

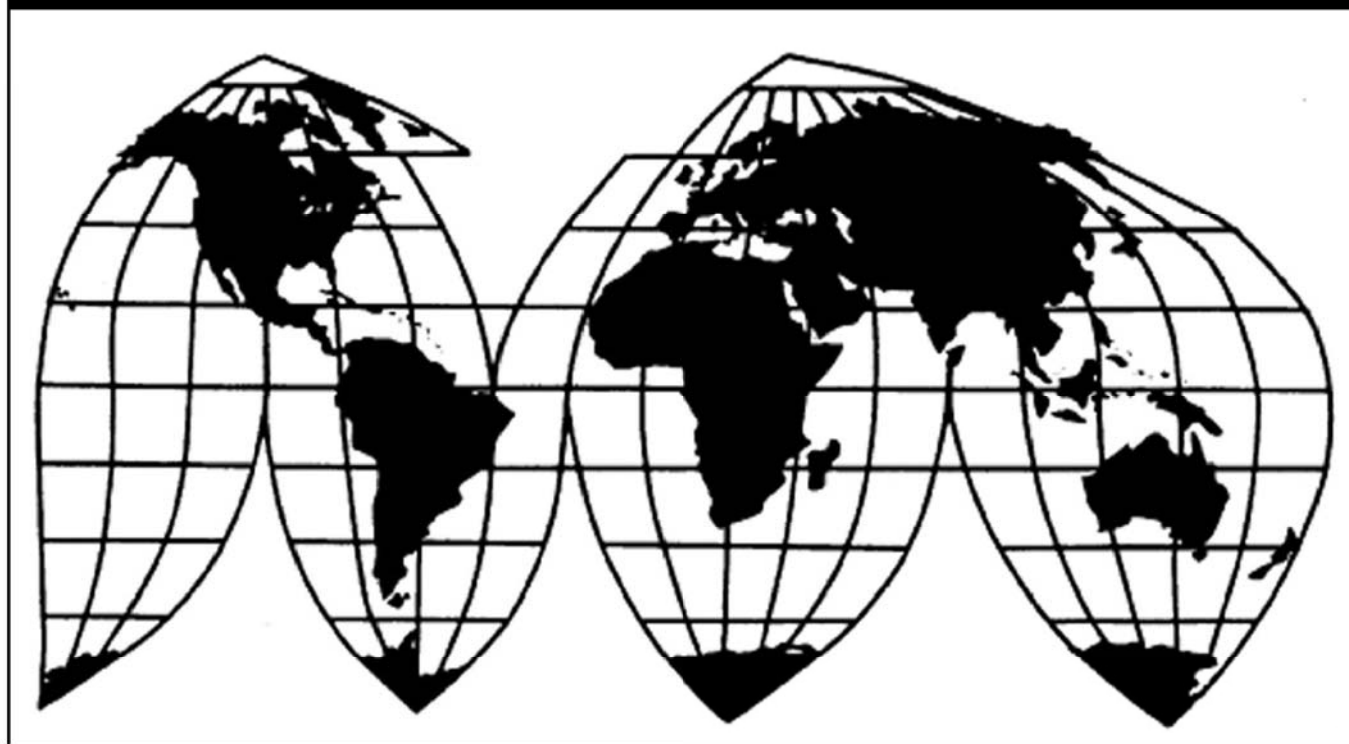
Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom

Investigation Nos. 701-TA-545-547 and 731 TA 1291-1297 (Final)

Publication 4638

September 2016

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-545-547 and 731-TA-1291-1297 (Final)
Certain Hot-Rolled Steel Flat Products from
Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that an industry in the United States is materially injured by reason of imports of certain hot-rolled steel flat products (“hot-rolled steel”) from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom, provided for in subheadings 7208.10.15, 7208.10.30, 7208.10.60, 7208.25.30, 7208.25.60, 7208.26.00, 7208.27.00, 7208.36.00, 7208.37.00, 7208.38.00, 7208.39.00, 7208.40.60, 7208.53.00, 7208.54.00, 7208.90.00, 7210.70.30, 7210.90.90, 7211.14.00, 7211.19.15, 7211.19.20, 7211.19.30, 7211.19.45, 7211.19.60, 7211.19.75, 7211.90.00, 7212.40.10, 7212.40.50, 7212.50.00, 7214.91.00, 7214.99.00, 7215.90.50, 7225.11.00, 7225.19.00, 7225.30.30, 7225.30.70, 7225.40.70, 7225.99.00, 7226.11.10, 7226.11.90, 7226.19.10, 7226.19.90, 7226.91.50, 7226.91.70, 7226.91.80, 7226.99.01, and 7228.60.60 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (“Commerce”) to be sold in the United States at less than fair value (“LTFV”), and that have been found by Commerce to be subsidized by the governments of Brazil and Korea.² The Commission further finds that imports of hot-rolled steel that have been found by Commerce to be subsidized by the government of Turkey are negligible. The Commission also finds that imports subject to Commerce's affirmative critical circumstances determinations are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on hot-rolled steel from Brazil and the antidumping duty order on imports from Japan.

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 Chairman Irving A. Williamson, Vice Chairman David S. Johanson, and Commissioners Dean A. Pinkert, Meredith M. Broadbent, and Rhonda K. Schmidlein voted in the affirmative with respect to imports from Australia, Brazil, Japan, Korea, the Netherlands, and the United Kingdom and with respect to imports sold at less than fair value from Turkey. Commissioner F. Scott Kieff voted in the affirmative with respect to imports from Brazil, Japan, Korea, the Netherlands, and the United Kingdom and with respect to imports sold at less than fair value from Turkey; he voted in the negative with respect to imports from Australia. All six Commissioners found that imports of these products from Turkey that Commerce has determined are subsidized by the government of Turkey are negligible.

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective August 11, 2015, following receipt of a petition filed with the Commission and Commerce by AK Steel Corporation (West Chester, Ohio), ArcelorMittal USA, LLC (Chicago, Illinois), Nucor Corporation (Charlotte, North Carolina), SSAB Enterprises, LLC (Lisle, Illinois), Steel Dynamics, Inc. (Fort Wayne, Indiana), and United States Steel Corporation (Pittsburgh, Pennsylvania). The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of hot-rolled steel from Brazil³ were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and that imports from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom were dumped within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on April 15, 2016 (81 FR 22310). The hearing was held in Washington, DC, on August 4, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

³ The Commission also scheduled final-phase countervailing duty investigations concerning hot-rolled steel from Korea and Turkey, although Commerce preliminarily determined that *de minimis* countervailable subsidies were being provided to hot-rolled steel producers and exporters from Korea and Turkey.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of certain hot-rolled steel flat products (“hot-rolled steel”) from Australia,¹ Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and subsidized by the governments of Brazil and Korea. We also find that critical circumstances do not exist with respect to the entities exporting the subject merchandise from Brazil and Japan for which Commerce made affirmative critical circumstances determinations. We determine that imports of hot-rolled steel from Turkey that are subsidized by the government of Turkey are negligible.

I. Background

AK Steel Corporation (“AK Steel”), ArcelorMittal USA, LLC (“ArcelorMittal”), Nucor Corporation (“Nucor”), SSAB Enterprises, LLC (“SSAB”), Steel Dynamics, Inc. (“SDI”), and the United States Steel Corporation (“U.S. Steel”) (collectively “Petitioners”) filed petitions in these investigations on August 11, 2015. Petitioners are domestic producers of hot-rolled steel and accounted for *** percent of domestic hot-rolled steel production in 2015.² Petitioners appeared at the Commission hearing accompanied by counsel and submitted prehearing and posthearing briefs.

Respondent groups from each of the seven subject countries participated in the final phase investigations. The following respondents appeared at the Commission hearing and/or submitted prehearing and posthearing briefs (except as otherwise noted):

Australia. BlueScope Steel Ltd., BlueScope Steel Americas LLC, and Steelscape LLC (collectively “BlueScope”), which are, respectively, the exporter, the U.S. importer, and the principal U.S. purchaser of hot-rolled steel from Australia.

Brazil. Companhia Siderurgica Nacional, a producer and exporter of hot-rolled steel from Brazil, and CSN, LLC, an importer of hot-rolled steel (collectively “CSN”).

Japan. Nippon Steel & Sumitomo Metal Corporation (“NSSMC”), JFE Steel Corporation (“JFE”), Kobe Steel, Ltd., and Nisshin Steel Co., Ltd., producers and exporters of hot-rolled steel from Japan (collectively “Japanese Producers”).

Korea. Hyundai Steel Company and POSCO, producers and exporters of hot-rolled steel from Korea (collectively “Korean Producers”).

¹ Commissioner Kieff determines that an industry in the United States is not materially injured or threatened with material injury by reason of imports of hot-rolled steel from Australia that are sold at less than fair value. See Separate and Dissenting Views of Commissioner F. Scott Kieff. He joins these views except as indicated.

² See Confidential Report (“CR”) at Table III-1; Public Report (“PR”) at III-1.

The Netherlands. Tata Steel Ijmuiden BV, a producer and exporter of hot-rolled steel from the Netherlands (“Tata Netherlands”).

Turkey. Colakoglu Metalurji A.S., Colakoglu Dis Ticaret A.S., producers and exporters of hot-rolled steel from Turkey, the Istanbul Minerals and Metals Exporters Association and its members, and the Turkish Steel Exporters Association (collectively “Turkish Producers”).

United Kingdom. Tata Steel U.K. Ltd., a producer and exporter of hot-rolled steel from the United Kingdom (“Tata U.K.”).

Counsel for Stemcor USA, Inc., a U.S. importer of hot-rolled steel from Brazil (“Stemcor”), also appeared at the hearing and submitted prehearing and posthearing briefs. Counsel for Ford Motor Company (“Ford”), a U.S. purchaser of hot-rolled steel, submitted prehearing and posthearing briefs.

U.S. industry data are based on the questionnaire responses of 10 producers, accounting for all known U.S. production of hot-rolled steel in 2015.³ U.S. import data are based on official Commerce import statistics for non-alloy hot-rolled steel products plus micro-alloy import data from questionnaire responses. Questionnaire responses were received from 56 importers, representing essentially all subject imports from Australia, Brazil, Japan, Korea, and the Netherlands, *** percent of subject imports from Turkey, *** percent of subject imports from the United Kingdom, *** percent of nonsubject imports from Canada, and *** percent of U.S. imports from other nonsubject countries in 2015.⁴

The Commission received responses to its questionnaires from one producer in Australia, accounting for *** percent of production of subject merchandise and *** percent of all subject imports from Australia in 2015;⁵ three producers in Brazil, accounting for *** percent of production of subject merchandise and *** percent of all subject imports from Brazil in 2015;⁶ five producers in Japan, accounting for *** percent of production of subject merchandise and *** percent of all subject imports from Japan in 2015;⁷ three producers in Korea, accounting for *** percent of production of subject merchandise and *** percent of all subject imports from Korea in 2015;⁸ one producer in the Netherlands, accounting for *** percent of production of subject merchandise and *** percent of all subject imports from the Netherlands in 2015;⁹ two producers in Turkey, accounting for *** percent of production of subject merchandise and *** percent of all subject dumped imports from Turkey in 2015;¹⁰ and

³ CR at I-7 and III-1, n.1, PR at I-5 and III-1, n.1.

⁴ CR at I-7, PR at I-5.

⁵ CR/PR at VII-3 and n.6 and Table I-1. BlueScope reported having discontinued production in one of its two locations.

⁶ CR at VII-9, PR at VII-7, CR/PR at Table I-1.

⁷ CR at VII-16, PR at VII-12, CR/PR at Table I-1.

⁸ CR at VII-23 and Table I-1, PR at VII-18 and Table I-1.

