the same channels of distribution as foundry coke, both going to end users who use the coke in their production process. Industrial coke, however, is generally only sold to end users able to utilize less-than-4 inch coke, i.e., non-foundry users. Customers perceive differences between the three forms of metallurgical coke, but respondents argue that the perception is based primarily on the size of the product.[41] Finally, like blast furnace coke, industrial coke sells at a lower price than foundry coke.[42]

With respect to industrial coke, petitioners argued that while industrial coke is largely a byproduct of foundry coke production, it differs from foundry coke by size, end users, customer perception, and price.[43] Customers use industrial coke in different end uses, as mentioned above. Further, industrial coke prices range from *** to *** less per ton than foundry coke.[44]

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[39] Conference transcript, pp. 68-69.

[40] Ibid., pp. 151-152.

[41] Respondents' postconference brief, p. Q-9.

[42] Ibid., p. Q-11.

[43] Petitioners' postconference brief, p. 4.

[44] Ibid., p. 5.

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Most shipments of foundry coke by both producers and importers go directly to end users rather than distributors. During 1998-2000, between 92 and 95 percent of total annual shipments by producers were to end users with the remainder going to distributors. In the case of imports from China, *** shipments were to end users during 1998, *** percent were to end users in 1999, and *** percent were to end users in 2000.

U.S.-produced foundry coke is sold throughout the United States while imports from China are sold mainly in the eastern half of the country. Among U.S. producers, *** and *** both reported that they sell throughout the entire United States; *** sales are limited to the Midwest; *** sells primarily in the Southeast as well as some parts of the Midwest and West; *** sells principally in the Northeast and the Midwest, but will sell beyond these areas when it can be competitive; *** sells in the Southeast, the East Coast, and Texas; and *** principal market is the Northeastern United States. Among importers, *** reported that it mostly services foundries east of the Mississippi River and *** reported that it sells mainly within ***.

U.S. producers and importers were asked to estimate the percentages of their sales that occur within 100 miles of their storage or production facilities or U.S. shipping points, from 101 to 200 miles, from 201 to 500 miles, from 501 to 750 miles, from 751 to 1,000 miles, and over 1,000 miles from these facilities or shipping points. The data show that producers tend to ship their product longer distances within the United States than importers of Chinese material. For producers, the percentages of sales within a 100 mile radius ranged from 4 to 40 percent, the percentages for distances between 101 and 200 miles ranged from 9 to 51 percent, the percentages for distances between 201 and 500 miles ranged from 10 to 71 percent, the percentages for distances between 501 and 750 miles ranged from 5 to 30 percent, the percentages for distances between 751 to 1,000 miles ranged from 0 to 44 percent, and the percentage for distances over 1,000 miles ranged from 0 to 16 percent. For importers, the percentages of sales within a 100 mile radius ranged from *** to *** percent, the percentages falling between 101 and 200 miles ranged from *** to *** percent, the percentages for distances between 201 and 500 miles ranged from *** to *** percent, and the percentages for distances between 501 and 750 miles ranged from *** to *** percent. There were no importers' shipments for distances over 750 miles. The overall weighted average for producers was 24 percent for shipments within 100 miles, 20 percent for shipments between 101 and 200 miles, 28 percent for shipments between 201 and 500 miles, 11 percent for shipments between 501 and 750 miles, 9 percent for shipments between 751 and 1,000 miles, and 8 percent for shipments over 1,000 miles. The weighted average for importers was *** percent for shipments within 100 miles, *** percent for shipments between 101 and 200 miles, *** percent for shipments between 201 and 500 miles, and *** percent for shipments between 501 and 750 miles.

Lead times for delivery of foundry coke varied widely. In the case of U.S. producers they range from one day to two weeks. Among importers, ***.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of foundry coke to changes in price depends upon such factors as the existence of excess capacity, the levels of inventories in relation to shipments, the existence of export markets, and the ease of shifting facilities to the production of other products. The domestic capacity utilization rate ranged between 81 and 90 percent during 1998-2000. During the first

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quarter of 2001 it was 72 percent as compared to 85 percent during the first quarter of 2000. These rates suggest that the industry can expand output to some extent in response to price changes. The inventory and export data also suggest some flexibility in adjusting output in response to price changes. The ratio of end-of-period inventories to U.S. shipments ranged between 3.4 percent and 6.5 percent annually during 1998-2000. U.S. exports, which go principally to Canada and Mexico, ranged between *** percent and *** percent of total shipments annually during 1998-2000. During January-March 2001, they accounted for *** percent as compared to *** percent during January-March 2000. These data suggest that U.S. producers have limited ability to respond to changes in prices in the U.S. market by diverting foundry coke to or from the U.S. market.

The domestic industry has little flexibility in shifting its facilities from the production of foundry coke to other products. While five of seven U.S. producers reported that they produced varying amounts of blast furnace coke at the facilities where they make foundry coke, four of these firms are unable to readily shift to production of more blast furnace coke because of the age of existing foundry coke ovens. It is likely that the shorter coking times (more pushes during a cycle) required for blast furnace coke production would cause extensive damage to oven walls that could not be repaired.[1] In addition, the more pushes per day, the less likely it is that many of the plants could meet the provisions of the Clean Air Act.[2] Also, under the provisions of the Clean Air Act, permits for higher through-puts are capped and cannot be increased; for example, Tonawanda's operating permit is restricted to 25 percent maximum furnace coke production.[3] Finally, since producers have already spent substantial capital in coal-blending facilities, screening facilities, and other technologies specific to the production of foundry coke that are not needed to make blast furnace coke, they would probably be reluctant to shift

U.S. Demand

Demand Characteristics

Since foundry coke is used to make iron, the demand for foundry coke is a derived demand that depends upon the markets for foundry products. Major markets for these products include automotive parts, water and soil pipes, valves and hydrants, farm implements, oilfield castings, and others.

When asked how the overall demand for foundry coke has changed since January 1, 1998, all responding producers and importers said that demand has declined, although the reasons cited for the decline were varied. *** said that it is due to the recession in the manufacturing sector of the economy. *** said that demand has decreased as foundries have closed or shifted to electric melt operations. It said that environmental regulations have been the biggest cause of the decrease. *** said that demand remained basically flat from 1998 until the middle of 2000 when the economy slowed and the manufacturing sector experienced a continuing recession. *** also attributed reduced demand to other factors such as the auto industry substitution of lighter weight materials (aluminum, plastic, etc.) to improve vehicle mileage, the construction industry substitution of low cost materials (PVC plastic) in place of iron pipe fittings and valves, and the iron foundry industry net loss of cupola furnace melting capacity over time due to the substitution of electric furnace melting. *** all said that there has been a downturn in demand due to foundry closings and the shift to electric melting. *** and *** also stated that a softening economy since the fourth quarter of 2000 has further contributed to reduced demand.

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[1] *Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407*, Pub. 3323, (July 2000), p. 2-11, and conference transcript, p. 72.

[2] Conference transcript, p. 72.

[3] Conference transcript, p. 76.

*** attributed the declining demand to reduced auto production. *** said that demand had been growing through the fourth quarter of 2000, and then declined in the first quarter of 2001. It said that demand for foundry coke follows economic cycles.

Available data indicate that U.S. demand, as measured by apparent consumption of foundry coke, increased by 4.3 percent between 1998 and 1999 but then decreased in 2000 to 1.2 million metric tons, which was just slightly above the 1998 level. During the first quarter of 2001, apparent consumption was 11.8 percent below the level of the first quarter of 2000.

Substitute Products

Most questionnaire respondents stated that there are no close substitutes for foundry coke in making cast iron. Three producers and one importer stated that no substitutes exist. However, one producer stated that anthracite coal, silicon carbon, shredded tires, and tin cans might be used to some extent, even though some amount of coke would still be required. Another producer said that wasted carbon anodes may also be substituted. Still another producer and one importer stated that electric furnaces rather than cupola furnaces could be used to produce iron, thus eliminating the need for foundry coke. In the case of purchasers, 23 out of 31 responding firms said that no substitutes exist. Three purchasers said that electric furnaces could be substituted for cupola furnaces, and one said that any substitution would involve major costs and environmental issues.

Cost Share

Questionnaire respondents were asked to estimate the cost of foundry coke as a percentage of the final cost of end-use products that use it as an input. Responses by producers, importers, and purchasers all indicated that this cost share is relatively small. In most cases foundry coke was estimated to account for between 2 percent and 5 percent of the final cost of a range of products including auto parts, pipe and pipe fittings, valves, and sewer grates, and others.[4]

SUBSTITUTABILITY ISSUES

The degree of substitution between U.S.-produced and imported foundry coke depends upon such factors as relative price, quality, and conditions of sale. These factors are examined in this section.

Much of the information presented in this section was developed from questionnaire responses received from 31 purchasers. With the exception of ***, all of the purchasers are end users, with 13 firms producing auto and truck parts and most of the others producing less advanced products including pipes and fittings and municipal castings. The ratio of the combined purchases of foundry coke to apparent consumption by the 30 firms that provided annual estimates of their purchases in quantity terms was about 56 percent in 1998, about 69 percent in 1999, and about 67 percent in 2000.[5] Twenty-two of the purchasers bought some amount of Chinese-produced foundry coke during 1998-2000 and the first quarter of 2001. However, just three of the purchasers have shifted completely to imports from China.

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[4] In a few cases the cost share was higher. For example, ***, a purchaser that uses foundry coke in its secondary lead smelting, reported that foundry coke accounted for *** percent of the final cost of its unrefined lead.

[5] The purchaser data reported here cannot be precisely equated with the producer and importer shipment data used in computing apparent consumption, since the purchaser data includes some foundry coke that was bought from one or more distributors.

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Purchases of the Chinese product increased as a share of total purchases during the period, rising from minimal levels in 1998 to about 5 percent in 1999 and about 10 percent in 2000.[6]

Those purchasers that shifted their sources between U.S.-produced and import sources during the past three years were asked to discuss the reason for making the change.[7] *** and *** said that they shifted some of their business from the U.S. product to the Chinese imports because the price or cost was lower. *** said that it switched all of its purchases from the domestic product to imports from China because of their ready availability, high quality, and low price. Another purchaser, ***, also listed the high quality and low price of the imports as the reason for shifting completely to the Chinese-produced product. *** and *** both reported that they increased purchases of the imports because of lower inland shipping costs. *** said that it shifted much of its business to the Chinese product to promote more competition. *** said that it shifted some of its business to the Chinese product in December 1998 because of its lower price, but then shifted back to the domestic product in December 2000 as a result of the ongoing dumping investigation, and the possibility that dumping duties would be imposed.

Factors Affecting Purchasing Decisions

When purchasers were asked to list the three most important factors considered in choosing a supplier, quality, price, delivery, and availability were the leading considerations. Quality was ranked first more often than any other consideration. Of 31 responding purchasers, 16 consider quality to be most important, while price was ranked first by 5 purchasers (table II-1).

Table II-1
Foundry coke: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Responses of 31 firms		
	Number one factor	Number two factor	Number three factor
Quality	16	3	2
Price	5	13	10
Availability/delivery	1	6	13
Other[1]	9	9	6

[1] Other factors include meeting specifications, traditional supplier, reliability of supply, chemical and physical properties of material, and credit and contract terms.

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

[6] These data exclude purchases by one firm that was unable to separate purchases of imports from purchases of U.S.-produced foundry coke. This firm accounted for between *** and *** percent annually of the quantity of combined annual purchases of reporting firms during 1998-2000.

[7] Question II-2 in the purchasers' questionnaire.