⁹ CR at VII-30 and Table I-1, PR at VII-22 and Table I-1.

¹⁰ CR at VII-36 and Table I-1, PR at VII-26 and Table I-1.

one producer in the United Kingdom, accounting for *** percent of production of subject merchandise and *** percent of all subject imports from the United Kingdom in 2015.¹¹

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹² Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole 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.”¹³ In turn, the Tariff 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.”¹⁴

The decision regarding the appropriate domestic like product 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.¹⁵ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁶ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁷ Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or

¹¹ CR at VII-42 and Table I-1, PR at VII-30 and Table I-1.

¹² 19 U.S.C. § 1677(4)(A).

¹³ 19 U.S.C. § 1677(4)(A).

¹⁴ 19 U.S.C. § 1677(10).

¹⁵ See, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *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 the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See *Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

¹⁶ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁷ *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (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.”).

sold at less than fair value,¹⁸ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁹

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

The products covered by these investigations are certain hot-rolled, flat-rolled steel products, with or without patterns in relief, and whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement ("width") of 12.7 mm or greater, regardless of thickness, and regardless of form of coil (e.g., in successively superimposed layers, spirally oscillating, etc.). The products covered also include products not in coils (e.g., in straight lengths) of a thickness of less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, i.e., products which have been "worked after rolling" (e.g., products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above:

(1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above unless the resulting measurement makes the product covered by the existing antidumping or countervailing duty orders on Certain Cut-To-Length Carbon-Quality Steel Plate Products From the Republic of Korea (A-580-836; C-580-837), and

(2) where the width and thickness vary for a specific product (e.g., the thickness of certain products with non-rectangular cross-section, the width of certain products with

¹⁸ See, e.g., *USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹⁹ *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations in which Commerce found five classes or kinds).

non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of these investigations are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium.

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, the substrate for motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes hot-rolled steel that has been further processed in a third country, including but not limited to pickling, oiling, levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the hot-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of these investigations unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of these investigations:

- Universal mill plates (i.e., hot-rolled, flat-rolled products not in coils that have been rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, of a thickness not less than 4.0 mm, and without patterns in relief);
- Products that have been cold-rolled (cold-reduced) after hot-rolling;
- Ball bearing steels;
- Tool steels; and
- Silico-manganese steels.²⁰

Hot-rolled steel is steel sheet, either in coils or not in coils, that is an input used in a variety of downstream steel products (e.g., cold-rolled and corrosion-resistant steel), pipes and tubes, construction materials, automobiles, and appliances.²¹ A large share of hot-rolled steel is internally consumed or sold to related firms to produce downstream products.²²

C. Domestic Like Product Analysis

In our preliminary determinations, we considered arguments by certain respondents that the Commission should define thick-walled American Petroleum Institute grade X-70 hot-rolled steel coil (“X-70 HRC”) as a separate domestic like product. We noted at the outset that in cases where domestically manufactured merchandise is made up of a grouping of a large number of similar products or involves niche products, the Commission, absent a “clear dividing line” between particular products in the group, disregards minor variations.²³ We then found that other hot-rolled steel products share at least some of the physical characteristics and uses of thick-walled X-70 HRC, the same manufacturing facilities and employees, and the same channels of distribution. While the interchangeability between thick-walled X-70 HRC and other hot-rolled steel products may be limited, such limitations also are true among other types of hot-rolled steel products that serve a range of applications. Finally, we found that the

²⁰ *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Steel Flat Products from Australia*, 81 Fed. Reg. 53406, 53408 (Aug. 12, 2016) (footnotes omitted); see CR at I-20-I-22, PR at I-16-I-18. See also 81 Fed. Reg. 53424, 52427 (Aug. 12, 2016) (Brazil – AD); 81 Fed. Reg. 53409, 53410 (Aug. 12, 2016) (Japan-AD); 81 Fed. Reg. 53419, 53421 (Korea-AD); 81 Fed. Reg. 53428, 53430 (Aug. 12, 2016) (Turkey-AD); 81 Fed. Reg. 53436, 53438 (Aug. 12, 2016) (United Kingdom-AD); 81 Fed. Reg. 53416, 53417 (Aug. 12, 2016) (Brazil-CVD); 81 Fed. Reg. 53439, 53440 (Aug. 12, 2016) (Korea-CVD); and 81 Fed. Reg. 53433, 53435 (Aug. 12, 2016) (Turkey-CVD).

²¹ CR at I-25 and II-1, PR at I-20 and II-1.

²² CR at I-24 and II-1, PR at I-19 and II-1.

²³ See S. Rep. No. 96-249 at 90-91 (1979).

similarities between thick-walled X-70 HRC and other types of hot-rolled steel outweighed any differences in customer and producer perceptions and price.²⁴

The record in the final phase of these investigations does not contain any new information concerning the domestic like product factors.²⁵ Therefore, for the reasons set forth in our preliminary determinations, and because no party has argued for a different result in the final phase of these investigations,²⁶ we define a single domestic like product, consisting of hot-rolled steel that is coextensive with Commerce's scope.

III. Domestic Industry and Related Parties

The domestic industry is defined as the domestic "producers as a whole 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."²⁷ In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision 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.²⁸ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.²⁹

²⁴ *Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom*, Inv. Nos. 701-TA-545-547 and 731-TA-1291-1297 (Preliminary), USITC Pub. 4570 at 8-10 (Oct. 2015).

²⁵ See generally CR at I-20-36, PR at I-16-27. No party requested in its comments on the draft final phase questionnaires that the Commission collect additional information concerning the definition of the domestic like product. CR at I-35, PR at I-27. There was no discussion of domestic like product issues at the hearing.

²⁶ Petitioners maintain that the Commission should define the domestic like product as coextensive with the scope, as it did in its preliminary determinations and in prior cases involving hot-rolled steel. SSAB/SDI Prehearing Brief at 1-5; US Steel Prehearing Brief at 12-13. Respondents have not addressed the issue of the definition of the domestic like product in the final phase of these investigations.

²⁷ 19 U.S.C. § 1677(4)(A).

²⁸ See *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); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

²⁹ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;
(Continued...)

Petitioners maintain that the Commission should not exclude any U.S. hot-rolled steel producers from the domestic industry under the related parties provision.³⁰ No respondent addressed the question of how to define the domestic industry in the final phase of these investigations.

The record in the final phase indicates that three domestic producers are related parties that are subject to exclusion from the definition of the domestic industry under appropriate circumstances.^{31 32} These producers are ***.³³

(...Continued)

(2) the reason the U.S. producer has decided to import the product subject to investigation (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);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

³⁰ SSAB/SDI Prehearing Brief at 7-10. Petitioners also contend that USS-POSCO ("UPI") does not produce hot-roll steel and therefore is not part of the domestic industry. *Id.* at 7. In its preliminary determinations, the Commission found that UPI, which had submitted a domestic producer's questionnaire, does not engage in sufficient production related activity to be treated as a domestic producer. USITC Pub. 4570 at 11, n.41. UPI did not submit a domestic producer's questionnaire in the final phase of these investigations and there is no new information to warrant reconsidering this issue.

³¹ *** did not directly import subject merchandise; as a joint venture with ***, an importer of subject merchandise during the January 2013 – March 2016 period of investigation ("POI"). CR/PR at Table III-2. Consequently, under the statute *** would be a related party only if there was a "control" relationship between the U.S. producer, on the one hand, and the importer, or exporter of subject merchandise, on the other. 19 U.S.C. § 1677(7)(4)(B)(i). The record does not indicate, however, whether the importer directly or indirectly controls or is controlled by ***, which under the statute is a prerequisite to "related party" status. We find that appropriate circumstances do not exist to exclude *** from the domestic industry. Even assuming *arguendo* that *** meets the statutory definition of "related party," *** production is substantially larger than the affiliates' *** underscoring that *** principal interest lies in domestic production. CR/PR at Tables III-1 and III-11. There is no indication that such imports of the subject merchandise by the affiliate were supplanting *** domestic production. Also, no party has argued that *** be excluded from the definition of the domestic industry. *** is a petitioner and supports the petitions. CR/PR at Table III-1.

³² Although *** is related by common ownership to a producer of hot-rolled steel in ***, that producer ***. CR/PR at Tables III-2 and IV-1. Therefore *** ***." 19 U.S.C. § 1677(4)(B)(ii) (III) (emphasis added).

³³ *** is a related party because it imported subject merchandise from Japan and Korea during the period of investigation and is affiliated through ownership – it is owned by a ***, an exporter of hot-rolled steel from Japan – and its relationship with an importer (***) of subject merchandise from Japan and Korea. CR at III-6 n.3, III-22 n.20, VII-16 n.15, PR at III-4 n.3, III-13 n.20, VII-11 n.15, CR/PR at Tables III-1 n.1, III-2, and III-11. *** is a related party because it imported subject merchandise from Australia, Japan, and Korea during the period of investigation. CR/PR at Table III-11. *** is a related party (Continued...)

Two of these U.S. producers, ***, imported subject merchandise. The ratio of subject imports to domestic production never exceeded five percent for either of these producers during any portion of the period of investigation.³⁴ The record indicates that each of these related parties' principal interest is in domestic production. There is no indication that the relatively small size of their imports relative to their domestic production shielded either domestic producer from subject imports to any significant degree. In 2015, *** accounted for *** percent of domestic production, respectively.³⁵ *** supports the petitions; *** supports the petitions with respect to subject imports from Australia, Korea, the Netherlands, Turkey, and the United Kingdom, but opposes the petitions concerning subject imports from Brazil and Japan.³⁶ The only parties to brief the issue argue that these producers should not be excluded.³⁷ Accordingly, we do not find that appropriate circumstances exist to exclude *** from the domestic industry as related parties.

*** is wholly owned by ***, an exporter of hot-rolled steel from ***, which also wholly owns ***, an importer of subject merchandise.³⁸ It was the *** largest domestic producer in 2015, accounting for *** percent of domestic production.³⁹ *** did not import subject hot-rolled steel.⁴⁰

*** parent company was the only producer of hot-rolled steel in *** over the period of investigation.⁴¹ *** U.S. production was much larger than the quantity of subject imports from *** during the period of investigation.⁴² Subject imports from Australia and Japan combined by *** affiliate *** ranged from the equivalent of *** percent to *** percent of the domestic production of *** during the period of investigation.⁴³ ***.⁴⁴

(...Continued)

because it and an importer of subject merchandise *** have a common parent company, ***, an exporter of hot-rolled steel from Australia. CR at III-6 n.3, III-22 n.26, PR at III-4 n.3, III-13 n.26, CR/PR at Table III-2. See 19 U.S.C. § 1677(7)(4)(B)(ii)(III).

³⁴ CR/PR at Table III-11. In addition, subject imports from Australia and Japan combined by *** affiliate *** ranged from the equivalent of *** percent to *** of the domestic production of *** during the period of investigation. *Id.*

³⁵ CR/PR at Table III-1.

³⁶ CR/PR at Table III-1 n.1.

³⁷ SSAB/SDI Prehearing Brief at 7-10.

³⁸ CR at III-6 n.3, III-22 n.26, PR at III-4 n.3, III-13 n.26, CR/PR at Table III-2.

³⁹ CR/PR at Table III-1.

⁴⁰ CR at III-6 n.3, PR at III-4 n.3 .

⁴¹ CR/PR at VII-3.

⁴² For example, in 2015, the volume of subject imports from *** was *** short tons, while *** U.S. production was *** short tons. CR/PR at Tables III-11 and IV-2.

⁴³ CR/PR at Table III-11. *** imported *** short tons from Australia and Japan combined in 2013 (the equivalent of *** percent of the domestic production of *** in 2013), *** short tons from Australia and Japan combined in 2014 (the equivalent of *** percent of the domestic production of *** in 2014), *** short tons from Australia and Japan combined in 2015 (the equivalent of *** percent of the domestic production of *** in 2015), *** short tons from Australia and Japan combined in interim 2015 (the equivalent of *** percent of the domestic production of *** in interim 2015) and *** short tons from Australia and Japan combined in interim 2016 (the equivalent of *** percent of the domestic production of *** in interim 2016). (Continued...)

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. *** U.S. production was considerably larger than the affiliated firm's imports, underscoring that *** principal interest is in domestic production. *** domestic production remained relatively steady throughout the POI, even as the level of affiliated subject imports increased.⁴⁵ Thus, there is no indication that the imports were supplanting its domestic production. We also note that no party has argued for the exclusion of *** as a related party.

We consequently define the domestic industry to include all U.S. producers of hot-rolled steel.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product shall be deemed negligible if they account for less than three percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition.⁴⁶ Additionally, even if subject imports are found to be negligible for purposes of present material injury, they shall not be treated as negligible for purposes of a threat analysis should the Commission determine that there is a potential that subject imports from the country concerned will imminently account for more than three percent (four percent for developing countries in countervailing duty investigations) of all such merchandise imported into the United States.⁴⁷

From August 2014 through July 2015, the 12-month period prior to the filing of the petition, subject imports from Australia were 5.7 percent of total imports, subject imports from Brazil were 7.2 percent, subject imports from Japan were 6.3 percent, subject imports from

(...Continued)

production of *** in January-March (interim) 2016). *Id.* *** imported *** percent and *** percent of all subject imports from Australia and Japan, respectively, in 2015. CR/PR at Table IV-1.

⁴⁴ CR/PR at Table III-1.

⁴⁵ See CR/PR at Table IV-2, G-1, and G-2.

⁴⁶ 19 U.S.C. § 1677(24)(A)(i). The statute further provides that subject imports from a single country which comprise less than three percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than seven percent of the volume of all such merchandise imported into the United States. 19 U.S.C. § 1677(24)(A)(ii). In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute indicates that the negligibility limits are four percent and nine percent, rather than three percent and seven percent. 19 U.S.C. § 1677(24)(B). USTR has not designated Turkey to be a developing country subject to the higher four percent negligibility threshold for countervailing duty investigations. 15 C.F.R. § 2013.1; 19 U.S.C. § 1677(24)(B).

⁴⁷ 19 U.S.C. § 1677(24)(A)(iv). The Commission also assesses whether there is a potential that the aggregate volumes of subject imports from all countries with currently negligible imports will imminently exceed seven percent of all such merchandise imported into the United States; the threshold is nine percent for developing countries. *Id.*

Korea were 18.3 percent, subject imports from the Netherlands were 6.7 percent, and subject imports from the United Kingdom were 3.5 percent.⁴⁸ We consequently find that subject imports from Australia, Brazil, Japan, Korea, the Netherlands, and the United Kingdom are not negligible.

In Commerce's final countervailing duty determination on hot-rolled steel from Turkey, exports produced by Colakoglu received a *de minimis* subsidy margin.⁴⁹ Consequently, imports from Turkey that are subject to the antidumping duty investigation are different from those subject to the countervailing duty investigation. Hot-rolled steel imports from Turkey that are subject to the antidumping duty investigation were 7.4 percent of total imports during this period and therefore were above negligible levels.⁵⁰ Subsidized imports from Turkey (excluding exports produced by Colakoglu), however, were *** percent of total imports during the August 2014 to July 2015 period,⁵¹ and thus fell below the three percent negligibility threshold for the present material injury analysis.⁵²

We next consider whether such subject imports have the potential imminently to exceed the three percent negligibility threshold for purposes of determining threat of material injury.⁵³ On a monthly basis the volume of subject imports from Turkey subject to the countervailing duty investigation as well as their percentage of total imports were sporadic, including in the period prior to the filing of the petition.^{54 55} While such imports on a rolling 12-

⁴⁸ CR/PR at Table IV-3.

⁴⁹ 81 Fed. Reg. 53433, 53434 (Aug. 12, 2016).

⁵⁰ CR/PR at Table IV-3.

⁵¹ CR/PR at Table IV-3.

⁵² Domestic producers recognize that Commerce issued a *de minimis* final subsidy margin for Turkish producer Colakoglu but argue that Turkish imports are above the three percent threshold and thus are not negligible. See ArcelorMittal Posthearing Brief at 14-15; AK Steel Posthearing Brief at 14-15. In the alternative, they contend that subsidized imports from Turkey will imminently exceed the three percent threshold based on their share of all imports in the most recent period prior to the petition, excess capacity in Turkey, and an increasing focus of the subject producers on the U.S. market. ArcelorMittal Posthearing Brief at 14-15; AK Steel Posthearing Brief at 14-15. ArcelorMittal also urges the Commission to "follow its practice in *Certain Oil Country Tubular Goods from India, et al.*, where it made a single negligibility calculation for Turkey using the total volume of imports from the country – and not separate AD and CVD negligibility calculations – though one Turkish producer received a zero margin in the AD case." ArcelorMittal Posthearing Brief at 14 n.13. The Commission's opinion in that case, however, did not purport to address that issue.

While the Turkish Producers point out that Colakoglu received a *de minimis* subsidy rate from Commerce in the countervailing duty investigation, they have not addressed the negligibility issue. Turkish Producers Posthearing Brief at 8.

⁵³ To assess the potential for imports imminently to surpass the negligibility threshold for purposes of a threat analysis, the Commission typically has examined the share of total imports, production capacity, capacity utilization, and inventories. See, e.g., *Certain Steel Concrete Reinforcing Bars from Belarus, China, Korea, Latvia, and Moldova*, Inv. Nos. 731-873-874 and 877-879 (Final), USITC Pub. 3440 (July 2001).

⁵⁴ CR/PR at Table H-1. By month for 2015, subject subsidized imports from Turkey as a share of total monthly imports were: *** percent in January, *** percent in February, *** percent in March, *** (Continued...)

month basis were higher in 2015 than in prior years, they never exceeded *** percent of total imports for any of the twenty-seven 12-month observations, and were consistently *** percent or *** percent on a rolling basis for most of 2015.⁵⁶ Foreign Producers' questionnaire responses indicated that exporters subject to the countervailing duty investigation were not the primary source of hot-rolled steel imports from Turkey, and that these exporters accounted for a relatively small share of total Turkish exports to the U.S. market from 2013 to 2015.⁵⁷ While production of subsidized subject imports from Turkey increased by about *** percent from 2013 to 2015, capacity utilization for the subject producers increased from ***, and their shipments were overwhelmingly to the home market, ranging from *** of total shipments.⁵⁸

We find that the sporadic pattern of imports from the Turkish producers subject to the countervailing duty investigation, combined with their consistently relatively small share of total Turkish hot-rolled steel imports, increasing capacity utilization, and strong home-market orientation, demonstrate that any sustained increase in the percentage of subsidized subject imports from Turkey relative to all imports is unlikely. Therefore, the record supports a conclusion that there is not a potential that subsidized subject imports from Turkey will imminently exceed three percent of total imports. We consequently determine that subsidized subject imports from Turkey are negligible and terminate the countervailing duty investigation on hot-rolled steel from Turkey.

IV. Cumulation

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(...Continued)

percent in April, *** percent in May, *** percent in June, *** percent in July, *** percent in August, *** percent in September, *** percent in October, *** percent in November, and *** percent in December. *Id.*

⁵⁵ *Compare Cold-Rolled Steel Flat Products from Brazil, India, Korea, Russia, and the United Kingdom*, Inv. Nos. 701-TA-540, 542-544 and 731-TA-1283, 1285, 1287, and 1289-90 (Final), USITC Pub. 4637 at 8-14 (Sept. 2016).

⁵⁶ CR/PR at Table H-2.

⁵⁷ *Compare* CR/PR at Tables H-3 to VII-25.

⁵⁸ CR/PR at Table H-3.

- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁵⁹

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁶⁰ Only a “reasonable overlap” of competition is required.⁶¹

Petitioners’ Argument. Domestic Producers argue that there is a reasonable overlap of competition and thus the Commission must cumulate all subject imports for its material injury analysis pursuant to the statute. With regard to fungibility, they contest arguments by Turkish and Japanese producers and point out that U.S. producers sold virtually all of the identified “specialty” products, ***.⁶² Petitioners contend that Australian and Japanese Respondents’ claims that they have unique channels of distribution on the basis of sales to their affiliates or long term customers have no legal or factual basis, and that the Commission has explicitly rejected the argument that the existence of a contractual supply relationship precludes a finding of competition. Domestic Producers further contend that subject imports from Australia and Japan were not limited to those supplying affiliates such as Steelscape or UPI.⁶³ With regard to geographic overlap, Petitioners contend that a significant and growing volume of subject imports from Australia, Japan, and Korea were sold in regions of the United States outside of the West Coast during the POI, and that domestically produced hot-rolled steel

⁵⁹ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff’d*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int’l Trade), *aff’d*, 859 F.2d 915 (Fed. Cir. 1988).

⁶⁰ See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁶¹ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”)).

⁶² ArcelorMittal Posthearing Brief at 2-3 and Exhibit 1 at 27-32; ArcelorMittal Prehearing Brief at 3-8; US Steel Prehearing Brief at Exhibit 1; Nucor Prehearing Brief at 10-14; AK Steel Prehearing Brief at 18.

⁶³ ArcelorMittal Posthearing Brief at 3 and Exhibit 1 at 1-17 and 22-26; ArcelorMittal Prehearing Brief at 8-10; US Steel Prehearing Brief at Exhibit 1; AK Steel Prehearing Brief at 19.

producers and imports from other subject countries consistently compete on the West Coast, including for sales to the affiliates and “long-term” customers respondents identify.⁶⁴

*Respondents’ Argument.*⁶⁵ BlueScope and Japanese Producers each argue that subject imports from their country should not be cumulated with those from other subject countries on the basis of limited or no overlap in channels of distribution and geographic markets. They contend that subject imports from Australia and Japan, respectively, are sold in unique channels of distribution because about *** are sold to U.S. affiliates.⁶⁶ With respect to geographic overlap, BlueScope and Japanese Producers argue that subject imports from Australia and Japan are mostly limited to the West Coast (where they allege it is not economical for U.S. producers in the Midwest and Eastern United States to ship) and the Gulf region (where they argue they satisfy particular customer needs).⁶⁷ Japanese Producers also contend that there is limited fungibility between domestic product and subject imports from Japan because U.S. producers were unable to satisfy customers’ strict quality requirements or because the customer “specifically sought alternatives to U.S. supply.”⁶⁸

⁶⁴ ArcelorMittal Posthearing Brief at 3 and Exhibit 1 at 18-22; ArcelorMittal Prehearing Brief at 11-14; US Steel Prehearing Brief at Exhibit 1; AK Steel Prehearing Brief at 18.

⁶⁵ Turkish Producers appear to suggest that imports from Turkey should not be cumulated on the basis of relatively small volumes. Turkish Producers Prehearing Brief at 11.

⁶⁶ According to Japanese Producers, *** of NSSMC’s exports of hot-rolled steel to the United States are to Steelscape (its joint venture) under an express agreement that requires NSSMC to provide Steelscape with dedicated supply, and the remaining *** are sold to a select few long-term U.S. customers. They also contend that about *** of JFE’s exports of hot-rolled steel during the period of investigation were to its 50 percent joint venture, CSI. Japanese Producers Prehearing Brief at 12-17; Japanese Producers Posthearing Brief at 5-6. BlueScope similarly argues that over *** of its imports go to a single affiliated customer, Steelscape, for its use in producing downstream products and that U.S. mills do not compete to supply Steelscape, a company structured to receive steel by ship, especially from its Australian and Japanese owners, and not by rail from domestic suppliers. BlueScope Prehearing Brief at 7-12; BlueScope Posthearing Brief at 5-8. BlueScope acknowledges that “Steelscape’s Kalama facility does include rail lines, these lines are configured for the *outbound shipment* of Steelscape’s cold-rolled coils from Kalama to its Rancho Cucamonga, California facility.” BlueScope Prehearing Brief at 10-11.