In addition to the rankings, purchasers were also asked whether the lowest price for foundry coke would always, usually, sometimes, or never win a contract or sale when all specifications for the product have been met. Of the 31 purchasers that responded 8 selected always, 12 selected usually, 8 selected sometimes, and 3 selected never.

Comparisons of Domestic Products and Imports From China[8]

While U.S.-produced and imported foundry coke from China are sold to the same end-use customers, various factors such as physical differences in the products and other considerations may limit competition in some cases. These factors are discussed below.

Questionnaire responses from producers, importers, and purchasers indicate that Chinese-produced foundry coke has a lower carbon content than U.S.-produced foundry coke. When asked what percentage of the foundry coke that they sell has a carbon content of 92 percent or higher, all five U.S.-producers that responded to the question reported that the carbon content is always 92 percent or higher. In contrast, both Shook and U-Met reported that *** of their foundry coke has a carbon content below 92 percent.

Responses from purchasers also show that domestic and imported products have different physical characteristics. When asked if there are any differences in the size and chemistry of U.S.-produced foundry coke as compared to the Chinese-produced foundry coke, 19 of 31 purchasers reported that one or more differences exist. Twelve purchasers said that the imported product has a lower carbon content, 7 said that it contains more ash, 4 said that it is more dense, 2 said that it is harder, and 2 said that it contains more volatile matter than the U.S. product.

U.S. producers and importers were asked to determine the degree of interchangeability of U.S.-produced and imported foundry coke from China. Questionnaire respondents were asked whether products from the two sources are always, frequently, sometimes, or never used interchangeably. Among six producers that responded, four stated that the products can always be used interchangeably, and two stated that they can frequently be used interchangeably. Both importers said that the products can frequently be used interchangeably. *** said that the interchangeability is limited since some applications cannot use the higher ash, lower carbon imports from China. *** stated that Chinese foundry coke may require oxygen enrichment or hot blasting. *** said that shipping the coke from China causes breakage that normal users find unacceptable. *** said that Chinese coke has a lower fixed carbon content and higher density than domestic foundry coke. This means that slightly more must be used to overcome the lower fixed carbon content and that in some cases the user has trouble burning the denser coke. Also, because of the differences in density, the user must place more weight of Chinese coke at the bottom to reach the same coke bed height that is achieved with the domestic coke with less weight.

Questionnaire responses indicated that the majority of purchasers also view the U.S.-produced and imported products as largely interchangeable in use. When asked whether the domestic and Chinese foundry coke are used in the same applications, 23 of 24 purchasers that responded to the question answered yes.[9] Yes responses were provided by 11 of the 13 purchasers that make auto or truck parts. However, *** qualified its statement by noting that the use of the Chinese material carries a higher operating risk and cost. Of the 20 firms that discussed physical differences between the domestic and imported products, 18 firms said that the U.S.-produced and Chinese products are used in the same

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[8] There are no known imports of foundry coke from countries other than China.

[9] The one purchaser that answered no stated that it only uses U.S.-produced foundry coke. Similarly, the 7 firms that did not compare the domestic and imported products have never purchased any foundry coke from China.

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applications. These yes responses included 10 of the 12 firms that ranked the Chinese product lower in carbon content, 6 of the 7 firms that ranked it higher in ash content, all 4 firms that consider it more dense, both firms that consider it harder, and both firms that say that it has more volatile matter.

U.S. producers and importers were also asked to evaluate the significance of differences other than price between domestic and imported foundry coke from China. Again, they were asked to state whether the differences were always, frequently, sometimes, or never significant. Among the six producers that responded, one stated that the differences are frequently significant, one stated that they are sometimes significant, and four stated that they are never significant. Among importers, ***. ***.

Purchasers were also asked to compare U.S.-produced foundry coke with imported foundry coke from China in selected characteristics, noting whether the domestic product was superior, comparable, or inferior to the imports. The characteristics chosen were availability, delivery terms, delivery time, discounts offered, minimum quantity requirements, packaging, product consistency, product quality, product range, reliability of supply, technical support/service, transportation, and price (table II-2). Twenty-six purchasers provided comparisons in all or most of the categories. China was ranked superior by a majority of purchasers in price, and the United States was ranked superior by a majority of purchasers in technical support. For all other categories the countries were ranked comparable by a majority of purchasers.

ELASTICITY ESTIMATES

This section discusses the elasticity estimates that have been used in the COMPAS analysis that is described in appendix D.

U.S. Supply Elasticity[10]

The domestic supply elasticity for foundry coke measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of foundry coke. This elasticity depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, the producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced foundry coke. The earlier analysis of these factors indicates that the U.S. industry is likely to be able to increase or decrease shipments to the U.S. market; the elasticity is estimated to be in the range of 5 to 10.

The petitioners have agreed that the supply elasticity is high, but argue that it should be slightly lower than the staff estimate, falling in the range of 4 to 6. In their view, an estimate in the range of 5 to 10 is too high because it would preclude any significant price effects of LTFV imports. This is because with a highly elastic supply curve a reduction in demand for the domestic product due to import competition would result in a very small decline in price. They argue that they have already observed definite price depression in the industry due to import competition. While it is likely that the supply elasticity is near the low range of the estimates, the existence of important export markets (Canada and Mexico) suggest that the elasticity could also be higher.

[10] A supply function is not defined in the case of a non-competitive market.

Table II-2
Foundry Coke: Comparisons between U.S.-produced and imported products from China as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior[1]	Comparable	U.S. inferior
Availability	6	19	1
Delivery terms	3	21	2
Delivery time	8	16	2
Discounts offered	2	14	9
Lowest price[1]	1	4	21
Minimum quantity requirements	3	18	5
Packaging	1	22	1
Product consistency	3	17	5
Product quality	8	13	5
Product range	2	20	2
Reliability of supply	10	15	1
Technical support/service	15	8	3
Transportation network	7	17	1
U.S. transportation costs	1	17	7

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that the U.S. price is generally lower than the Chinese price.

Note.–Not all firms reported comparisons for discounts offered, packaging, product consistency, product range, transportation network, and U.S. transportation costs.

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

U.S. Demand Elasticity

The U.S. demand elasticity for foundry coke measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of foundry coke. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the foundry coke in the production of any downstream products. Based on the available information, the aggregate demand for foundry coke is likely to be relatively inelastic, falling in the range of -0.1 to -0.5.

In their prehearing brief, the petitioners agreed that the demand is relatively inelastic, but argued that the elasticity is near the low end of the range of the staff estimate because foundry coke constitutes a very small share of the final cost of the automobiles or construction projects that use foundry-produced iron products, and because there are few substitutes for foundry coke (and downstream foundry products)

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in most applications.[11] Therefore, they estimated that the demand elasticity is between -0.1 and -0.2. The evidence does indicate that the elasticity is likely to be near the low level that the petitioners have suggested because of the low cost share of foundry coke as an input in final products, and the lack of close substitutes. However, since the production process for iron can be changed by substituting electric arc furnaces for cupola furnaces and thus eliminating the need for foundry coke, an elasticity estimate of -0.5 for the upper end of the range still appears to be reasonable.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported foundry cokes.[12] Product differentiation, in turn, depends upon such factors as quality (e.g., size, chemistry, etc.) and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced foundry coke and imported foundry coke is likely to be in the range of 3 to 5.

The petitioners have argued that the elasticity should be higher since there are no significant product mix or quality differences between the U.S.-produced and imported products. Therefore, they have recommended an estimate in the range of 6 to 10. While questionnaire evidence does indicate that the U.S.-produced and imported foundry coke are generally comparable in quality and often compete for sales with the same customers, other questionnaire evidence indicates that the Chinese-produced coke consistently differs from the domestic product in factors such as carbon and ash content and density, and that these characteristics frequently influence purchasing decisions. In addition, information in questionnaire responses and comments provided at the hearing indicate that some purchasers are not willing to use Chinese-produced coke despite its lower price.[13] Therefore, it is unlikely that the substitution elasticity is as high as the levels suggested by the petitioners.

[11] The petitioners' discussion of elasticities is presented in exhibit 2 of their prehearing brief.

[12] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

[13] Hearing transcript, p. 162.

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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 margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of seven firms that accounted for 100 percent of U.S. production of foundry coke during 2000.[1]

U.S. PRODUCERS

The seven U.S. producers, ***, their plant locations, and quantities and shares of 2000 production are summarized in the following tabulation:

Firm name	Plant locations	Production	
		Quantity (*metric tons*)	Share of total (*percent*)
ABC	Birmingham, AL	***	***
Acme	Chicago, IL	***	***
Citizens	Indianapolis, IN	***	***
Empire	Birmingham, AL	***	***
Erie	Erie, PA	***	***
Sloss	Birmingham, AL	***	***
Tonawanda	Tonawanda, NY	***	***
Total		1,137,585	100.0

ABC, the *** producer of foundry coke in the United States, is a wholly-owned division of Drummond, and is a petitioner in this investigation. Besides foundry coke, which it produces in 132 ovens, ABC also produces tar, light oil, and sulphate and coke oven gas as byproducts of its foundry coke production at its Birmingham facility.[2] ***.

Citizens is the *** producer of foundry coke in the United States, producing the product in 160 ovens. Citizens also produces blast furnace coke,[3] industrial coke, coal tar, coke oven gas, and sulfur and light oil. Blast furnace coke accounts for *** percent of Citizens' sales in its most recent fiscal year. Citizens is a petitioner in this investigation.

Empire is a wholly-owned subsidiary of McWane, Inc., of Birmingham, AL. Empire produces special foundry products, such as blacking, seacoal, and fireclay, accounting for *** percent of its sales in its most recent fiscal year, as byproducts of its foundry coke production in its 60 ovens. Empire has

[1] Koppers ceased foundry coke operations in 1997.

[2] ***.

[3] Citizens is able to produce blast furnace coke because of its Title 5 operating permit under the Clean Air Act. Conference transcript, p. 76.

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also purchased Chinese foundry coke ***.[4] ***. Empire, a small operating division of McWane, Inc. whose primary business is the foundry industry, ***.[5]

Erie and Tonawanda share a common owner, J.D. Crane, and are operated by a common president, Robert Bloom.[6] However, these two firms are and act as separate entities. Erie produces less-than-4-inch industrial coke as well as crude coke oven tar as byproducts of its foundry coke production in its 58 ovens. Less-than-4-inch coke accounted for *** percent of Erie's sales in its most recent fiscal year. Tonawanda also produces blast furnace coke and industrial coke of less than 4 inches, which together accounted for *** percent of its sales in its most recent fiscal year, as well as tar and light oil in its 60 ovens. Both Erie and Tonawanda are petitioners in this investigation.

Sloss, a wholly-owned subsidiary of Walter Industries, produces both foundry and blast furnace coke at its Birmingham plant in 120 ovens. In its most recent fiscal year, blast furnace coke accounted for *** percent of Sloss' sales. Sloss, *** in the preliminary phase of investigation, is now a petitioner.

Acme, the newest *** producer, began production of foundry coke on a test basis in 1999 in 15 of its 100 ovens. Its production of foundry coke accounted for *** percent of all of its coke production, while its production of blast furnace coke ***. Acme *** the petition.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

As shown in table III-1, U.S. capacity for producing foundry coke increased while production decreased, resulting in declining capacity utilization rates from 1998 to 2000.[7] Total foundry cokemaking capacity in the United States increased during 1998-2000, primarily because of capital investments made by the foundry coke industry to retrofit, maintain, and improve efficiencies of aging batteries. The majority of the coke oven batteries operating in the United States began operations in the 1940s and 1950s. Nearly all equipment necessary for current U.S. foundry coke capacity has reached or is nearing the 35 year average acceptable lifespan for coke oven batteries. During the lifespan of these batteries, the industry has replaced, repaired, and/or retrofitted ovens, depending upon their condition, to comply with environmental regulations. As a result, these ovens are lasting longer than their original lifespan estimation. However, during 1998-2000, capacity utilization rates declined as more ovens were hot idled in response to declining shipments.