⁶⁷ According to BlueScope, while the import data used by the Commission “come from US Customs data and are correct as such, they do not accurately reflect what BlueScope actually *sold* to the US and when.” It alleges that at least 85 percent of its exports to the United States during each year of the period of investigation were to the West Coast. BlueScope Posthearing Brief at 1-5; *see also* BlueScope Prehearing Brief at 18-20. Japanese Producers argue that their subject imports are uniquely present in the West Coast (***) or Gulf Coast (***) where supply of domestic product is limited primarily due to transport and logistical difficulties. Japanese Producers Prehearing Brief at 17-22; Japanese Producers Posthearing Brief at 5-6.

⁶⁸ Japanese Producers Prehearing Brief at 22-30; Japanese Producers Posthearing Brief at 5-6.

A. Analysis⁶⁹

The statutory threshold for cumulation is satisfied in these investigations because Petitioners filed the antidumping and countervailing duty petitions with respect to all seven subject countries on the same day, August 11, 2015. As discussed below, we find that there is a reasonable overlap of competition among subject imports from these seven countries and between subject imports from each source and the domestic like product.⁷⁰

Fungibility. A majority of U.S. producers, importers, and purchasers reported that hot-rolled steel imports from the subject countries are always or frequently used interchangeably with each other and with the domestic like product.⁷¹ Based on the available data, there is a high degree of substitutability between domestically produced hot-rolled steel and hot-rolled steel imported from each subject source, with the possible exception of some particular products for which U.S. or subject-country producers are specialized suppliers.⁷² When asked whether differences other than price are ever significant in their sales in choosing between hot-rolled steel from various sources, a majority of domestic producers and importers responded sometimes or never.⁷³ In comparisons with the domestic like product concerning 17 non-price factors, majorities or pluralities of purchasers found subject imports from each of the subject countries comparable in at least 14 non-price factors.⁷⁴ Substantial proportions of both the

⁶⁹ Commissioner Kieff writes separately on cumulation and does not join the remainder of this section. See Separate and Dissenting Views of Commissioner F. Scott Kieff.

⁷⁰ We observe that these investigations involve dumping findings regarding hot-rolled steel from all seven subject countries and subsidy findings regarding hot-rolled steel from two countries (there were no subsidy allegations concerning subject imports from Australia, Japan, the Netherlands, or the United Kingdom). While we are terminating the countervailing duty investigation concerning imports from Turkey, Commerce determined that all subject imports from Turkey are sold at less than fair value and therefore are eligible for cumulation. Consequently, any decision to cumulate imports from all subject sources in these investigations will involve “cross-cumulating” dumped imports with subsidized imports. We have previously explained why we are continuing our longstanding practice of cross-cumulating. See *Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman*, Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 9-11 (April 2016).

⁷¹ CR/PR at Table II-16. The factors that importers reported as reducing interchangeability included quality, availability, ability to meet specifications, U.S. supplier not qualified, and product availability. CR at II-49, PR at II-31.

⁷² CR at II-36, PR at II-21.

⁷³ CR/PR at Table II-18. To the extent that importers reported differences other than price, these included quality, lead times, technical support, grades either not made or not made to the same quality levels, and/or ocean freight. CR at II-52, PR at II-34. Purchasers reported differences other than price on bases including smaller quantities, shorter lead times, fewer rejections, better customer service and technical support, not all producers could meet specifications, and product development. CR at II-53, PR at II-34. Importers and purchasers more frequently reported differences other than price were always or frequently significant in comparisons involving domestic product with subject imports from Japan and Korea. CR/PR at Table II-18.

⁷⁴ In comparisons with the domestic like product concerning 17 non-price factors, majorities or pluralities of purchasers found subject imports from Australia comparable in 14 factors, subject imports (Continued...)

domestic like product and imports from each subject country were sold for automotive/transportation end uses, and the domestic like product and imports from each subject country were also used in the construction/structural and tubular goods sectors.⁷⁵

Japanese Producers' argument regarding fungibility is not supported by the evidence in the record. The vast majority of purchasers stated that domestic and Japanese hot-rolled steel were comparable in terms of product consistency, product range, and quality meeting and exceeding industry standards.⁷⁶ Domestic producers and importers of subject imports from Japan shipped ***.⁷⁷ Japanese Producers' claim that they focus primarily on small, marginal segments of the hot-rolled steel market is rebutted by data showing that most subject imports from Japan are not specialty products. The record similarly does not corroborate their assertions that these products are not available from domestic producers.⁷⁸

Thus, the record indicates that there is a substantial degree of fungibility between and among subject imports from each source and the domestic like product.

Channels of Distribution. The domestic like product and the subject imports are sold to both distributors and end users. In 2015, the majority of U.S. producers' commercial shipments (54.5 percent) were sold directly to service centers/distributors, as were imports of hot-rolled steel from Australia (*** percent), Brazil (*** percent), Korea (*** percent), the Netherlands (***), Turkey (*** percent), and the United Kingdom (*** percent), whereas the majority of hot-rolled steel imports from Japan (***) were sold directly to end users. Consequently, during the period of investigation an appreciable proportion of both the domestic like product and imports from all subject sources was sold to service centers/distributors.⁷⁹

We are not persuaded by the argument of BlueScope and Japanese Producers that subject imports from Australia and Japan flow through distinct channels of distribution because the majority of these imports are shipped to U.S. affiliates or to long-term customers.⁸⁰ The evidence confirms that there is a substantial overlap in the channels of distribution between

(...Continued)

from Brazil comparable in 16 factors, subject imports from Japan comparable in 16 factors, subject imports from Korea comparable in 16 factors, subject imports from the Netherlands comparable in 14 factors, subject imports from Turkey comparable in 14 factors, and subject imports from the United Kingdom comparable in 16 factors. CR/PR at Table II-15.

⁷⁵ In 2015, *** were for other end uses. For subject imports from Australia, *** were for other end uses. For subject imports from Brazil, *** were for other end uses. For subject imports from Japan, *** were for other end uses. For subject imports from Korea, *** were for other end uses. For subject imports from the Netherlands, *** were for other end uses. For subject imports from Turkey, *** were for other end uses. For subject imports from the United Kingdom, *** were for other end uses. CR/PR at Table II-3 and Figures II-1 and II-2.

⁷⁶ CR/PR at Table II-15.

⁷⁷ CR/PR at Table II-3.

⁷⁸ CR at II-41-42, PR at II-24-25, CR/PR at Table IV-8.

⁷⁹ CR/PR at Table II-2.

⁸⁰ Japanese Producers Prehearing Brief at 12-17; Japanese Producers Posthearing Brief at 5-6 and Exhibit 1 at 1-5; BlueScope Prehearing Brief at 7-12; BlueScope Posthearing Brief at 5-8.

domestic products and subject imports including those from Australia and Japan. Indeed, a substantial and increasing share of these firms' total subject imports from Australia and Japan from 2013 to 2015 were not exclusively shipped to their U.S. affiliates. In 2015, *** of total subject imports from Australia were to BlueScope's U.S. affiliate, down from *** in 2013, and *** of total subject imports from Japan were to U.S. affiliates of Japanese producers, down from *** in 2013.⁸¹

BlueScope and Japanese Producers argue that the Commission has previously analyzed affiliate relationships and found sufficient grounds to not cumulate on that basis. However, we distinguish those determinations from the present investigations, as those determinations were based primarily on a lack of fungibility, which is not the case here.⁸² In the 1993 flat-rolled steel case, the Commission explicitly stated that its finding of no reasonable overlap of competition was not on the basis of the contractual agreement between UPI and USS-POSCO.⁸³

Based on the foregoing evidence, we find that there is an overlap in the channels of distribution among the subject imports and between imports from each subject source and the domestic like product.

⁸¹ Calculated from CR/PR at Table IV-2 and staff worksheets (individual company data) in EDIS Doc. 589132.

⁸² See *Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, and the United Kingdom*, 701-TA-319-332, 334, 336-342, 344, and 347-353 and 731-TA-573-579, 581-592, 594-597, 599-609, and 612-619 (Final), USITC Pub. 2664, Vol. 1 at 39 (Aug. 1993) ("Evidence on the record establishes that these imports are in certain niche categories in which there were no other imports from subject countries during the period examined. Accordingly, because there was no competition with other imports, we find that the imports from Korea need not be cumulated under the statute."); *Certain Cold-Rolled Steel Products from Australia, India, Japan, Sweden, and Thailand*, Inv. Nos. 731-TA-965, 971-972, 979, and 981 (Final), USITC Pub. 3536 at 16 (Sept. 2002) (While the Commission recognized that the subject imports were only sold in one geographic region (West region) and to only two customers (not affiliated), the focus of its finding of a lack of competition was that virtually all subject imports from Australia were a specialty type of cold-rolled steel (full-hard steel) that was in very limited supply by domestic and other import sources in the West region).

⁸³ The Commission stated:

Our discussion of imports from Korea destined for UPI does not turn on the fact that there exists a contract (however labeled) for the supply of UPI. The Commission is expressly not making a determination that any type of contractual supply relationship precludes a finding of competition. Rather, in this instance, imports from Korea would not support a finding of a reasonable overlap of competition because the purchaser of the imported material, regardless of its relationship with the importer, does not source any significant portion of its requirements from any imported source other than its current supplier. It is also speculative at best to assume that the purchaser could purchase all its requirements domestically.

Geographic Overlap. U.S. producers reported selling hot-rolled steel to all regions in the contiguous United States, and importers reported selling to multiple regions.⁸⁴ Imports from all subject sources are sold in all six regions of the continental United States, except that subject imports from Brazil were not sold in the West Coast region and subject imports from the United Kingdom were not sold in the Mountain and West Coast regions.⁸⁵ Based on customs border of entry data in 2015, subject imports from Australia (80.2 percent), Japan (66.4 percent), and Korea (71.5 percent) were concentrated in the West Coast points of entry.⁸⁶ Subject imports from Brazil (92.2 percent) and Turkey (87.1 percent) were concentrated in the South/Gulf Coast.⁸⁷ Subject imports from the Netherlands (64.0 percent) and the United Kingdom (49.1 percent) entered mainly in the North.⁸⁸

Australian and Japanese Producers' argument that subject imports from Australia or Japan lack geographical overlap with imports from the other subject sources and the domestic product because they are "uniquely present in the West Coast" is not supported by the record.⁸⁹ In particular, a more than minimal share of subject imports from each subject country entered through the South/Gulf Coast in 2015 as follows: Australia (19.7 percent), Brazil (92.2 percent), Japan (31.6 percent), Korea (28.4 percent), the Netherlands (17.9 percent), Turkey (87.1 percent), and the United Kingdom (16.1 percent).⁹⁰ Moreover, although hot-rolled steel from different sources may have different regional concentrations, importers also reported selling the subject imports throughout the United States. Consequently, the record indicates there is sufficient geographic overlap among the subject imports and between imports from each subject source and the domestic like product.

Simultaneous Presence in Market. Imports of hot-rolled steel from Japan, Korea, the Netherlands, Turkey, and the United Kingdom were present in the U.S. market in every month from January 2013 to June 2016. Imports of hot-rolled steel from Australia and Brazil were present in the U.S. market for a majority of these 42 months as follows: Australia (27 of 42 months); and Brazil (37 of 42 months).⁹¹

Conclusion. The record indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product, notwithstanding

⁸⁴ CR at II-8, PR at II-4-5.

⁸⁵ CR/PR at Table II-4.

⁸⁶ CR/PR at Table IV-10. Districts of entry included in the West category are: Columbia-Snake, OR; Los Angeles, CA; and San Francisco, CA.

⁸⁷ CR/PR at Table IV-10, CR at IV-30, PR at IV-21. Districts of entry included in the South/Gulf Coast category are: Houston-Galveston, TX; Laredo, TX; New Orleans, LA; Mobile, AL; and Tampa, FL.

⁸⁸ CR/PR at Table IV-10, CR at IV-30, PR at IV-21. Districts of entry included in the North category are: Detroit, MI; Chicago, IL; Cleveland, OH; and Milwaukee, WI.

⁸⁹ Japanese Producers seem to focus primarily on whether there is competition on the Pacific/West Coast and not on whether there is a geographical overlap, as there is in the South/Gulf area, among the subject imports and between imports from each subject source and the domestic like product.

⁹⁰ CR/PR at Table IV-10.

⁹¹ CR at IV-35 and Table IV-11, PR at IV-26 and Table IV-11.

respondents' contrary arguments.⁹² We accordingly analyze subject imports from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom on a cumulated basis for our analysis of material injury by reason of subject imports.

V. Material Injury by Reason of Subject Imports

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁹³ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic

⁹² There is no basis for the Japanese Producers' contention that the WTO Agreements pose cumulation requirements that U.S. law, as currently construed by the Commission, does not. Both require a showing of "competition." U.S. law requires cumulation for current material injury analysis when subject "imports compete with each other and with domestic like products in the U.S. market." 19 U.S.C. § 1677(7)(G)(i). Article 3.3 of the WTO Antidumping Agreement and Article 15.3 of the WTO Agreement on Subsidies and Countervailing Measures each state that authorities may engage in cumulative assessment, *inter alia*, when it "is appropriate in light of the conditions of competition between the imported products and the domestic like product." The WTO Agreements do not further specify what conditions of competition an authority must analyze, and the Japanese Producers rely upon an Appellate Body Report that merely states that the authority "may" find consideration of volume trends relevant to consideration of conditions of competition. See Japanese Producers' Prehearing Brief at 8 n.12 (citing *European Communities - Anti-Dumping Duties on Malleable Cast Iron Tube or Pipe Fittings from Brazil*, WT/DS219/AB/R, adopted 18 August 2003, at note 122). Consequently, there is no authority supporting the Japanese Producers' argument that the WTO Agreements require the Commission to use different or additional factors in assessing whether cumulation for present injury analysis is appropriate.

Moreover, the Uruguay Round Agreements Act (URAA) sets forth how the United States has implemented the WTO Agreements. The Statement of Administrative Action (SAA) to URAA expressly states with respect to its amendments to the cumulation provisions that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994). Commission practice at the time of the time of the URAA was the same as the current practice: the analysis of whether there is a reasonable overlap of fungibility, channels of distribution, geographic overlap, and simultaneous presence in the market. See *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (1988), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988). Accordingly, Japanese Producers' argument provides no legal basis for the Commission to change its practice in analyzing whether the statutory prerequisites for cumulation are satisfied.

⁹³ 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

like product, but only in the context of U.S. production operations.⁹⁴ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁹⁵ 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.⁹⁶ 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.”⁹⁷

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,⁹⁸ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁹⁹ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.¹⁰⁰

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material

⁹⁴ 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁹⁵ 19 U.S.C. § 1677(7)(A).

⁹⁶ 19 U.S.C. § 1677(7)(C)(iii).

⁹⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁹⁸ 19 U.S.C. §§ 1671d(a), 1673d(a).

⁹⁹ *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), *aff’d*, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

¹⁰⁰ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

injury threshold.¹⁰¹ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.¹⁰² Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.¹⁰³ It is clear that the existence of injury caused by other factors does not compel a negative determination.¹⁰⁴

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to

¹⁰¹ SAA at 851-52 (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); *accord Mittal Steel*, 542 F.3d at 877.

¹⁰² SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); *Taiwan Semiconductor Industry Ass’n*, 266 F.3d at 1345 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), *citing Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

¹⁰³ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

¹⁰⁴ *See Nippon Steel Corp.*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

the subject imports.”¹⁰⁵ ¹⁰⁶ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”¹⁰⁷

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.¹⁰⁸ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute injury from nonsubject imports or other factors to

¹⁰⁵ *Mittal Steel*, 542 F.3d at 877-78; see also *id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing *United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swift-Train v. United States*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comporting with the Court’s guidance in *Mittal*.

¹⁰⁶ Commissioners Pinkert and Kieff do not join this paragraph or the following three paragraphs. They point out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or rigid formulas. The Court has not prescribed a specific method of exposition for this consideration. *Mittal Steel* explains as follows:

What *Bratsk* held is that “where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

¹⁰⁷ *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also *Mittal Steel*, 542 F.3d at 879 (“*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

¹⁰⁸ *Mittal Steel*, 542 F.3d at 875-79.

subject imports.¹⁰⁹ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.¹¹⁰

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.¹¹¹ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.¹¹²

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports.

1. Captive Production

The domestic industry captively consumes the majority of its production of the domestic like product in the manufacture of downstream articles. Accordingly, we have considered whether the statutory captive production provision requires us to focus our analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance of the domestic industry.¹¹³ Domestic Producers maintain that the captive

¹⁰⁹ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

¹¹⁰ To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

¹¹¹ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

¹¹² *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp.*, 458 F.3d at 1350, citing *U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

¹¹³ The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), provides:

(iv) CAPTIVE PRODUCTION –If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and

(Continued...)

production provision applies and that the Commission should focus primarily on the merchant market in analyzing the market share and financial performance of the U.S. industry.¹¹⁴ None of the respondents directly addressed the applicability of the captive production provision.¹¹⁵

Threshold Criterion. The captive production provision is applied only if, as a threshold matter, significant production of the domestic like product is internally transferred and significant production is sold in the merchant market. In these investigations, internal consumption accounted for between 56.2 percent and 59.4 percent of U.S. producers' U.S. shipments of hot-rolled steel during the period of investigation, and commercial shipments accounted for between 38.8 percent and 41.9 percent of U.S. producers' U.S. shipments in this period.¹¹⁶ We find both the internal consumption and merchant market segments are significant portions of the market.¹¹⁷

First Statutory Criterion. The first criterion requires that the domestic like product produced that is internally transferred for processing into downstream articles does not enter the merchant market for the domestic like product.¹¹⁸ No domestic producers in these

(...Continued)

sell significant production of the domestic like product in the merchant market, and the Commission finds that –

- (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product, and
- (II) the domestic like product is the predominant material input in the production of that downstream article;

then the Commission, in determining market share and the factors affecting financial performance set forth in clause (iii), shall focus primarily on the merchant market for the domestic like product.

The Trade Preferences Extension Act of 2015 eliminated what was the third statutory criterion of the captive production provision. Pub. L. 114-27, § 503(c).

¹¹⁴ See ArcelorMittal Prehearing Brief at 15-17; US Steel Prehearing Brief at 19-21; Nucor Prehearing Brief at 21-22.

¹¹⁵ CSN, Korean Producers, and Turkish Producers argue that the majority of domestic hot-rolled steel production is captively consumed for processing into downstream articles such as cold-rolled steel, corrosion-resistant steel, tin plate, and tubular products. CSN Prehearing Brief at 9; Korean Producers Prehearing Brief at 9; Turkish Producers Prehearing Brief at 5-6.

¹¹⁶ Calculated from CR/PR at Table III-7.

¹¹⁷ Transfers to related firms accounted for the remaining 1.7 to 1.9 percent. Calculated from CR/PR at Table III-7.

¹¹⁸ See *Raw Flexible Magnets from China and Taiwan*, Inv. Nos. 701-TA-452 and 731-TA-1129-30 (Preliminary), USITC Pub. 3961 at 13 (Nov. 2007) (“No producer reported diverting raw flexible magnets intended for internal consumption to the merchant market.”).

investigations reported diverting hot-rolled steel that was to be internally consumed to the merchant market.¹¹⁹ This criterion therefore is satisfied.

Second Statutory Criterion. In applying the second statutory criterion, the Commission generally considers whether the domestic like product is the predominant material input into a downstream product by referring to its share of the raw material cost of the downstream product.¹²⁰ In these investigations, although estimates varied, reporting domestic producers indicated that hot-rolled steel accounted for 60 percent or more of the cost of the downstream products produced from hot-rolled steel.¹²¹ Because hot-rolled steel is the predominant material input into downstream products, this criterion also is satisfied in these investigations.

Conclusion. We conclude that the criteria for application of the captive production provision are satisfied in these investigations. Accordingly, we focus primarily on the merchant market in analyzing the market share and financial performance of the domestic industry. We also have considered the market as a whole and the captive portion of the market.

2. Demand Considerations

Demand for hot-rolled steel in the United States is affected by changes in overall U.S. economic activity.¹²² Hot-rolled steel is used primarily in the production of downstream products for automotive applications, pipe and tube goods, transportation equipment (such as rail cars, ships, and barges), nonresidential construction, appliances, heavy machinery, and machine parts.¹²³ U.S. producers' 2015 commercial shipments of hot-rolled steel were ***, followed by shipments to the ***; other end uses accounted for the remaining shipments.¹²⁴

Thus, demand for hot-rolled steel is mainly driven by demand in the automotive, construction, and energy sectors.¹²⁵ The U.S. automotive and construction industries experienced considerable growth since 2012.¹²⁶ In the energy sector, a substantial component of demand for hot-rolled steel is production of oil country tubular goods ("OCTG"). U.S. production of OCTG peaked in 2014, but then fell in 2015, with declines continuing through the first six months of 2016.¹²⁷

¹¹⁹ CR at III-17 and 18. Some transfers to related firms resulted in the sale of that hot-rolled steel in the merchant market (***, short tons), which only accounts for *** percent of U.S. producers' aggregate internal consumption and transfers to related firms. CR at III-18.

¹²⁰ See 19 U.S.C. § 1677(7)(C)(iv)(II).

¹²¹ CR at III-20, PR at III-12.

¹²² CR at II-29, PR at II-16.

¹²³ CR at II-25, PR at II-13.

¹²⁴ CR/PR at Table II-3 (based on questionnaire responses) and Figure II-1; see also CR/PR at Table II-8 (based on AISI data).

¹²⁵ CR at II-30, PR at II-16.

¹²⁶ CR at II-30, PR at II-16, and CR/PR Figures II-5 and II-6. U.S. sales of light trucks and automobiles increased by 8.4 percent from January 2013 to June 2016, and total U.S. construction increased by 32.3 percent during the same period. CR at II-30, PR at II-16.

¹²⁷ CR at II-30, PR at II-16, and CR/PR Figure II-7.

The majority of U.S. hot-rolled steel production is internally consumed, with the remaining shipments sold in the merchant market or transferred to related firms. In 2015, 58.7 percent of U.S. producers' U.S. shipments of hot-rolled steel were consumed internally to produce downstream products.¹²⁸ These intra-company transfers were primarily used to produce coated steel and cold-rolled sheet and strip, and to a lesser extent tin mill and tubular products.¹²⁹ Thus, demand for hot-rolled steel also is driven by demand in the market sectors for these finished downstream products.