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[4] *See* conference transcript pp. 106-108 and hearing transcript p. 163. Empire's purchases accounted for *** and *** percent of ***'s imports in 1999 and 2000, respectively, and ***.

[5] Respondents have suggested that Empire be excluded from the domestic industry based on its purchases of imported foundry coke. *See* U.S. importers postconference brief at Q-12. (Respondents have *** for these purchases.)

[6] Phone interview with ***, June 12, 2001; conference transcript pp. 33-34; hearing transcript p. 36.

[7] Respondents suggested that capacity utilization rates are somewhat misleading because they do not take into account the byproducts, such as industrial coke, that are often produced as a result of the foundry coke production process. They further contend that utilization rates should be higher as the domestic producers are able to recycle some of their byproducts back into the production process. Respondents' postconference brief, pp. 35-36.

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Table III-1
Foundry coke: U.S. production 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 (*metric tons*)[1]	1,380,271	1,395,609	1,403,184	347,353	356,620
Production (*metric tons*)	1,236,785	1,235,246	1,137,585	295,341	257,338
Capacity utilization (*percent*)[1]	89.6	88.5	81.1	85.0	72.2

[1] Revisions to capacity and capacity utilization since the prehearing report are because of ***.

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

U.S. PRODUCER'S DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

Total U.S. shipments steadily declined in quantity, value, and unit value from 1998 to 2000 by 10.5, 12.4, and 2.1 percent, respectively, as shown in table III-2. Open-market U.S. shipments also decreased in quantity, value, and unit value during 1998-2000, by ***, ***, and *** percent, respectively. Total U.S. shipments and open-market U.S. shipments continued to decline in quantity, value, and unit value in January-March 2001 compared to January-March 2000. Reported transfer shipments, made by *** to related pipe foundries in the United States, also were lower in quantity, value, and unit value in 2000 compared to 1998, but increased in quantity and value in interim 2001 compared to interim 2000. The unit value disparity between open-market shipments and transfer shipments grew from $*** in 1998 to $*** per ton in 2000. Transfer shipments accounted for *** percent of total shipments in 2000. Export shipments, which accounted for *** percent of total shipments in 2000, increased between 1998 and 1999 and then decreased in 2000 to below the 1998 level.

*** accounted for *** percent of export shipments in 2000. Canada, Mexico, and Central America were identified as the principal export markets.[8]

U.S. PRODUCERS' PURCHASES

Data on U.S. producers' purchases (other than direct imports), are presented in table III-3.

U.S. PRODUCERS' INVENTORIES

U.S. end-of-period inventories of foundry coke steadily rose by 71.7 percent during 1998-2000, and by 20.0 percent in interim 2001 compared to interim 2000 (table III-4). As a result, the ratio of inventories to production, inventories to U.S. shipments, and inventories to total shipments all increased over the period for which data were collected.

[8] U.S. foundry coke is less dense than Chinese coke and is unsuitable for overseas transportation. Trip report (ABC), p. 2.

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Table III-2
Foundry coke: 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 (*metric tons*)		
Open-market U.S. shipments	***	***	***	***	***
Captive U.S. shipments	***	***	***	***	***
Total U.S. shipments	1,143,572	1,113,350	1,023,128	275,542	248,046
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
			Value (*1,000 dollars*)		
Open-market U.S. shipments	***	***	***	***	***
Captive U.S. shipments	***	***	***	***	***
Total U.S. shipments	207,750	200,681	181,965	49,545	43,252
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
			Unit value (*per metric ton*)		
Open-market U.S. shipments	***	***	***	***	***
Captive U.S. shipments	***	***	***	***	***
Average U.S. shipments	181.67	180.25	177.85	179.81	174.37
Export shipments	***	***	***	***	***
Average shipments	***	***	***	***	***

Note.–Because of rounding, figures may not add to the totals shown.

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

Table III-3
Foundry coke: U.S. producers' purchases (other than direct imports), by sources, 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

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Table III-4
Foundry coke: U.S. producer's end-of-period inventories, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
EOP inventories *(metric tons)*	38,877	54,899	66,771	47,436	56,926
Ratio to production *(percent)*	3.1	4.4	5.9	4.0	5.5
Ratio to U.S. shipments *(percent)*	3.4	4.9	6.5	4.3	5.7
Ratio to total shipments *(percent)*	***	***	***	***	***

Note.–January-March inventory ratios are annualized.

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

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

As with production and shipments, U.S. employment data for foundry coke trended downward during 1998-2000 and in interim 2001 compared to interim 2000, resulting in a decline in overall employment of 52 and 101 production and related workers (PRWs), respectively (table III-5). Hours worked also steadily declined during 1998-2000 and in interim 2001 compared to interim 2000. Wages paid and hourly wages increased from 1998 to 2000 by 9.6 and 11.3 percent, respectively, resulting in a *** per metric ton increase in unit labor costs in 2000 compared to 1998.

Table III-5
Foundry coke: Average number of PRWs, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1998-2000, January-March 2000, and January-March 2001[1]

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
PRWs[1] *(number)*	1,094	1,076	1,042	1,078	977
Hours worked[1] *(1,000)*	2,392	2,380	2,354	607	530
Wages paid[1] *($1,000)*	43,379	43,562	47,528	10,887	9,775
Hourly wages	$18.14	$18.30	$20.19	$17.94	$18.44
Productivity[1] *(metric tons per 1,000 hours)*	517.1	***	***	***	***
Unit labor costs[1] *(per metric ton)*	$35.07	***	***	***	***

[1] ***.

Note.–Productivity and unit labor costs are calculated using data of firms providing both employment and production information.

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

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

U.S. IMPORTERS

The Commission sent questionnaires to 10 firms believed to be importers of foundry coke; of these, six firms supplied usable data on the activities of seven importers.[1] The firms that supplied usable data, ***, are believed to have accounted for all imports of foundry coke in 2000.[2]

Because foundry coke is easily damaged in transit, making degradation a major concern, most importers of foundry coke are located within a 100-mile radius of their clients.[3] *** imported Chinese foundry coke in 1998 and shipped it to other companies. ***, which exited the foundry coke importation business in 2000, is located in ***.[4] After *** exited the import business, the Chinese supplier, ***, *** and made an import shipment[5] in 2000 of *** metric tons on behalf of ***. Also in 2000, *** imported *** metric tons[6] of foundry coke from China which it has been selling by the truck load to several companies.[7]

Shook receives ***. U-Met services ***. ***.

U.S. IMPORTS

Imports of foundry coke by *** are shown in table IV-1.[8]

APPARENT U.S. CONSUMPTION

Data on U.S. consumption of foundry coke, as shown in table IV-2, are based on U.S. producers' and importers' total U.S. shipments.

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[1] Information on imports by *** was supplied by ***. Although the Commission received a questionnaire response from *** during the preliminary phase of the investigation, respondents informed the Commission that *** is only a broker. ***. *** and *** reported that they did not import foundry coke.

[2] Currently, the only country exporting foundry coke to the United States is China. Respondents believe that this is because only Chinese foundry coke can endure being shipped without facing severe degradation. Foundry coke from other sources, such as the EU or Japan, is too brittle and would not be commercially viable once it reached the United States. *See* conference transcript, p. 127.

[3] Conference transcript, p. 97. This applies to the importer's warehouses in the case of Shook.

[4] No U.S. producer imported foundry coke from China during the period for which data were collected. ***, however, did purchase Chinese foundry coke from *** in ***.

[5] ***. Staff conversation with ***, August 15, 2001.

[6] ***.

[7] Information concerning *** was supplied by *** in staff phone conversations on August 2, 2001, August 14, 2001, and August 15, 2001.

[8] Respondents contend that U.S. import figures by quantity may be misleading because of the degradation which occurs between the Chinese port, where the reported imports are measured, and the U.S. port. U-Met and Shook both report degradation rates averaging roughly 20 percent. The degraded foundry coke is often sold off as industrial coke for different end uses. (*See* conference transcript, pp. 137, 125.) Petitioners believe that the importers' degradation rate is overstated and that it is actually somewhere in the range of *** percent. *See* petitioners' postconference brief, p. 15. ***.

Table IV-1
Foundry coke: 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 (*metric tons*)		
China	***	119,649	146,785	33,455	0
Other sources	0	0	0	0	0
Total	***	119,649	146,785	33,455	0
			Value (*1,000 dollars*)[1]		
China	***	13,307	15,832	3,605	0
Other sources	0	0	0	0	0
Total	***	13,307	15,832	3,605	0
			Unit value (*per metric ton*)[1]		
China	***	$111.22	$107.86	$107.77	(2)
Other sources	(2)	(2)	(2)	(2)	(2)
Average	***	111.22	107.86	107.77	(2)
			Share of quantity (*percent*)		
China	100.0	100.0	100.0	100.0	(2)
Other sources	0	0	0	0	(2)
Total	100.0	100.0	100.0	100.0	(2)
			Share of value (*percent*)		
China	100.0	100.0	100.0	100.0	(2)
Other sources	0	0	0	0	(2)
Total	100.0	100.0	100.0	100.0	(2)

[1] Landed, duty-paid.
[2] Not applicable.

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

U.S. MARKET SHARES

Market shares for foundry coke, based on U.S. producers' shipments and U.S. importers' U.S. shipments, are presented in table IV-3. The importers' share increased from 1.0 percent in 1998 to 11.5 percent in 2000.

IV-2

Table IV-2
Foundry coke: U.S. shipments of domestic product, U.S. shipments of 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 (*metric tons*)				
U.S. producers' open market shipments	***	***	***	***	***
U.S. transfer shipments	***	***	***	***	***
U.S. total shipments	1,143,572	1,113,350	1,023,128	275,542	248,046
U.S. shipments of imports from--					
China	11,212	91,323	132,747	25,628	17,463
Nonsubject sources	0	0	0	0	0
All sources	11,212	91,323	132,747	25,628	17,463
Apparent U.S. consumption	1,154,784	1,204,673	1,155,875	301,170	265,509
	Value (*1,000 dollars*)				
U.S. producers' open market shipments	***	***	***	***	***
U.S. transfer shipments	***	***	***	***	***
U.S. total shipments	207,750	200,681	181,965	49,545	43,252
U.S. shipments of imports[1] from--					
China	1,529	12,218	18,691	3,746	2,754
Nonsubject sources	0	0	0	0	0
All sources	1,529	12,218	18,691	3,746	2,754
Apparent U.S. consumption	209,279	212,899	200,656	53,291	46,006

[1] F.o.b. U.S. port of entry.

Note.–Because of rounding, figures may not add to the totals shown.

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

IV-3

Table IV-3
Foundry coke: Apparent 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 (*metric tons*)		
Apparent consumption	1,154,784	1,204,673	1,155,875	301,170	265,509
			Value (*1,000 dollars*)		
Apparent consumption	209,279	212,899	200,656	53,291	46,006
			Share of quantity (*percent*)		
U.S. producers' U.S. shipments	99.0	92.4	88.5	91.5	93.4
U.S. shipments of imports from--					
China	1.0	7.6	11.5	8.5	6.6
Nonsubject countries	0.0	0.0	0.0	0.0	0.0
All countries	1.0	7.6	11.5	8.5	6.6
			Share of value (*percent*)		
U.S. producers' U.S. shipments	99.3	94.3	90.7	93.0	94.0
U.S. shipments of imports from--					
China	0.7	5.7	9.3	7.0	6.0
Nonsubject countries	0.0	0.0	0.0	0.0	0.0
All countries	0.7	5.7	9.3	7.0	6.0

Note.–Because of rounding, figures may not add to the totals shown.