A plurality of U.S. producers, importers, and purchasers reported that demand for hot-rolled steel fluctuated since the beginning of the period of investigation, although a large number of firms also reported increases or decreases in demand.¹³⁰ Regardless of how they described demand overall, U.S. producers, importers, and purchasers generally described increased demand from the automotive, appliance, and construction industries, while they generally described demand from the OCTG and other energy-related sectors as having declined substantially.¹³¹ Apparent U.S. consumption of hot-rolled steel in the merchant market increased by 10.1 percent from 2013 to 2014, but then decreased by 15.7 percent from 2014 to 2015, for an overall decrease of 7.2 percent from 2013 to 2015; it was 4.0 percent lower in interim 2016 than in interim 2015.¹³² Similarly, apparent U.S. consumption of hot-rolled steel in the total U.S. market increased by 5.1 percent from 2013 to 2014, then decreased by 11.5 percent from 2014 to 2015, for an overall decline of 7.0 percent from 2013 to 2015; however, it was 3.8 percent higher in interim 2016 than in interim 2015.¹³³

3. Supply Considerations

The domestic industry supplied the majority of U.S. demand for hot-rolled steel during the period of investigation. The domestic industry's share of apparent U.S. consumption in the merchant market that the domestic industry supplied decreased from 86.5 percent in 2013 to 79.8 percent in 2014 and 78.6 percent in 2015; the U.S. industry's share of apparent U.S. consumption in the merchant market was 74.6 percent in interim 2015 and 83.1 percent in interim 2016.¹³⁴ In 2015, the four largest domestic producers, ***, accounted for *** percent

¹²⁸ CR at III-17, PR at III-4. Transfers to related firms accounted for 1.9 percent of U.S. producers' U.S. shipments in 2015.

¹²⁹ CR/PR at Table III-9.

¹³⁰ CR at II-32, PR at II-19, and CR/PR at Table II-9.

¹³¹ CR at II-32, PR at II-19.

¹³² CR/PR at Tables IV-12 and C-1. Apparent U.S. merchant market consumption increased from 29.3 million short tons in 2013 to 32.2 million short tons in 2014, and then declined to 27.2 million short tons in 2015. It was 7.0 million short tons in interim 2015 and 6.7 million short tons in interim 2016. *Id.*

¹³³ CR/PR at Tables IV-13 and C-2. Apparent U.S. consumption in the total U.S. market increased from 64.6 million short tons in 2013 to 67.8 million short tons in 2014, and then declined to 60.0 million short tons in 2015. It was 14.9 million short tons in interim 2015 and 15.5 million short tons in interim 2016. *Id.*

¹³⁴ CR/PR at Table C-1. The domestic industry supplied 93.9 percent of apparent U.S. consumption in the total U.S. market in 2013, 90.4 percent in 2014, and 90.3 percent in 2015; the U.S. (Continued...)

of domestic hot-rolled steel production.¹³⁵ Domestic producers are largely concentrated in the midwestern and eastern United States, with some domestic production on the West Coast.¹³⁶ Individual domestic producers of hot-rolled steel engaged in different types of production activity, with some using blast furnace/oxygen furnace steelmaking and some utilizing electric-arc furnace steelmaking, while others produced hot-rolled steel starting with slabs produced by a different firm.¹³⁷

Domestic producers made several acquisitions during the period of investigation. ***. AK Steel ***. ArcelorMittal USA purchased the Calvert, Alabama, mill from ThyssenKrupp Steel USA in February 2014, and formed a joint venture with Nippon Steel & Sumitomo Metal Corp. to operate the plant. SDI purchased a mill in Columbus, Mississippi, in September 2014 from Severstal.¹³⁸ Additionally, Big River Steel is expected to be a new entrant in the industry in the first quarter of 2017 and to produce 1.6 million short tons of hot-rolled steel products, including 615,500 short tons of hot-rolled steel for the merchant market.¹³⁹

Five domestic producers reported shutdowns or curtailments in their hot-rolled steel production operations, mostly during 2014 and 2015.¹⁴⁰ The domestic industry's production capacity, however, remained largely unchanged over the period of investigation.¹⁴¹ Severe winter weather and a roof collapse at a U.S. Steel mill led to some supply disruptions during the winter of 2014.¹⁴² Notwithstanding respondents' arguments that domestic producers had difficulty meeting demand,¹⁴³ the domestic industry as a whole reported ample unused capacity throughout the period of investigation.¹⁴⁴

Cumulated subject imports were the third largest source of supply to the U.S. market after the domestic industry and nonsubject imports in 2013 and 2014, but surpassed

(...Continued)

industry's share of apparent U.S. consumption in the total U.S. market was 88.1 percent in interim 2015 and 92.7 percent in interim 2016. CR/PR at Table C-2.

¹³⁵ CR/PR at Table III-1.

¹³⁶ CR/PR at Figure III-1 and Table III-1.

¹³⁷ CR/PR at III-2.

¹³⁸ CR/PR at Tables III-3 and III-4. In October 2015, BlueScope, the Australian steel company, acquired the remaining 50 percent stake in North Star in Delta, Ohio from Cargill. This gave BlueScope full ownership over North Star. *Id.*

¹³⁹ CR at III-6-7, PR at III-4.

¹⁴⁰ CR/PR at Tables III-3 and III-4. *** attributed the production shutdowns and production curtailments to a lack of orders due to the subject imports. CR/PR at Tables III-3 and III-4. In particular, ***. CR/PR at Tables III-3 and III-4.

¹⁴¹ CR/PR at Table C-2.

¹⁴² CR at II-20-21, PR at II-11. *** stated that it experienced occasional weather-related outages (such as in the first quarter of 2014). Purchaser *** reported that U.S. Steel production was halted in 2014 when the roof of its mill collapsed. *Id.*

¹⁴³ CSN Prehearing Brief at 8-9; CSN Post-Hearing Brief at 7; Japanese Producers Prehearing Brief at 52-54; Japanese Respondents Posthearing Brief at 11-12; Korean Producers Prehearing Brief at 9; Korean Producers Posthearing Brief at 7; Tata Netherlands Posthearing Brief at 2.

¹⁴⁴ See CR/PR at Table III-5.

nonsubject imports in 2015 to become the second largest source of supply.¹⁴⁵ Cumulated subject imports' share of apparent U.S. consumption in the merchant market increased from 6.0 percent in 2013 to 9.9 percent in 2014 and 13.2 percent in 2015; their share was 17.0 percent in interim 2015 and 8.5 percent in interim 2016.^{146 147}

Nonsubject imports' share of apparent U.S. consumption in the merchant market increased from 7.5 percent in 2013 to 10.4 percent in 2014, and then decreased to 8.2 percent in 2015; their share of the merchant market was 8.4 percent in both interim 2015 and interim 2016.¹⁴⁸ Although Canada was the largest source of nonsubject imports during the period of investigation, its share of total hot-rolled steel imports declined from *** percent in 2013 to *** percent in 2015.¹⁴⁹ The increase in imports from nonsubject countries from 2013 to 2014 is attributable for the most part to nonsubject imports from Russia, which had entered the U.S. under the terms of a revised suspension agreement that was subsequently terminated and replaced with an antidumping duty order at the end of 2014.¹⁵⁰

¹⁴⁵ CR/PR at Tables IV-14 and IV-15.

¹⁴⁶ CR/PR at Table C-1. In the total U.S. market, cumulated subject imports' share of apparent U.S. consumption was 2.7 percent in 2013, 4.7 percent in 2014, and 6.0 percent in 2015; their share was 8.0 percent in interim 2015 and 3.7 percent in interim 2015. CR/PR at Table C-2.

¹⁴⁷ Commissioner Kieff does not join this paragraph. He notes that cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom were the third largest source of supply to the U.S. market after the domestic industry and nonsubject imports in 2013 and 2014, but surpassed nonsubject imports in 2015 to become the second largest source of supply. Calculated from CR/PR at Tables IV-12-15. Cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom accounted for *** percent of apparent U.S. consumption in the merchant market in 2013, *** percent in 2014, and *** percent in 2015; this share was *** percent in interim 2015 and *** percent in interim 2016. Calculated from CR/PR at Table IV-14. These cumulated subject imports accounted for *** percent of total apparent U.S. consumption in 2013; *** percent in 2014; and *** percent in 2015; this share was *** percent in interim 2015 and *** percent in interim 2016. Calculated from CR/PR at Table IV-15. Subject imports from Australia accounted for *** percent of apparent U.S. consumption in the merchant market in 2013, *** percent in 2014, and *** percent in 2015; this share was *** percent in interim 2015 and *** percent in interim 2016. CR/PR at Table IV-14. Subject imports from Australia accounted for *** percent of total apparent U.S. consumption in 2013; *** percent in 2014; and *** percent in 2015; this share was *** percent in interim 2015 and *** percent in interim 2016. CR/PR at Table IV-15.

¹⁴⁸ CR/PR at Table C-1. In the total U.S. market, nonsubject imports' share of apparent U.S. consumption was 3.4 percent in 2013, 4.9 percent in 2014, and 3.7 percent in 2015; their share was 3.9 percent in interim 2015 and 3.6 percent in interim 2016. CR/PR at Table C-2.

¹⁴⁹ CR/PR at Table IV-2.

¹⁵⁰ CR at IV-7, PR at IV-6-7. U.S. imports of hot-rolled steel from Russia totaled 34,814 short tons in 2013, 939,481 short tons in 2014, and 18,079 short tons in 2015. U.S. imports from Russia were previously subject to a suspension agreement that was revised on December 6, 2012, and subsequently terminated; an antidumping duty order became effective on December 24, 2014. Commerce terminated the suspension agreement at the request of domestic interested parties who alleged that it had failed to achieve its purpose. Imports under the antidumping duty order are subject to margins between 73.59 and 184.56 percent. CR at IV-7-8 n.6, PR at IV-6-7 n.6.

4. Substitutability and Other Conditions

The record indicates that there is a high degree of substitutability between domestically produced hot-rolled steel and hot-rolled steel imported from subject sources.¹⁵¹ As discussed above, a majority of U.S. producers, importers, and purchasers reported that subject imports from the subject countries are always or frequently used interchangeably with each other and with the domestic like product.¹⁵² A majority of purchasers also reported that the domestic like product and imports from each subject country were comparable with respect to at least 14 of the 17 non-price factors such as availability and quality.¹⁵³

The record also indicates that price is an important consideration in purchasing decisions.¹⁵⁴ When asked whether differences other than price are ever significant in their sales of hot-rolled steel from different sources, a majority of producers and importers described most product differences as sometimes or never significant.¹⁵⁵ Purchasers cited quality and price as the two most important factors in purchasing decisions.¹⁵⁶ Over 85 percent of purchasers rated price, along with availability, quality and reliability of supply, as very important factors in purchasing decisions.¹⁵⁷

Prices for the primary raw materials used to produce hot-rolled steel fluctuated between January 2013 and March 2016, although the prices for each input showed an overall decline. Specifically, costs for iron ore, coal, and iron steel scrap fell by 10.7 percent, 9.1 percent, and 46.7 percent, respectively, with much of the decrease in these input costs occurring during 2015.¹⁵⁸ Raw material costs for hot-rolled steel account for a relatively large share of the cost of goods sold ("COGS"); they were 60.1 percent of total COGS in 2015, down from 69.6 percent in 2013.¹⁵⁹

U.S. producers reported selling 56.5 percent of their commercial shipments through short-term, annual, and long-term contracts, and the remaining 43.6 percent on the spot market, while importers sold 57.8 percent of their shipments on the spot market.¹⁶⁰ A majority of responding U.S. producers and importers reported that their contracts do not allow price renegotiation during the contract period and do not contain meet-or-release provisions. While U.S. producers' contracts generally fixed quantity or price, importers' contracts generally fixed both.¹⁶¹ Petitioners indicated that contract prices are often based on a discount from published

¹⁵¹ CR at II-36, PR at II-21.

¹⁵² CR/PR at Table II-16.

¹⁵³ CR/PR at Table II-15.

¹⁵⁴ CR/PR at Tables II-12 and II-13.