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

IV-4

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The raw material for foundry coke is coal. The price of the coal varies with the rank of coal used; generally a high quality (low sulfur, high carbon) bituminous coal is preferred.[1] Raw material costs accounted for an industry average ranging from *** percent to *** percent annually of the total operating costs for producing foundry coke during 1998-2000.

Transportation Costs to the U.S. Market

Ocean transportation costs for foundry coke shipped from China to the United States are estimated to be approximately 20 percent of the customs value of the product. These estimates are derived from official import data and represent the transportation and other charges on imports.[2]

U.S. Inland Transportation Costs

Transportation costs of foundry coke for delivery within the United States are often substantial, although these costs vary from firm to firm. Five U.S. producers that estimated the costs reported that they accounted for between *** and *** percent of the total delivered price of foundry coke to customers. A sixth producer stated that the costs amount to *** percent of its delivered price. In the case of importers, *** reported that U.S. inland transportation costs range from *** to *** percent of the delivered price, and *** reported that they account for *** to *** percent. Purchasers that buy foundry coke on an f.o.b. basis were also asked to estimate the U.S. inland transportation costs to their establishments as a percentage of their total price. For the 21 purchasers that answered this question, the reported costs ranged from 2 to 30 percent of the total delivered price. For the majority of purchasers the costs exceeded 10 percent of the delivered price.

Exchange Rates

The Chinese currency, the yuan, has consistently been pegged to the U.S. dollar since January 1, 1994. Therefore, the U.S. and Chinese currencies have been constant in relation to each other throughout the period January 1998 through March 2001.

PRICING PRACTICES

Prices of foundry coke are determined in a number of ways. *** said that market conditions determine price. *** stated that all of their sales are on a transaction-by-transaction basis. *** and *** also said that they seek to be competitive on a delivered basis in a given geographic area with competing

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[1] Ranks of coal include bituminous, anthracite, lignite, and sub-bituminous.

[2] The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports for the year 2000 and then dividing by the customs value. Since the imports under HTS numbers 2704.00.0010 and 2704.00.0011 may contain blast furnace coke in addition to foundry coke, the estimates are not for foundry coke alone.

U.S. producers. *** said that it uses price lists, and negotiates on a transaction-by-transaction basis for its smaller sales, but sells on a contract basis for larger transactions. *** said that for contract sales, prices are negotiated and established for one year, while for spot sales the purchase order price is established by competitive market factors.

*** said that in the case of a new customer the company examines market alternatives and then tries to determine how much incentive or discount it must offer to get the customer to change its existing supplier. In the case of an existing customer, *** said that it examines market alternatives and prices accordingly.

U-Met sells on either a wholesale or retail basis. The wholesale customers receive a lower price than the retail customers in return for accepting material that has not been screened,[3] for making a significant down payment when the vessel is loaded in China, and for agreeing to accept a large quantity of material upon vessel arrival. U-Met retail customers pay more because U-Met screens and inventories their material.[4]

Sales Terms and Discounts

Discount policies on sales of foundry coke vary widely.[5] *** reported that it gives discounts to large-volume customers and also offers discounts to meet the delivered prices of its domestic competitors. *** said that its prices are dependent upon the market due to the availability of Chinese Coke. *** stated that they do not provide discounts. *** provides discounts to customers that give the company all of their business or that agree to buy a certain percentage of their material annually from ***. *** offers discounts for large-volume sales on a negotiated basis. *** and *** provide volume discounts to their largest customers.

The majority of sales of U.S.-produced foundry coke are on a contract basis, while imported coke from China is commonly sold on either a contract or spot basis. Six of seven producers reported that contract sales accounted for between 65 and 100 percent of total sales. ***. Among importers, *** reported that contract sales make up between *** and *** percent of its sales, while *** reported that they account for *** percent.

Contract terms for foundry coke are varied. Among the six U.S. producers that sell under contract, contract periods are typically for one to three years, although they may be as long as five years in some cases. The contracts commonly remain in force at least one year before any renegotiations occur. All six producers reported that prices are normally fixed during the contract period, and *** and *** said that quantities are also fixed. *** and *** also reported that their contracts contain meet-or-release provisions, but both stated that these provisions have never been invoked.[6] When asked whether the contracts have a standard quantity requirement, *** reported that their contracts all have minimum percentage requirements, *** stated that its contracts have these requirements in certain cases, and *** reported that quantity requirements were stated in each contract and could vary. *** said that their contracts do not have quantity requirements.

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[3] The screening process is undertaken to eliminate coke that is below acceptable size levels.

[4] *See* hearing transcript pp.145-146 (testimony of Charles W. Knapp, President, U-Met).

[5] ***.

[6] A survey of the 31 purchasers that provided questionnaires indicated that most contracts for foundry coke do not contain meet-or-release provisions. In the few cases where the provisions were reported, they were invoked only rarely if at all. None the purchasers reported using the provisions to negotiate lower prices during contract periods.

U.S. importers' contracts vary in duration from *** to *** and are generally renegotiated within ***. Reported contract terms were similar, with both the quantity and the price fixed. Also, U-Met reported that its contracts ***.[7] Shook reported that its contracts ***.

Contracts accounting for a large percentage of U.S. producers sales are due to be renewed or renegotiated during the remainder of 2001 and during 2002.[8] Altogether, the reported contracts that are due to be renewed during this period involve annual quantities amounting to well over half of the total quantity of U.S. industry shipments during 2000. *** reported that it has *** contracts in effect where prices are due to be renegotiated during the remainder of 2001 or during 2002. These contracts involve a total of *** metric tons annually, an amount equal to about *** percent of the quantity of *** U.S. shipments during 2000. The *** contract alone involves *** metric tons annually, or *** percent of *** U.S. shipments in ***. *** price of *** per metric ton for the contract has been in effect since *** and is due to remain firm until ***. *** reported that it has *** contracts due to be renewed during 2001 and 2002. These contracts involve a total of *** metric tons, an amount equal to about *** percent of its U.S. shipments during 2000. *** have *** contracts involving *** metric tons that are due to renewed in 2001 and 2002. These quantities were equal to *** percent of *** U.S. shipments in 2000. *** contracts that are due to be renewed during 2001 or 2002.

PRICE DATA

The Commission asked U.S. producers and importers of foundry coke to provide quarterly data for the total quantity and value of foundry coke that was shipped to unrelated customers in the U.S. market during January-March 1998 through January-March 2001 under the following product category:

> Coke larger than 100 mm (4 inches) in maximum diameter, at least 50 percent of which is retained in a 100-mm (4-inch) sieve, of a kind used in foundries.

All U.S. producers and two importers, ***, provided complete pricing data for sales of the subject product.[9] Three other importers that sold Chinese-produced foundry coke during the period for which data were collected did not provide any quarterly prices.[10] Price data reported by producers consistently accounted for between *** and *** percent of all commercial shipments by U.S. producers during 1998-2000 and the first quarter of 2001. The data provided by the importers accounted for *** percent of commercial shipments of imports in 1998, *** percent in 1999, *** percent in 2000, and *** percent in the first quarter of 2001.

Price Trends and Margins of Underselling

Quarterly weighted-average prices of U.S.-produced and imported foundry coke from China from producer and importer questionnaires are shown in table V-1 and figure V-1 for 1998-2000 and January-March 2001. The data show that prices of the domestic product trended down slightly during the period from January-March 1998 through the first quarter of 2001. Import prices fluctuated during

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[7] It said that ***.

[8] A more detailed discussion of the contracts of petitioning firms is presented in the petitioners' posthearing brief (pp. A-13 through A-16 and exhibit 3). In addition to the information from these petitioning firms, the staff also contacted *** to obtain information concerning its future contracts. However, *** of *** said ***.

[9] The *** prices were not used because of some inconsistencies in the data.

[10] These companies include ***.

Table V-1
Foundry coke: Weighted-average f.o.b. prices and quantities of product[1] shipped by U.S. producers[2] and importers, and margins of underselling, by quarters, January 1998-March 2001

Period	United States		China		
	Price (*per metric ton*)	Quantity (*metric tons*)	Price (*per metric ton*)	Quantity (*metric tons*)	Margin (*percent*)
1998:					
January-March	$182	256,954	***	***	***
April-June	183	246,316	***	***	***
July-September	184	238,042	***	***	***
October-December	182	236,397	***	***	***
1999:					
January-March	182	244,293	***	***	***
April-June	182	252,155	***	***	***
July-September	181	238,192	***	***	***
October-December	181	224,597	***	***	***
2000:					
January-March	180	240,003	***	***	***
April-June	180	232,343	***	***	***
July-September	179	216,862	***	***	***
October-December	179	184,485	***	***	***
2001:					
January-March	177	199,818	***	***	***

[1] Coke larger than 100 mm (4 inches) in maximum diameter, at least 50 percent of which is retained in a 100-mm (4-inch) sieve, of a kind used in foundries.

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

Figure V-1
Foundry coke: Weighted-average f.o.b. prices of sales by U.S. producers and importers, by quarters, January 1998-March 2001

* * * * * * *

V-4

the 13-quarter period; however, they were higher in all quarters in 1998 than in any later quarters. The data in the table show that prices of imports from China were below U.S. prices in all quarters, with margins of underselling ranging from *** percent to *** percent. However, annual shipment data for Chinese imports show that the underselling of foundry coke was likely greater than these margins show. The unit value of U.S. commercial shipments of imported coke from China was *** in 1998, *** in 1999, *** in 2000, and *** in the first quarter of 2001. With the exception of 2001, these unit values were consistently well below the per-unit prices of U.S. commercial shipments of imports for *** shown in the table. For importers not reporting quarterly prices, the average unit value per metric ton of shipments for *** was ***, the average unit value for *** was ***, and the average unit value for *** was ***.

Price Leadership

When asked to name an industry price leader for foundry coke during 1998-2000 and January-March 2001, 19 purchasers listed one or more companies, while nine others were not able to identify a price leader, or did not believe that a leadership pattern exists.[11] In the majority of cases where price leadership was identified, U.S. producers were listed, although importers were mentioned in a few cases. Among U.S. producers, Citizens was listed by eight purchasers and ABC was listed by seven, while Acme, Erie, and Tonawanda were each mentioned twice, and Empire and Sloss were each mentioned once. Among importers, Shook was listed twice and Koch and U-Met were each listed once. One purchaser said that Shook had displaced both ABC and Erie as the industry leader.

When asked whether the price leaders generally lead prices up or down, the few purchasers that responded to the question indicated that the larger U.S. producers generally lead prices upward, while Acme, the newest U.S. producer, and importers lead prices downward. Two firms said that Citzens has tended to increase prices. Another said that ABC and Erie have raised prices annually. A third purchaser said that ABC and Sloss raised prices in July 1999, but reduced them slightly in 2001. Two purchasers reported that Acme has reduced prices, and two purchasers stated that Shook has lead prices downward.

LOST SALES AND LOST REVENUES

The Commission asked U.S. producers of foundry coke to report any instances of lost sales or revenues that they experienced due to competition from imports from China. During the preliminary and final phase of the investigation, five producers reported more than 30 instances where they lost sales due to import competition and more than 30 instances where they had to reduce prices or roll back announced price increases.[12] The lost sales allegations involved 144,000 metric tons of foundry coke valued by producers at $27.1 million. The lost revenues allegations involved 226,000 metric tons of material valued by producers at $5.7 million. The staff contacted purchasers to investigate these allegations.[13] [14]

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

[12] In some instances the results of checking the lost sales allegations differ from the results reported in the preliminary phase of the investigation because of additional information that has been received.

[13] During the hearing the respondents argued that the Commission staff did not follow the usual procedures in investigating the lost sales and lost revenue allegations. They said that instead of sending out forms to purchasers, many of the responses were based solely upon telephone conversations. However, of the 22 purchasers that the staff were able to contact concerning the allegations, 15 provided faxed responses to a standard form previously faxed to them by the staff, and seven were interviewed over the telephone concerning the allegations. The signed, faxed

(continued...)

V-5

A discussion of comments by those purchasers that responded to the allegations either by fax or in telephone conversations is provided below ***. The results of these discussions are also summarized in tables V-2 and V-3.

Table V-2
Foundry coke: Lost sales allegations investigated by staff

* * * * * * *

Table V-3
Foundry coke: Lost revenue allegations investigated by staff

* * * * * * *

*** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons of foundry coke in ***. *** of *** stated that the allegation was valid.

Three allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at ***, and that it lost revenue of *** on another sale of *** tons valued at *** in ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***. *** of *** stated that the allegation by *** was correct, but denied the ***.[15] He said that the large quantities specified in the allegations were not purchased by his company. He said that his company does not normally purchase much foundry coke from *** because of the high shipping costs required to move the *** product from its facilities in *** to the *** facilities in ***. He said that his company has, on occasion, purchased Chinese-produced coke from ***.[16]

*** alleged that it lost a sale of *** metric tons of foundry coke valued at *** to *** in ***. *** of *** stated that the company purchased the specified quantity of coke in ***, but did not know details concerning the transaction.

Two lost revenue allegations concerned ***. *** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons in *** and *** on another sale of *** metric tons in ***. *** of *** denied both allegations. She said that her company was simply able to negotiate a lower price with *** than was originally quoted. Imports from China were not involved.

*** alleged that it lost a sale of *** metric tons valued at *** to *** in ***. *** of *** stated that the allegation was valid. He said that his company purchased *** metric tons of Chinese coke after rejecting a price quote from ***. *** supplied the Chinese coke at a lower price than *** offered.

*** alleged that it lost revenue valued at *** on a sale of *** metric tons to *** in ***. *** of *** confirmed the allegation. He said that *** obtained a lower price from *** in *** by suggesting that *** would convert over to cheaper Chinese-produced coke if *** would not reduce its price. *** then signed a contract with *** at a lower price.

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[13] (...continued)
responses by purchasers and the telephone notes are included in the investigation record and have been regularly provided to the parties during the course of the investigation.

[14] One allegation concerned sales to ***. *** alleged that it lost a sale of *** metric tons of foundry coke valued at *** in ***. However, it was not possible to directly investigate this allegation. *** of *** says that his company ***.

[15] ***.

[16] ***.

V-6

*** lost sales allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***, and *** alleged that it lost sales of *** metric tons valued at *** in ***, *** metric tons valued at *** in ***, and *** metric tons valued at *** in ***. *** of *** stated that his company had shifted from purchases of U.S.-produced foundry coke to imports from China during *** because of the substantial price gap between the domestic product and the imports. According to ***, the domestic firms were unwilling to lower their prices even slightly to reduce their price differential with the imported product. He said that his company has been shifting back to an increased use of domestic foundry coke ***. With respect to the allegations, *** said that the *** metric ton allegation for *** is not valid since *** did not purchase that much imported foundry coke in that year. ***. *** agreed with the other allegations, but said that some of the alleged data were wrong. He said that the *** purchase was *** metric tons rather than *** metric tons. He also said that the price of *** per ton for the *** metric ton transaction in *** was too low.

*** allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***, and *** alleged that it lost revenue on *** in ***. The *** involved a sale of *** metric tons with lost revenue valued at *** in ***, and ***. *** of *** denied all of the allegations. He said that *** did not purchase any imported foundry coke from China during *** or ***, and therefore the lost sales allegation was not valid. With respect to the lost revenue allegations, *** said that it only purchased *** metric tons of material from China during all of *** for ***. He said that the only quotes received in *** were from ***, and that both producers increased their prices on new contracts that went into effect in ***. *** also said that the quantities of *** metric tons specified in the *** lost revenue allegations were *** than the amounts that the company actually negotiated for its contracts. *** also said that the *** lost revenue allegation was not valid since no contracts were being negotiated by *** at that time. *** also said that *** had never negotiated for a sale as small as *** metric tons.

Two allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at ***, and *** alleged that it lost revenue of *** on a sale of *** metric tons in ***. *** of *** stated that both allegations were valid.

Three allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***, *** alleged that it lost a sale of *** metric tons valued at *** in ***, and *** alleged that it lost revenue amounting to about *** on a sale of *** metric tons in ***. *** of *** denied all of the allegations. He said that the allegation concerning the large lost sale in *** was not valid since his company did not really begin buying from the Chinese until ***. He also said that he had no record of a quote that would have resulted in a lost sale of *** metric tons in ***. Finally, with respect to the *** lost revenue allegation, *** said that there were no records of any price reductions from U.S. producers at that time.

Three allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***, *** alleged that it lost a sale of *** metric tons valued at *** in ***, and *** alleged that it lost a sale of *** metric tons valued at *** in ***. *** of *** stated that the allegation concerning the *** ton transaction in *** was valid, but denied the *** allegations. He said that *** did not purchase any Chinese-produced coke at the times specified in the allegations. The *** purchaser's questionnaire shows that the company did not purchase imports from China during ***.

*** alleged that it lost a sale of *** metric tons valued at *** to *** in ***, and that it lost revenue of *** on a sale of *** metric tons *** in ***. *** of *** stated that the allegations were valid.[17]

Two allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***, and *** alleged that it lost revenue of *** on a sale of *** metric tons in ***. *** of *** said that the allegations were generally valid, acknowledging that his company shifted an important share of its

[17] ***.

V-7

business to imports of foundry coke from China during *** because of the lower price. However, he said that the lost sale allegation was dated too early, since *** did not purchase any imports from China until ***.

*** alleged that it lost a sale of *** metric tons valued at *** to *** in *** and that it lost revenue of *** on a sale of *** metric tons to the same company in ***. Two separate contacts at *** evaluated the allegations. *** of *** acknowledged that the lost sales allegation was valid, and *** of *** acknowledged that the lost revenue allegation was valid.[18] He said that his company used quotes from *** on imported Chinese coke in negotiating a price with ***.

*** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons of foundry coke in ***. *** of *** denied the allegation. He said that his company does not regard the Chinese coke as a satisfactory alternative to the domestic product and does not buy it or use it. He said that *** obtained a sample of Chinese coke and found that the ash content was higher and the carbon content was lower than for the domestic product.

*** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons of foundry coke in ***. *** of *** stated that the allegation was valid.

*** alleged that it lost revenue amounting to *** on a sale of *** metric tons to *** in ***. *** of *** denied the allegation. He said that his company buys all of its foundry coke from ***.

Three allegations concerned ***. *** alleged that it lost a sale of *** metric tons valued at *** in ***, and *** alleged that in *** it lost a sale of *** metric tons valued at *** and another sale of *** metric tons valued at *** in ***. *** stated that *** lost sales allegations were valid. While he agreed that the Chinese price was a factor, to some extent, he also said that the quality of the Chinese product was superior to the domestic product.

*** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons of foundry coke in ***. *** of *** denied the allegation. He said that his company considers the Chinese coke to be low in quality, and not an acceptable substitute for the U.S.-produced product. *** did not report any purchases of Chinese-produced foundry coke during January 1998-March 2001 in their purchaser questionnaire.

*** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons of foundry coke in ***. *** of *** stated that the allegation was generally valid. However, he also stated that purchases of U.S.-produced foundry coke amounted to just *** metric tons rather than the alleged quantity of *** metric tons. *** reported that purchases of imports from China amounted to *** metric tons during 1999. *** did not purchase imports from China in ***.

*** alleged that it lost revenue amounting to *** on a sale to *** of *** metric tons of foundry coke in ***. *** of *** stated that the allegation was valid.

[18] ***. *** was contacted during the final phase of the investigation, and *** was contacted during the preliminary phase of the investigation.

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

BACKGROUND

This section of the report presents the financial information of six foundry coke producers comprising *** U.S. foundry coke production from 1998 through the first quarter of 2001.[1] While responding U.S. producers do not share the same fiscal year, all financial data were reported to the Commission on the basis of a calendar year for the final phase of this investigation. In 2000, the two largest volume producers, ***, accounted for *** percent of total foundry coke sales volume.[2]

Organization of U.S. Producers

The U.S. producers of foundry coke are either (1) divisions of larger, diversified companies or (2) stand-alone entities in which foundry coke production and sales are the primary activities. ABC is a division of Drummond, which is engaged in coal mining and real estate activity;[3] Indianapolis Coke is a manufacturing division of Citizens;[4] Sloss is comprised of three divisions, one of which produces foundry coke;[5] Tonawanda and Erie are related through common ownership;[6] Empire is a division of McWane, which also owns companies producing valve components, cast iron pipes, and fittings.[7]

Related Party Transactions

*** were the only companies to separately report sales of foundry coke to related companies during the period examined.[8] A significant portion *** of the total sales reported by *** were to related companies. ***, on the other hand, generally reported a smaller and less consistent percentage of related party sales during the period examined.[9] [10]

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[1] ***.

[2] ***. For these reasons, the reported financial information was not formally verified. As referenced below, staff conducted numerous follow-up interviews and obtained supplemental financial data in order to clarify and/or correct information submitted by the U.S. producers.

[3] According to Drummond's website, coal mining and marketing are its "traditional and largest area of business." Coke production and sales were entered into when the Drummond acquired Alabama By-Product's Corp. Retrieved on October 12, 2000, at *http://www.drummondco.com/organization.htm*. As noted below, ***.

[4] Citizens is itself organized as a public charitable trust. Retrieved on October 11, 2000, at *http://www.citizensgas.com/default.htm*.

[5] Retrieved on October 11, 2000, at *http://www.sloss.com*. For the preliminary phase report, the majority of the financial data for Sloss was based on information submitted for the Commission's 332 foundry coke investigation: *Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407*, USITC Pub. 3323 (July 2000). For the final phase of this investigation, Sloss submitted a questionnaire response to the Commission.

[6] ***.

[7] ***.

[8] ***.

[9] ***.

[10] ***.

VI-1

OPERATIONS ON FOUNDRY COKE

Income-and-loss data for the U.S. producers on their foundry coke operations are presented in table VI-1. Data on a per-metric-ton basis are shown in table VI-2. Selected financial data, by firms, are presented in table VI-3.

Table VI-1
Foundry coke: Results of operations of U.S. producers, calendar years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

Table VI-2
Foundry coke: Results of operations (per metric ton) of U.S. producers, calendar years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

Table VI-3
Foundry coke: Results of operations of U.S. producers, by firms, calendar years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

Byproducts

U.S. producers generate byproducts[11] which offset to some extent the cost of manufacturing foundry coke; i.e., through the sale and/or re-use (direct or indirect) of these byproducts in the production process. In addition to standard byproducts, three U.S. producers (Citizens, ***, and Sloss) regularly produced blast furnace coke during the period examined. Sloss, ***, accounts for the two products separately.[12] Citizens does not separately account for blast furnace coke and foundry coke.[13] ***.[14]

For purposes of responding to the Commission's questionnaire, *** adopted a byproduct methodology to account for blast furnace coke. Under this approach, foundry coke manufacturing costs

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[11] A byproduct is considered incidental to the production of a primary product and also possesses a relatively low sales value compared to the primary product. According to U.S. generally accepted accounting principles, principal production costs are not assigned to byproducts, and related sales revenue is treated as either a deduction from COGS or "other revenue." *Cost Accounting: Using a Cost Management Approach*, L. Gayle Rayburn, Fifth Edition (1993), pp. 258 and 261. In this case, all of the U.S. producers reported in their questionnaire responses that they treated byproduct sales revenue as an offset to COGS.