¹⁵⁵ CR at II-50, PR at II-32, and CR/PR at Table II-18.

¹⁵⁶ CR/PR at Table II-12.

¹⁵⁷ CR/PR at Tables II-12 and II-13.

¹⁵⁸ CR/PR at V-1 and Figure V-1. In the second quarter of 2016, the prices for all three raw materials have risen. CR/PR at V-1.

¹⁵⁹ CR/PR at V-1.

¹⁶⁰ CR/PR at Table V-2.

¹⁶¹ CR at V-6-7, PR at V-4-5.

price indices for hot-rolled steel.¹⁶² The majority of purchasers indicated that raw material prices affected their firm's negotiations with suppliers of hot-rolled steel, although the effect can be direct (through a hot-rolled steel price movement tied to a raw material price change) or indirect (as a reason cited by producers why they need to change hot-rolled steel prices).¹⁶³

U.S. producers reported inland transportation costs for U.S. shipments ranging between 3 and 10 percent of the total delivered cost of hot-rolled steel.¹⁶⁴ The majority of responding importers reported inland transportation costs ranging between 1 and 7 percent of the total delivered cost of hot-rolled steel, while a large minority listed higher inland transportation costs in the range of 8 and 10 percent.¹⁶⁵ The calculated transportation costs for imported hot-rolled steel to the U.S. market from the subject countries ranged between 4.8 percent and 8.9 percent of c.i.f. (cost, insurance, and freight) value in 2015.¹⁶⁶ Transportation costs for imports generally will consist of both ocean freight and inland transportation costs.

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff 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."¹⁶⁷

Cumulated subject imports increased from 1.75 million short tons in 2013 to 3.18 million short tons in 2014 and 3.59 million short tons in 2015, a level 105.4 percent larger than in 2013. Subject imports were 1.19 million short tons in interim 2015 and 0.57 million short tons in interim 2016.^{168 169 170} As explained above, apparent U.S. consumption in the merchant

¹⁶² CR at V-7, PR at V-4-5.

¹⁶³ CR at V-8, PR at V-5-6.

¹⁶⁴ CR at V-4, PR at V-3.

¹⁶⁵ CR at V-4, PR at V-3.

¹⁶⁶ CR at V-3, PR at V-3. During 2015, transportation costs for subject imports to the U.S. market were 8.9 percent of c.i.f. value for imports from Australia, 4.8 percent for imports from Brazil, 7.5 percent for imports from Japan, 8.1 percent for imports from Korea, 8.1 percent for imports from the Netherlands, 5.3 percent for imports from Turkey, and 8.2 percent for imports from the United Kingdom. Transportation costs for subject imports to the U.S. market were calculated by comparing the c.i.f. (cost, insurance, and freight) value of imports to the Customs value of imports for the relevant HTS codes. CR at V-3 n.4, PR at V-3 n.4.

¹⁶⁷ 19 U.S.C. § 1677(7)(C)(i).

¹⁶⁸ CR/PR at Table C-1. We find that the decline in the volume and market share of subject imports in interim 2016 was a result of the pendency of these investigations. We therefore reduce the weight we are according to the volume, price effects, and impact of subject imports for interim 2016, pursuant to 19 U.S.C. § 1677(7)(I).

¹⁶⁹ Respondents argue that subject imports fell after January 2015 and that the majority of the increase in subject import volume occurred between 2013 and 2014, in response to increased demand and constrained domestic supply. See, e.g., Korean Respondents Posthearing Brief at 7; Tata Netherlands Posthearing Brief at 2-3; Japanese Producers Posthearing Brief at 8-9. The facts do not support these allegations. The volume and market share of subject imports in full year 2015 were substantially higher than 2013 and 2014 import levels and, on a monthly basis, the subject import (Continued...)

market fluctuated during the period of investigation, increasing by 10.1 percent between 2013 and 2014, before falling by 15.7 percent between 2014 and 2015, for an overall decline of 7.2 percent between 2013 and 2015.¹⁷¹ The volume of cumulated subject imports, by contrast, rose at a much faster rate than apparent U.S. consumption in 2014, increasing by 81.9 percent, and continued to increase by 12.9 percent between 2014 and 2015, for an overall increase of 105.4 percent between 2013 and 2015.^{172 173}

Cumulated subject imports increased their share of apparent U.S. consumption in the merchant market from 6.0 percent in 2013 to 9.9 percent in 2014 and 13.2 percent in 2015.¹⁷⁴ Subject imports' 7.2 percentage point gain in merchant market share from 2013 to 2015 came at the expense of the domestic industry, which lost 7.9 percentage points of market share in the merchant market during the same period.^{175 176 177}

(...Continued)

volumes were at elevated levels in the majority of the months of 2015 compared with most previous months of the period of investigation, as well as with the same month of 2014. CR/PR at Tables IV-2 and IV-11.

¹⁷⁰ Commissioner Kieff does not join this sentence. He notes that cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom followed a similar pattern, increasing from *** short tons in 2013 to *** in 2014 to *** in 2015. Cumulated subject import volume for these countries was *** in interim 2015 and *** short tons in interim 2016.

¹⁷¹ CR/PR at Table C-1.

¹⁷² CR/PR at Table C-1. Respondents argue that subject imports were drawn into the U.S. market due to constraints in domestic supply in 2014 from winter weather, which closed the Great Lakes to shipping for 140 days, as well as by unplanned outages, including the collapse of a roof at U.S. Steel's Great Lakes Works facilities and unscheduled maintenance at facilities by ArcelorMittal and AK Steel. Korean Respondents Posthearing Brief at 7; Netherlands Posthearing Brief at 11. The record, however, indicates that such shortages were not so widespread and persistent as to explain the subject imports' continued significant increase throughout 2014 and 2015. Moreover, U.S. producers' end-of-period inventories were higher in 2014 than 2013, which belies the argument that additional imports were necessary due to an alleged pervasive supply issue. CR at II-19-20, PR at II-11, CR/PR at Table III-10.

¹⁷³ Commissioner Kieff does not join this sentence. He notes that cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom rose at a much faster rate than did apparent U.S. consumption, rising by *** percent between 2013 and 2014 and an additional *** percent in 2015, for an overall increase of *** percent between 2013 and 2015.

¹⁷⁴ CR/PR at Table C-1. Subject imports' share of apparent U.S. consumption in the merchant market was 17.0 percent in interim 2015 and 8.5 percent in interim 2016. *Id.* Cumulated subject imports also increased as a share of apparent U.S. consumption in the total U.S. market during the period, increasing from 2.7 percent in 2013 to 4.7 percent in 2014 and 6.0 percent in 2015. Subject imports' share of apparent U.S. consumption in the total U.S. market was 8.0 percent in interim 2015 and 3.7 percent in interim 2016. CR/PR at Table C-2.

¹⁷⁵ The domestic industry's market share by quantity in the merchant market decreased from 86.5 percent in 2013 to 79.8 percent in 2014 and 78.6 percent in 2015, and its share was 74.6 percent in interim 2015 and 83.1 percent in interim 2016. CR/PR at Table C-1.

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In the total U.S. market, the domestic industry's market share declined from 93.9 percent in 2013 to 90.4 percent in 2014 and 90.3 percent in 2015, and its share was 88.1 percent in interim 2015 and 92.7 percent in interim 2016. CR/PR at Table C-2.

¹⁷⁶ Respondents argue that the decline in the domestic industry's market share over the period of investigation is explained by the effects of import competition in the downstream markets for cold-rolled steel and corrosion-resistant steel and/or by weakening demand for OCTG and other tubular products. Korean Respondents Prehearing Brief at 13; Tata Netherlands Prehearing Brief at 5. While the OCTG market declined in 2015, other end use sectors increased significantly throughout the period of investigation, as did subject imports. CR/PR at Figures II-5 to II-7. Moreover, certain importers acknowledged that declines in demand for OCTG did not necessarily affect other tubular goods. CR at II-33, PR at II-19 ("*** stated that while OCTG demand had fallen because of declining prices of oil and gas, line pipe demand had not fallen as much, since oil and gas still needs to be transmitted (regardless of price). *** added that demand for high quality hot-rolled steel for improved pipe wall efficiency has been strong."). See also CR at III-11 n.4 and III-18 nn.16 and 17, CR/PR at Table III-9.

Respondents also assert that a large portion of subject imports do not meaningfully compete with the domestic like product, either because of geographic attenuation, dedicated supply to U.S. affiliates, or both. Korean Respondents Prehearing Brief at 18; Netherlands Prehearing Brief at 9; Japanese Producers Posthearing Brief at 8-9; BlueScope Posthearing Brief at 3-8. The evidence in the record does not support these allegations of attenuated competition because most of the increases in subject imports were in regions other than the West Coast, with regional concentration in the West Coast for subject imports decreasing throughout the period of investigation. For example, subject imports from Australia to the West Coast as a share of total subject imports from that source declined from 100 percent in 2013 to 80.2 percent in 2015; similarly, subject imports from Japan and Korea to the West Coast declined as a share of total subject imports from each respective source from 83.4 percent and 93.2 percent in 2013 to 66.4 percent and 71.5 percent in 2015. Overall, subject imports to the West Coast as a share of total subject imports fell from 64.7 percent in 2013 to 40.2 percent in 2015. CR/PR at Table IV-10. Moreover, there is competition between the subject imports and the domestic industry on the West Coast, and the domestic producers on the West Coast had substantial unused capacity. For example, all seven responding West Coast purchasers were supplied by domestic producers in 2015. CR/PR at Table II-5. Additionally, the U.S. producers on the West Coast, CSI and EVRAZ, had capacity utilization levels of *** in 2015, which were lower than those of the domestic industry as a whole. Calculated from CR/PR at Table III-5 and EDIS Doc. 589132.

¹⁷⁷ Commissioner Kieff does not join this paragraph. He notes that cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom increased their share of apparent U.S. consumption in the merchant market from *** percent in 2013 to *** percent in 2014 and to *** percent in 2015, and this *** percentage-point gain in market share came at the expense of the domestic industry, which lost *** percentage points of market share over the same time period. Calculated from CR/PR at Table IV-14. He notes that the domestic industry's decline in market share is not adequately explained either by weakening demand for OCTG, CR/PR at Figure II-7, or by increases in shipments to the West Coast. CR/PR at Table IV-10.

In light of the foregoing, we find that the volume of subject imports and the increase in the volume of subject imports are significant in both absolute terms and relative to consumption.¹⁷⁸

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff 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.¹⁷⁹

As explained in section V.B.4 above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important consideration in purchasing decisions. A majority of U.S. producers, importers, and purchasers reported that subject imports are always or frequently used interchangeably with each other and with domestically produced hot-rolled steel.¹⁸⁰

Ten domestic producers and 36 importers of subject merchandise provided usable quarterly f.o.b. price data for four hot-rolled steel products,¹⁸¹ although not all firms reported pricing for all products for all quarters.¹⁸² Cumulated subject imports undersold the domestic

¹⁷⁸ Commissioner Kieff determines that the cumulated volume of subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom, and the increase in that volume, is significant both in absolute terms and relative to consumption.

¹⁷⁹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁸⁰ CR/PR at Table II-16.