[12] *See* hearing transcript, p. 97 (testimony of Mike Keel, President and CEO, Sloss).

[13] *See* hearing transcript, pp. 96-99 (testimony of Martin Dusel, Senior Vice President of Operations, and Roger Schagrin, Counsel for petitioners).

[14] ***.

VI-2

were reduced by incremental blast furnace coke revenue, as well as revenue generated from traditional byproducts. ***.

Based on a review of the questionnaire responses and conversations with company officials, the byproduct approach for blast furnace coke was chosen at least in part because it eliminates the need to allocate costs between foundry coke and blast furnace coke and is thus relatively straightforward. ***.

Subsequent to the July 26, 2001, hearing in this investigation, staff requested that *** provide a profit and loss statement for foundry coke which treats foundry coke and blast furnace coke as separate, primary products. Because this information more accurately reflects the profitability of foundry coke, it is included in the tables above and replaces information previously submitted by ***.[15] [16]

Sales Volume and Value

The period examined was characterized by a general decline in sales volume with interim 2001 data indicating that the reduction in sales volume continued and gained momentum.[17] Although the accompanying decline in sales revenue was primarily due to lower sales volume, a decline in average unit sales value also contributed to the decline in sales revenue.

Cost of Goods Sold and Selling, General, and Administrative Expenses

From 1998 to 2000 *** reported higher absolute COGS.[18] The remaining companies reported lower COGS during this period, which generally corresponds to the reduction in their sales volume.

With a few exceptions, most companies reported relatively small changes in their average unit raw material costs during the period examined.[19] In contrast, average unit costs for direct labor, other factory costs, and SG&A increased as volume declined.

In addition to confirming the overall negative effect of lower volume on unit costs, several company officials also noted that higher energy costs (generally reflected in other factory costs) also impacted profitability in the first quarter of 2001.[20] [21]

Notwithstanding the direct effect of higher energy prices, foundry coke facilities generally use byproduct oven gas to supplement a portion of their energy needs; e.g., to run boilers which generate steam that is used throughout the plant.[22]

With the exception of *** in the first quarter of 2001, companies reported relatively small changes in total SG&A from period to period. ***'s large jump in SG&A was primarily due to a write

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[15] ***.

[16] ***.

[17] ***. As noted in the staff report for the preliminary phase of this investigation, from 1997 to 1998 the reporting companies experienced an overall increase in sales volume due in part to Koppers' exit from the foundry coke market. At the October 11, 2000, conference (conference transcript, p. 29), John Person, President of ABC, stated that his company "picked up a substantial portion" of Koppers' contract business after that company ceased foundry coke operations in 1997.

[18] ***.

[19] ***.

[20] ***.

[21] Byproduct revenue was generally deducted from "other factory costs." As a result, the net amount reported for this line item was affected by changes in "other factory costs," as well as revenue received for byproducts.

[22] ***.

VI-3

off of bad debt. As indicated in the note to table VI-3 above, because ***'s depreciation is reflected in SG&A (in order to facilitate reporting on calendar-year basis), its SG&A ratio is relatively high compared to the other producers.

Profitability

From 1998 to 2000, total operating income declined *** percent compared to a *** percent decline in sales revenue. On an average unit basis, gross profit and operating profit were reduced as average unit sales revenue declined and average unit costs increased. As noted above, reduced volume appears to be the primary reason for higher average unit COGS and SG&A.

For the first quarter of 2001, *** reported operating losses, while combined operating results *** due to the sustained, albeit lower, profitability of *** . Unlike other U.S. producers, *** maintained a higher level of operating income due to its significantly lower average unit COGS and SG&A expenses.[23]

Estimated Cash Flows

From 1998 to 2000, total estimated cash flows from operations declined along with profitability. Smaller producers with less significant net income at the beginning of the period reported weak (or negative) cash flows at the end of the period examined. ***.[24]

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

The responding firms' data on capital expenditures, research and development (R&D) expenses, and the value of their property, plant, and equipment are shown in table VI-4. For the full-year periods, total capital expenditures remained within a relatively narrow range, with *** representing the majority of capital expenditures.[25] The only companies to report R&D expenses were ***.[26] With the exception of *** in 1998, the remaining producers generally reported smaller total capital expenditures.

Table VI-4
Foundry coke: Value of assets, capital expenditures, and R&D expenses of U.S. producers, calendar years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

As noted in previous sections of this report, environmental costs are a significant consideration for the domestic industry. For example, the provisions of the Clean Air Act of 1990 require air, water, and solid waste compliance for emission points on ovens, e.g., doors and lids.[27] While companies require cash (externally financed and/or internally generated) to pay for capital expenditures (environmental-related or otherwise), operating expenses reflected in the income statement often increase not only

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[23] ***.

[24] ***.

[25] ***.

[26] ***.

[27] Conference transcript, p. 65.

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because of higher depreciation (i.e., due to the systematic expense of the capital expenditure itself), but as a result of expanded personnel and maintenance requirements.[28] Over the next several years, U.S. producers will be required to make additional capital expenditures as new EPA guidelines are implemented.

***.[29] ***.[30] ***.[31] ***.[32] ***.[33]

Producers generally reported capital expenditures which were less than estimated cash flows from operations.[34]

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of foundry coke from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix E.

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[28] Petitioners' postconference brief, p. 10; hearing transcript, pp. 125-128. With respect to environmental-related capital expenditures, the point was also made that the added costs and adjustments to the production process do not generally add value to the foundry coke being produced. Ibid.

[29] ***.

[30] ***.

[31] ***.

[32] ***.

[33] ***'s "Detail of Capital Expenditures" indicated that there were a number of projects and expenditures related to the general operations of the plant. As noted previously, costs associated with environmental compliance are also reflected in operating expenses related to increased personnel for maintenance, repair, and monitoring. At the October 11, 2000, conference, Martin Dusel, Executive Vice President of Citizens, stated that about 30 percent of operating costs were related to environmental compliance (conference transcript, p. 32).

[34] ***.

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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 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 INDUSTRY IN CHINA

Respondents reported that there were 61 producers of foundry coke in China in early 2000, however, 30 of these producers shut down operations by the end of 2000 as a result of the Chinese government passing more stringent environmental regulations on all metallurgical coke producers in China.[1] Of the remaining producers, 30 use beehive ovens, and one uses a conventional oven.[2] [3] Respondents further suggest that 3 of the producers manufacture foundry coke with a minimum ash content of 9.5 percent or above, making it unsuitable for the U.S. market.[4] According to the 332 investigation on foundry coke, several of the Chinese foundry coke producers are integrated vertically and/or horizontally; 10 are known to produce other types of coke and coal products, and 8 have their own mines to supply at least part of their raw material.[5] Approximately 50 percent of current Chinese foundry coke capacity was built in the 1990s as foreign demand for Chinese foundry coke increased with improved quality of the Chinese product.[6]

The Commission received Chinese foundry coke producers'/exporters' data aggregated by the China Coking Industry Association and the Shanxi Province Economics and Trade Council, both of which are trade associations.[7] [8] Capacity decreased 28.1 percent from 1999 to 2000 (table VII-1) as a result of government-forced shutdowns of Chinese foundry coke plants that did not comply with

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[1] Respondents' July 19, 2001, submission, pp. 1-2. Petitioners do not believe that Chinese enforcement of environmental regulations can be relied upon to effectively eliminate all noncompliant beehive activity. They note that beehive ovens can be used to produce either foundry or blast furnace coke and believe that beehive oven capacity in China will remain under-reported, despite the implementation of stricter environmental standards. (*See* petitioners' postconference brief, p. 20.)

[2] Staff phone interview with ***, August 10, 2001.

[3] In China, "conventional" ovens are generally defined as modified beehive ovens; byproduct ovens similar to those used in the United States are largely used to produce blast furnace coke. *See Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407*, USITC Pub. 3323 (July 2000), p. 3-4.

[4] Respondents' postconference brief, p. Q-15.

[5] B. Goswami, *Chinese Coke 1999 Directory*, p. 76.

[6] *Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407*, USITC Pub. 3323 (July 2000), pp. 3-2, 3-14. Better quality foundry coke usually denoted lower ash (under 10.5 percent) and higher carbon content.

[7] No Chinese foundry coke producer responded to the Commission's questionnaire. A telegram was sent to the U.S. embassy in China requesting data. Although the Commission did receive a response, it contained no usable data.

[8] *Foundry Coke: A Review of the Industries in the United States and China, Inv. No. 332-407*, USITC Pub. 3323 (July 2000), p. 3-14, and respondents' postconference brief, p. Q-15.

Table VII-1
Foundry coke: Chinese production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

Item	Actual experience					Projections	
				January-March			
	1998	1999	2000	2000	2001	2001	2002
				Quantity (*metric tons*)			
Capacity	3,420,000	3,796,000	2,731,000	682,750	503,750	2,015,000	1,410,500
Production	1,820,000	1,915,600	2,085,000	417,000	362,700	1,813,500	1,269,000
EOP inventories	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Shipments: Internal consumption	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Home market	1,196,414	1,223,079	1,256,780	(1)	(1)	(1)	(1)
Exports to-- The United States	***	52,457	121,935	(1)	(1)	(1)	(1)
All other markets[2]	***	640,065	706,285	(1)	(1)	(1)	(1)
Total exports	623,586	692,522	828,220	(1)	(1)	(1)	(1)
Total shipments	1,820,000	1,915,601	2,085,000	(1)	(1)	(1)	(1)
				Ratios and shares (*percent*)			
Capacity utilization	53.2	50.5	76.3	61.1	72.0	90.0	90.0
Inventories to production	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inventories to total shipments	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Share of total quantity of shipments: Internal consumption	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Home market	65.7	63.8	60.3	(1)	(1)	(1)	(1)
Exports to-- The United States	***	2.7	5.8	(1)	(1)	(1)	(1)
All other markets	***	33.4	33.9	(1)	(1)	(1)	(1)
All export markets	34.3	36.2	39.7	(1)	(1)	(1)	(1)

[1] Unavailable.
[2] Other (non-U.S.) markets include Japan, the EU, Korea, Taiwan, and Southeast Asia.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Shanxi Province Economics and Trade Council (Shanxi Data) and the China Coking Industry Association (Jiangsu Data).

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environmental regulations established in 1999.[9] Exports to the United States more than doubled between 1999 and 2000.

China's second largest export market, the EU,[10] enacted definitive antidumping measures against imports of foundry coke from China in December 2000, with a margin of 43.6 percent[11] applied to imports. Respondents believe that these additional duties will not have a significant impact on China's exports to the EU as EU producers of foundry coke cannot supply the entire market.[12] Additionally, in 1998, India imposed antidumping duties on coke products from China. An exemption from the duty has been made for blast furnace coke used by manufacturers of pig iron and steel.[13]

The four Chinese exporters of foundry coke represented by counsel in this investigation supplied the following export data (in metric tons).[14]

Market	1998	1999	2000	January-March		Projected	
				2000	2001	2001	2002
United States	***	52,457	121,935	42,714	0	0	0
Other: European Union	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***
All others	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

U.S. INVENTORIES OF PRODUCT FROM CHINA

*** provided the Commission with their inventory data on their imports of foundry coke during the period for which data were collected. As shown in table VII-2, inventories increased from 1999 to 2000. With no imports in interim 2001, interim 2001 end-of-period inventory decreased compared to end-of-period inventory in annual 2000.

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[9] Phone interview with ***, June 22, 2001.

[10] China's first largest market is Japan and its third largest market is the United States. Petitioners' posthearing brief, p. 22.

[11] *See* European Commission decision at petitioners' prehearing brief, exh. 7, p. 10. To discourage any absorption of the antidumping measure through a decrease in export price, it was decided to impose the duty on a per-ton basis, specifically 32.6 Euros per metric ton.

[12] Respondents' postconference brief, pp. Q-2-4. Petitioners dispute the claim that duties upwards of 43.6 percent will have no effect on Chinese exports to the EU market. Petitioners' prehearing brief, pp. 22 and 26-27. *See also* petitioners' postconference brief, p. 3.

[13] Correspondence from White and Case, October 19, 2000, p. 2. While respondents believe that foundries in India could also petition for an exemption under the same authority for which pig iron and steel manufacturers petitioned and were granted an exemption, to date such an exemption to foundries has not been requested or issued.

[14] Respondents reported that the reduction in projected shipments reflects the reduction in Chinese capacity. Staff conversation with ***, August 15, 2001. VII-3

Table VII-2
Foundry coke: U.S. importers' end-of-period inventories of imports from China, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
Imports from China:					
Inventories *(metric tons)*	***	44,381	46,187	52,036	27,864
Ratio to imports *(percent)*	***	37.1	31.5	38.9	([1])
Ratio to U.S. shipments of imports *(percent)*	***	48.6	34.8	50.8	39.9

[1] Not applicable.

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

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APPENDIX A

FEDERAL REGISTER NOTICES

A-1

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–891 (Final)]

Foundry Coke From China A-3

AGENCY: International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–891 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(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 less-than-fair-value imports from China of foundry coke, provided for in subheading 2701.00.00 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigation, 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: March 8, 2001.

FOR FURTHER INFORMATION CONTACT: D.J. Na (202–708–4727), 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 this investigation 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 this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of foundry coke from China 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 investigation was requested in a petition filed on September 20, 2001, by ABC Coke, Birmingham, AL; Citizens Gas and Coke Utility, Indianapolis, IN; Erie Coke Corp., Erie, PA; Tonawanda Coke Corp., Tonawanda, NY; and the United Steelworkers of America, AFL–CIO.

Participation in the Investigation 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 this investigation 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 investigation 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 investigation.

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 this investigation available to authorized applicants under the APO issued in the investigation, 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 investigation. A party granted access to BPI in the preliminary phase of the investigation 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 this investigation will be placed in the nonpublic record on June 29, 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 this investigation beginning at 9:30 a.m. on July 26, 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 12, 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 16, 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 20, 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 August 2, 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 investigation may submit a written statement of information pertinent to the subject of the investigation on or before July 20, 2001. On August 22, 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 24, 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 investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not

[1] For purposes of this investigation, Commerce has defined the subject merchandise as "coke larger than 100 mm (4 inches) in maximum diameter and at least 50 percent of which is retained on a 100-mm (4-inch) sieve, of a kind used in foundries."

accept a document for filing without a certificate of service.

Authority: This investigation is 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 3, 2001.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–11677 Filed 5–8–01; 8:45 am]
BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–891 (Final)]

Foundry Coke From China

AGENCY: United States International Trade Commission.

ACTION: Corrected schedule for the subject investigation.

EFFECTIVE DATE: May 21, 2001.

FOR FURTHER INFORMATION CONTACT: D.J. Na (202–708–4727), 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 this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

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SUPPLEMENTARY INFORMATION: On March 8, 2001, the Commission established a schedule for the conduct of the final phase of the subject investigation (66 FR 23727, May 9, 20001). Two dates in that

notice were incorrect; the correct dates are as follows:

The prehearing staff report will be placed in the nonpublic record on July 13, 2001 and any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before August 2, 2001.

For further information concerning this investigation see the Commission's notice cited above and 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).

Authority: This investigation is 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.

Issued: May 21, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–13369 Filed 5–25–01; 8:45 am]

BILLING CODE 7020–02–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-862]

Final Determination of Sales at Less Than Fair Value: Foundry Coke Products From The People's Republic of China

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

ACTION: Notice of final determination of sales at less than fair value.

EFFECTIVE DATE: July 31, 2001.

FOR FURTHER INFORMATION CONTACT: Doreen Chen, Alex Villanueva, Marlene Hewitt, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-0193, 482-6412, 482-1385, respectively.

The Applicable Statute

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 at 19 CFR part 351 (April 2000).

Final Determination

We determine that foundry coke products ("foundry coke") from the People's Republic of China ("PRC") 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 margin of sales is shown in the "Final Margin" section of this notice.

Case History

We published in the **Federal Register** the preliminary determination in this investigation on March 8, 2001. *See*

Notice of Preliminary Determination of Sales at Less Than Fair Value: Foundry Coke from the People's Republic of China, 66 FR 13885 (March 8, 2001) ("Preliminary Determination"). Since the publication of the *Preliminary Determination*, the following events have occurred.

On March 5, 2001, CITIC Trading Company ("CITIC") requested that the Department correct a ministerial error found in CITIC's margin calculation. On March 13, 2001, the Department determined that the alleged ministerial error by CITIC was less than the five absolute percentage points minimum required by our regulations for a ministerial error to be significant. Accordingly, the error alleged by respondent is not a significant ministerial error within the meaning of 19 CFR 351.224(g)(1) and we did not make the suggested correction. However, as discussed in *Issues and Decision Memorandum for the Less Than Fair Value Investigation of Foundry Coke from the People's Republic of China: January 1, 2000 through June 30, 2000 from Joseph A. Spetrini, Deputy Assistant Secretary, Import Administration, to Faryar Shirzad, Assistant Secretary for Import Administration*, dated July 23, 2001("*Decision Memorandum*") we have made the adjustment for these final results.

On March 5, 2001, Shanxi Dajin International (Group) Co. Ltd. ("Dajin"), Sinochem International Company Ltd. ("Sinochem"), CITIC, and Minmetals Townlord Techonology, Ltd. ("Minmetals") (collectively, "respondents") submitted a request to the Department to verify the factors of production for the related coal mines that responded to Section D of the Department's questionnaire.

On March 9, 2000, respondents submitted a request for a public hearing in accordance with 19 CFR 351.310(c). On March 5, 2001, ABC Coke, Erie Coke, Citizen's Coke and Gas Utility, and Tonawanda Coke Corporation, and the United Steelworkers of America, AFL-CIO (collectively, "petitioners") submitted a request for a public hearing.

On March 19–20, 2001, the Department conducted a U.S. sales data and completeness verification of CITIC and Sinochem. On March 21–22, 2001, the Department conducted a U.S. sales data and completeness verification of Minmetals. On March 22–23, 2001, the Department conducted a U.S. sales data and completeness verification of Grand Coalchem.

On March 26–27, 2001, the Department conducted a factors of production verification of Taiyuan Gengyang Coking Co., Ltd., a supplier of foundry coke to Minmetals. On March 28–29, 2001, the Department conducted a factors of production verification of Beizhang Xianghe Coking Co., Ltd., a supplier of foundry coke to CITIC and Grand Coalchem. On March 30–31, 2001, the Department conducted a factors of production verification of Shanxi Qing-Xu Yaxin Coking Company, Ltd., a supplier of foundry coke to Grand Coalchem and Sinochem. On April 1, 2001, the Department conducted a factors of production verification of Miaowan Coal Mine, a coking coal supplier to Bezihang Coking Factory Co., Ltd., a foundry coke supplier to CITIC and Grand Coalchem.

On June 12, 2001, petitioners submitted their case brief with respect to the sales and factors of production verification and the Department's *Preliminary Determination*. On June 12, 2001, respondents submitted their case brief with respect to the sales and factors of production verification and the Department's preliminary determination. On June 12, 2001, U-Met of PA Inc. ("U-Met"), an importer of the subject merchandise, submitted a case brief on the Department's preliminary determination. On June 15, 2001, petitioners and respondents submitted rebuttal briefs with respect to the sales and factors of production verification and the Department's Preliminary Determination.

On June 22, 2001, the Department held a public hearing in accordance with 19 CFR 351.310(d)(1). Representatives for respondents, petitioners, and U-Met were present. All parties present were allowed an opportunity to make affirmative presentations only on arguments included in that party's case briefs and were also allowed to make rebuttal presentations only on arguments included in that party's rebuttal brief.

Period of Investigation

The period of investigation is January 1, 2000, through June 30, 2000.

Non-Market Economy

The Department has treated the PRC as a non market economy (NME) country in all its past antidumping investigations. *See Final Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China*, 65 FR 33805 (May 25, 2000) ("*Aspirin*"), and *Final Determination of Sales at Less Than Fair Value: Steel Concrete Reinforcing Bars From the People's Republic of China*, 66 FR 33522 (June 22, 2001) ("*Bars*"). A designation as an NME country remains in effect until it is revoked by the Department. See section 771(18)(C) of the Act. The respondents in this investigation have not requested a revocation of the PRC's NME status. Therefore, we have continued to treat the PRC as an NME in this investigation. For further details, see the Department's *Preliminary Determination*.

Separate Rates

In our *Preliminary Determination*, we found that the respondents had met the criteria for the application of separate antidumping duty rates. We have not received any other information since the *Preliminary Determination* which would warrant reconsideration of our separates rates determination with respect to the respondents. Therefore, we continue to find that the respondents should be assigned individual dumping margins. For a complete discussion of the Department's determination that the respondents are entitled to separate rates, see the *Preliminary Determination*.

The PRC-Wide Rate

For the reasons set forth in the *Preliminary Determination*, we continue to believe that use of adverse facts available for the PRC-wide rate is appropriate. *See Preliminary Determination*, 66 FR at 13887–88.

Surrogate Country

For purposes of the final determination, we find that India remains the appropriate primary surrogate country for the PRC. For further discussion and analysis regarding the surrogate country selection for the PRC, see the Department's *Preliminary Determination* and the *Decision Memorandum* at 5.

Use of Facts Available

For a discussion of our application of facts available, see the "Facts Available" section of the *Decision Memorandum*, which is on file in B–099 and available on the Web at www.ita.doc.gov/import_admin/records/frn/.

Analysis of Comments Received

All issues raised in the case brief by parties to this investigation are addressed in the *Decision Memorandum*, which is hereby adopted by this notice. A list of the issues which parties raised, and to which we have responded, all of which are in the *Decision Memorandum*, is attached to this notice as an Appendix. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in

B–099. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the World Wide Web at www.ita.doc.gov/import_admin/records/frn/. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Changes Since the Preliminary Determination

Based on our findings at verification, and analysis of comments received, we have made adjustments to the calculation methodology in calculating the final dumping margin in this proceeding. *See Analysis Memorandum for CITIC Trading Company, Shanxi Dajin International (Group) Company, Minmetals Townlord Technology Co., Ltd., and Sinochem International Company, Ltd.)* (collectively, "*Respondent Analysis Memo*").

Verification

As provided in section 782(i) of the Act, we verified the information submitted by each respondent for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondents. For changes from the *Preliminary Determination* as a result of verification, see *Respondent Analysis Memo*.

Scope of Investigation

For purposes of this investigation, the product covered is coke larger than 100 mm (4 inches) in maximum diameter and at least 50 percent of which is retained on a 100-mm (4 inch) sieve, of a kind used in foundries.

The foundry coke products subject to this investigation were classifiable under subheading 2704.00.00.10 (as of Jan 1, 2000) and are currently classifiable under subheading 2704.00.00.11 (as of July 1, 2000) of the *Harmonized Tariff Schedule of the United States* (HTSUS). Although the HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope of this investigation is dispositive.

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 liquidation of all entries of subject merchandise from the PRC, that are entered, or withdrawn from warehouses, for consumption on or after the date of publication of the *Preliminary Determination* in the **Federal Register**. The Customs Service shall continue to require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. This suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margin is as follows:

Manufacturer/exporter	Weighted-average margin (percent)
Shanxi Dajin International (Group) Co. Ltd	109.85
Sinochem International Co., Ltd	163.73
Minmetals Townlord Techonology Co. Ltd	76.19
CITIC Trading Company, Ltd	78.03
PRC-Wide Rate	214.89

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 Customs officials to assess antidumping duties on all imports of the subject merchandise entered for consumption on or after the effective date of the suspension of liquidation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: July 23, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

Appendix Changes From the Preliminary Determination

I. General Issues

Comment 1: Valuation and Surrogate Country Selection
Comment 2: Washed Versus Unwashed Coal
Comment 3: Related Coal Mines
Comment 4: Costs Subsequent to Shipment
Comment 5: Surrogate for Rail Transportation Costs
Comment 6: Surrogate for Grass Paper
Comment 7: Use of Adverse Facts Available to Calculate a PRC-Wide Dumping Margin
Comment 8: Use of Adverse Facts Available—Taiyuan
Comment 9: Use of Adverse Facts Available for Exporters and Suppliers for Failing to Cooperate to the Best of Their Ability
Comment 10: Use of Adverse Facts Available to Calculate Normal Value for Suppliers that Failed to Respond in this Investigation or That Failed Verification.
Comment 11: Department's Alleged Failure to Calculate a Fair Market Value for Foundry Coke

II. Company Specific Issues

Comment 12: Adverse Facts Application to Sinochem Sale (Scope coverage)
Comment 13: Ministerial Error from the Preliminary Determination—CITIC

[FR Doc. 01–19048 Filed 7–30–01; 8:45 am]
BILLING CODE 3510–25–P

APPENDIX B

HEARING WITNESSES

B-1

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Foundry Coke from China
Inv. No.:	731-TA-891 (Final)
Date and Time:	July 26, 2001 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room, (Room 101), 500 E Street, S.W., Washington, D.C.

CONGRESSIONAL APPEARANCES:

The Honorable Jeff Sessions, United States Senator, State of Alabama

The Honorable Spencer T. Bachus, U.S. Congressman, 6th District, State of Alabama

The Honorable Phil English, U.S. Congressman, 21st District, State of Pennsylvania

The Honorable Julia Carson, U.S. Congresswoman, 10th District, State of Indiana

OPENING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Lyle B. Vander Schaaf**, White & Case LLP and **Jeffrey S. Neeley**, Manatt, Phelps & Phillips, LLP)

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In Support of the Imposition
of Antidumping Duties:

Schagrin Associates
Washington, D.C.
on behalf of

ABC Coke
Citizens Gas & Coke Utility
Erie Coke Corp.
Sloss Industries Corp.
Tonawanda Coke Corp.
United Steelworkers of America, AFL-CIO

John M. Pearson, President, ABC Coke

Martin C. Dusel, Senior Vice President of Operations, Citizens Gas & Coke Utility

Joe Harvey, Director, Purchasing and Transportation, Neenah Foundry Co.

Mike Keel, President and COO, Sloss Industries Corp.

J.D. Crane, Owner and CEO, Tonawanda Coke Corp.

Robert A. Bloom, President, Tonawanda Coke Corp.

Lee Airhart, Director of Six Sigma, U.S. Pipe and Foundry

William Walters, Casting Center Manager, Ward Manufacturing

Bob Goins, Director of Purchasing, Wheland Automotive Industries

William Klinefelter, Assistant to the International President and Legislative and Political Director, United Steelworkers of America, AFL-CIO

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In Support of the Imposition
of Antidumping Duties (continued):

Robert A. Blecker, Professor, Department of Economics, American University

Roger B. Schagrin)
) – OF COUNSEL
Andrew B. Knapp)

In Opposition to the Imposition
of Antidumping Duties:

White & Case LLP
Washington, D.C.
on behalf of

Shook Trading, Inc.
U-Met of PA, Inc.

Douglas W. Shook, Jr., President, Shook Trading, Inc.

Charles W. Knapp, President, U-Met of PA, Inc.

John M. Burke, Vice President of Purchasing, OSCO

Aaron Gesecki, Chief Metallurgist, Sparta Manufacturing

Lyle B. Vander Schaaf)
) – OF COUNSEL
Frank H. Morgan)

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In Opposition to the Imposition of Antidumping Duties (continued):

Manatt, Phelps & Phillips, LLP
Washington, D.C.
on behalf of

CITIC Trading Company, Ltd.
Minmetals Townlord Technology Co., Ltd.
Shanxi Dajin International (Group) Co., Ltd.
Sinochem International Co., Ltd.

Yu Dahai, Director, China Chamber of Commerce of Metals, Minerals, and Chemicals Importers & Exporters ("CCCMC")

Ren Yun Hong, Chief of Staff, Trade Administrative Office, Trade and Economic Commission of Shanxi Province

Li Xiaoyan, Sales Manager, Mineral & Metals Department 5, CITIC Trading Co., Ltd.

Jeffrey S. Neeley)
) – OF COUNSEL
Christine H.T. Yang)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Lyle B. Vander Schaaf**, White & Case LLP and **Jeffrey S. Neeley**, Manatt, Phelps & Phillips, LLP)

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APPENDIX C

SUMMARY DATA

C-1

Table C-1
Foundry coke: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

(Quantity=metric tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per metric 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	1,154,784	1,204,673	1,155,875	301,170	265,509	0.1	4.3	-4.1	-11.8
Producers' share (1)	99.0	92.4	88.5	91.5	93.4	-10.5	-6.6	-3.9	1.9
Importers' share (1):									
China	1.0	7.6	11.5	8.5	6.6	10.5	6.6	3.9	-1.9
Other sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total imports	1.0	7.6	11.5	8.5	6.6	10.5	6.6	3.9	-1.9
U.S. consumption value:									
Amount	209,279	212,899	200,656	53,291	46,006	-4.1	1.7	-5.8	-13.7
Producers' share (1)	99.3	94.3	90.7	93.0	94.0	-8.6	-5.0	-3.6	1.0
Importers' share (1):									
China	0.7	5.7	9.3	7.0	6.0	8.6	5.0	3.6	-1.0
Other sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total imports	0.7	5.7	9.3	7.0	6.0	8.6	5.0	3.6	-1.0
U.S. shipments of imports from:									
China:									
Quantity	11,212	91,323	132,747	25,628	17,463	1,084.0	714.5	45.4	-31.9
Value	1,529	12,218	18,691	3,746	2,754	1,122.4	699.1	53.0	-26.5
Unit value	$136.37	$133.79	$140.80	$146.15	$157.70	3.2	-1.9	5.2	7.9
Ending inventory quantity	***	44,381	46,187	52,036	27,864	***	***	4.1	-46.5
Other sources:									
Quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
All sources:									
Quantity	11,212	91,323	132,747	25,628	17,463	1,084.0	714.5	45.4	-31.9
Value	1,529	12,218	18,691	3,746	2,754	1,122.4	699.1	53.0	-26.5
Unit value	$136.37	$133.79	$140.80	$146.15	$157.70	3.2	-1.9	5.2	7.9
Ending inventory quantity	***	44,381	46,187	52,036	27,864	***	***	4.1	-46.5
U.S. producers':									
Average capacity quantity	1,380,271	1,395,609	1,403,184	347,353	356,620	1.7	1.1	0.5	2.7
Production quantity	1,236,785	1,235,246	1,137,585	295,341	257,338	-8.0	-0.1	-7.9	-12.9
Capacity utilization (1)	89.6	88.5	81.1	85.0	72.2	-8.5	-1.1	-7.4	-12.9
U.S. shipments:									
Quantity	1,143,572	1,113,350	1,023,128	275,542	248,046	-10.5	-2.6	-8.1	-10.0
Value	207,750	200,681	181,965	49,545	43,252	-12.4	-3.4	-9.3	-12.7
Unit value	$181.67	$180.25	$177.85	$179.81	$174.37	-2.1	-0.8	-1.3	-3.0
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	38,877	54,899	66,771	47,436	56,926	71.7	41.2	21.6	20.0
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	1,094	1,076	1,042	1,078	977	-4.8	-1.6	-3.2	-9.4
Hours worked (1,000s)	2,392	2,380	2,354	607	530	-1.6	-0.5	-1.1	-12.7
Wages paid ($1,000s)	43,379	43,562	47,528	10,887	9,775	9.6	0.4	9.1	-10.2
Hourly wages	$18.14	$18.30	$20.19	$17.94	$18.44	11.3	0.9	10.3	2.8
Productivity (tons/1,000 hours)	517.1	***	***	***	***	***	***	***	***
Unit labor costs	$35.07	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

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

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. January-March inventory ratios are annualized. Productivity and unit labor costs are calculated using data of firms providing both production and employment information.

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

APPENDIX D

RESULTS OF THE COMPAS MODEL

D-1

Methodology

The COMPAS model is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion in Part II of this report, the staff selects a range of estimates that represent price-supply, price-demand, and product substitution relationships (i.e., elasticities of supply, demand, and substitution) in the U.S. market for foundry coke. The model uses these estimates with data on market shares and Commerce's dumping and subsidy margins to analyze the likely effect on the U.S. like-product industry of reducing the subject imports from China.

Findings

In most cases the model examines different scenarios of economic effects that correspond to various combinations of the ranges of elasticities discussed in Part II of this report. In addition to the elasticities, inputs into the model include domestic market shares and import value shares for the subject country. Because of the very high dumping margins for imports from China, ranging from 76 percent to 215 percent, meaningful results could only be obtained by using a but-for-imports analysis in the present case. The inputs used in the analysis are presented in the tabulation below. The results show that absent dumping the domestic price would have been 1.7 percent higher, the domestic output would have been 8.2 percent higher, and domestic revenue would have been 9.7 percent higher.

INPUTS (in percentages)	08/15	China	From:	To:
Margin:	76.2	Substitution Elast.		
Domestic Share:	90.7	Domsetic/Unfair:	3	5
Unfair Import Share:	9.3	Domestic/Fair:	0	0
Ave. U.S. Tariff Rate:	0	Unfair/Fair:	0	0
Transportation Ratio:	20.2	Aggregate Demand Elast:	0.1	0.5
Domestic Content:	0	Domestic Supply Elast:	5	10
Dom. Capacity Util:	66	Fair Supply Elast:	0	0

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APPENDIX E

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

E-1

The Commission requested U.S. producers to describe any actual and anticipated negative effects of imports of foundry coke from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Actual Negative Effects

The majority of responding producers stated that they had experienced actual negative effects as a result of foundry coke imports from China. Summarized excerpts from producer responses are provided below. (Note: Statements that are not in quotes reflect firms' responses to check-box in section III-11 of the questionnaire.)

* * * * * * *

Anticipated Negative Effects

The majority of responding producers stated that they also anticipate negative effects as a result of imports of foundry coke from China. Narrative excerpts from producer responses are provided below.

* * * * * * *