¹⁸¹ CR at V-10 to V-11, PR at V-7. Product 1 is hot-rolled carbon steel plate in coils, as rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width. Product 2 is hot-rolled carbon steel sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high strength, not pickled and oiled and not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width. Product 3 is hot-rolled carbon steel sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high strength, pickled and oiled and temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width. Product 4 is hot-rolled steel plate in coils, high strength low alloy, for conversion to API PSL 2 X70M, 0.250 to 0.750, 50" to 77 inches in width. CR at V-10, PR at V-7. Data were requested separately for sales to end users and sales to distributors/service centers. *Id.*

¹⁸² Reported pricing data account for approximately *** percent of domestic producers' U.S. commercial shipments of hot-rolled steel during 2015, *** percent of U.S. commercial shipments of subject imports from Australia, *** percent of U.S. commercial shipments of subject imports from Brazil, (Continued...)

like product in 196 of 396 quarterly comparisons, or 49.5 percent of the comparisons, at margins ranging from 0.1 percent to 19.6 percent from January 2013 to March 2016.¹⁸³ There were 1,309,163 short tons of cumulated subject import shipments involved in underselling comparisons and 636,073 short tons of cumulated subject import shipments involved in overselling comparisons; thus, on a volume basis, 67.3 percent of subject imports were involved in quarters of underselling.¹⁸⁴ Underselling was predominant during 2014 when subject imports gained substantial market share in the U.S. market.¹⁸⁵ Moreover, underselling continued at the end of 2014 and into 2015, when the volume and market share of subject imports volumes were at their peak.¹⁸⁶ Purchasers also confirmed shifting from the domestic like product to subject imports due to their lower prices.¹⁸⁷ Given the high degree of substitutability between the domestic like product and the subject imports, the predominant

(...Continued)

*** percent of U.S. commercial shipments of subject imports from Japan, *** percent of U.S. commercial shipments of subject imports from Korea, *** percent of U.S. commercial shipments of subject imports from the Netherlands, *** percent of U.S. commercial shipments of subject imports from Turkey, and *** percent of U.S. commercial shipments of subject imports from the United Kingdom. CR/PR at Table V-3.

¹⁸³ CR/PR at Table V-13c.

¹⁸⁴ CR/PR at Table V-13c. As discussed above, we find that the pendency of these investigations had an effect on the volume, price, and impact of subject imports, and thus we are reducing the weight afforded interim 2016 data. For the January 2013 to December 2015 period, cumulated subject imports undersold the domestic like product in 188 of 361 quarterly comparisons, or 52.1 percent of comparisons, and 69.3 percent of subject imports on a volume basis were involved in quarters of underselling. Calculated from CR/PR at Table V-13c.

¹⁸⁵ CR/PR at Table V-13c. In 2014, cumulated subject imports undersold the domestic like product in 89 of 128, or 69.5 percent, of quarterly comparisons, and 91.4 percent of subject imports on a volume basis were involved in quarters of underselling. *Id.*

¹⁸⁶ For the fourth quarter of 2014 and first quarter of 2015, cumulated subject imports undersold the domestic like product in 46 of 76, or 60.5 percent, of quarterly comparisons, and on a volume basis 68.6 percent of cumulated subject imports were involved in quarters of underselling. Calculated from CR/PR at Tables V-3 to V-11 and V-13c. Cumulated subject imports accounted for their peak market penetration, 17.0 percent of apparent U.S. consumption in the merchant market, in interim 2015. CR/PR at Table C-1. See CSN Posthearing Brief at 10; Korean Producers Posthearing Brief at 10-11; Tata Netherlands Producer Posthearing Brief at 9; Turkish Producers Posthearing Brief at 9.

¹⁸⁷ In response to the Commission's purchaser questionnaires, 30 of 48 purchasers reported that they had shifted purchases of hot-rolled steel from U.S. producers to subject imports during the period of investigation. Twenty-four of these purchasers reported that subject imports were priced lower, and 18 reported that price was a primary reason for the shift to the subject imports. Purchasers reported shifting a total of 1.1 million short tons of hot-rolled steel purchases from the domestic like product to the subject imports. CR at V-45, PR at V-16, CR/PR at Tables V-14 and V-15. See also CR/PR at Table II-1. Respondents contend that this volume was not truly "shifted" from domestic suppliers. See, e.g., Korean Producers Posthearing Brief at 8-9. However, these responses show that subject imports were priced lower than the domestic like product, that price is important to purchasers, and that purchasers preferred the subject imports over the domestic product because of the lower price.

underselling on a volume basis, and the importance of price in purchasing decisions, we find this underselling by cumulated subject imports to be significant.¹⁸⁸

We have considered whether the subject imports had significant price-depressing effects. Prices for individual domestically produced hot-rolled steel pricing products fell between 31.3 percent and 38.6 percent from January 2013 to March 2016.¹⁸⁹ Prices for subject imports declined between 18.2 percent and 46.2 percent over the period of investigation for products with at least 13 quarters of pricing data.¹⁹⁰ The largest price declines for domestically produced hot-rolled steel occurred during 2015.¹⁹¹ However, as discussed, some raw material prices also fell during 2015 and apparent U.S. consumption in the merchant market that year decreased by 15.7 percent.^{192 193} In light of this, we cannot conclude that the lower-priced

¹⁸⁸ Commissioner Kieff notes that cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom undersold the domestic like product in 174 of 349, or 49.9 percent of quarterly comparisons, at margins ranging from 0.1 percent to 19.6 percent from January 2013 to March 2016. There were *** short tons of cumulated subject import shipments from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom involved in underselling comparisons and *** short tons oversold; on a volume basis, *** percent of cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and United Kingdom undersold the domestic like product.

¹⁸⁹ See CR/PR at Table V-12. Prices for individual domestically produced hot-rolled steel pricing products fell between 27.0 percent and 36.1 percent from January 2013 to December 2015. Calculated from CR/PR at Tables V-4 to V-11.

¹⁹⁰ See CR/PR at Table V-12. Prices for subject imports declined between 13.6 percent and 43.7 percent from January 2013 to December 2015 for products with at least 12 quarters of pricing data. Calculated from CR/PR at Tables V-4 to V-11.

¹⁹¹ See CR/PR at Figs. V-3 to V-6. Domestic producers reported that they had to reduce prices, particularly after the third quarter of 2014, in an effort to cease their loss of market share to subject imports. CR at V-44-45, PR at V-15-16.

¹⁹² In particular, steel scrap prices fell sharply during 2015. CR/PR at Fig. V-1. Between January 2015 and December 2015, iron and steel scrap prices fell by \$172.20 per short ton, or by 51.8 percent. EDIS Doc. 589218.

¹⁹³ Petitioners have argued that actual consumption may not have decreased during 2015, and the decline in apparent U.S. consumption can be attributed, at least in part, to a build-up in importer, service center, and end-user inventories in 2014 that had to be depleted in 2015. Nucor Prehearing Brief at 2; US Steel Prehearing Brief at 7. While apparent U.S. consumption in these investigations uses import data which include importers' inventories rather than importer shipments, the difference between imports and import shipments is small relative to overall apparent U.S. consumption. Moreover, apparent U.S. consumption based on U.S. shipments data shows essentially the same magnitude of decline in 2015. CR at IV-39 n.18, PR at IV-30 n. 18 (merchant market) and CR at IV-41 n.20, PR at IV-32 n. 20 (total U.S. market). We further note that MSCI reported that service centers' shipments of carbon flat-rolled steel products were *** tons in 2013, *** tons in 2014, and *** tons in 2015. CR at II-23, PR at II-12. These data include not only shipments of hot-rolled steel from service centers' inventories, but also downstream sheet products produced from hot-rolled steel, such as cold-rolled and coated steel. CR at II-23 n.21, PR at II-12 n.21. Finally, importers' inventories at their peak in 2015 accounted for only 2.1 percent of apparent U.S. consumption in the merchant market and the 240,485 short ton increase in total subject importers' inventories from 2014 to 2015 explains only a (Continued...)

subject imports depressed the observed prices for domestically produced hot-rolled steel during 2015 to a significant degree.¹⁹⁴

(...Continued)

fraction of the 5 million short ton decrease in apparent U.S. consumption in the merchant market from 2014 to 2015. CR/PR at Tables IV-14 and VII-32.

¹⁹⁴ Commissioner Schmidtlein finds that the subject imports depressed prices for the domestic like product to a significant degree. As noted above, during the POI the domestic industry's prices for each of the pricing products declined by *** percent. CR/PR at Table V-12. The price declines between 2014 and 2015 were particularly pronounced, with the average unit value (AUV) of the domestic industry's U.S. shipments declining by \$159 per ton. CR/PR at Table III-7. These price declines occurred as the volume of subject imports increased in the market and significantly undersold the domestic like product.

The respondents point to declining raw material costs and declining demand to explain the price declines. *See, e.g.,* Korean Respondents Posthearing Br. at 14. The petitioners admit that these factors could affect prices, but contend that they do not explain the magnitude of the declines. *See, e.g.,* U.S. Steel Posthearing Br. at 10-11; Nucor Posthearing Br. at 14, Ex. 1 at 1-2, 6-8. Commissioner Schmidtlein agrees. The respondents rely heavily on the fact that iron and steel scrap prices declined toward the end of 2014 and into 2015, and argue that purchasers were aware of these declining costs and used them to pressure suppliers to lower their prices. *See* Korean Respondents Posthearing Br., Ex. 1 at 16, 22. The record shows, however, that the decline in the domestic industry's price of hot rolled steel far exceeded the decline in raw material costs. As noted above, the AUV of the industry's U.S. shipments declined by \$159 per ton between 2014 and 2015, while the industry's raw material costs declined by \$88 per ton over the same period. CR/PR at Tables III-7 and VI-1. Moreover, iron and steel scrap, which was the raw material component that experienced the most significant decline during the POI, is just one component used in the production of hot-rolled steel and other inputs did not decline nearly as much. CR/PR at V-1. Given the different production methods utilized by the domestic industry, the decline in scrap prices likely affected the domestic producers to different degrees. *See* CR/PR at III-2; SSAB and Steel Dynamics Posthearing Br. at 13. This is consistent with the U.S. producers' questionnaire responses, with four producers reporting that raw material prices had declined and six producers reporting that the prices had fluctuated. CR/PR at V-2. Thus, one would not expect to see a one-for-one decline in the cost of steel scrap and the sales price of hot-rolled steel, let alone the dramatic price declines that we see in this record. Additionally, any lag between the domestic producers' purchase cost of raw materials and the spot market price would likely be minimized over the course of a year, particularly in an industry such as this with a large number of producers. Consequently, Commissioner Schmidtlein is not persuaded by the respondents' contention that the difference between the industry's actual raw material costs and the spot market prices explains the wide discrepancy between the declines in the AUVs of the industry's hot-rolled steel prices and its raw material costs. *See* Korean Respondents Posthearing Br., Ex. 1 at 21-22, 24; AMUSA Posthearing Br., Ex. 1 at 53-54.

The record also shows that demand declined in 2015, primarily driven by declines in the energy sector and demand for welded OCTG. CR at II-32, PR at II-19. The decline in welded OCTG demand, however, did not start until the first quarter of 2015, while hot-rolled steel prices started declining in the second half of 2014. *See* CR/PR at Figures II-7 and V-2. Moreover, despite the fact that demand was declining, the volume of subject imports continued to increase in the market. In Commissioner Schmidtlein's view, this additional volume of low-priced supply in a price-sensitive market, during a time of declining demand, undoubtedly exerted downward pressure on the domestic industry's prices.

We also do not find that subject imports prevented price increases which otherwise would have occurred to a significant degree. From 2013 to 2014, the domestic industry's unit cost of goods sold (COGS) increased, but net sales values increased by a greater amount in both the merchant and total U.S. markets.¹⁹⁵ Consequently, from 2013 to 2014 prices increased by more than costs. By contrast, price increases would have been unlikely in 2015 while unit COGS and apparent U.S. consumption were declining.¹⁹⁶

Accordingly, based on the record in the final phase of these investigations, we find that there was significant underselling of the domestic like product by the subject imports. As a result of this underselling, the subject imports gained market share at the expense of the domestic industry, as described in section V.C. above. The low-priced cumulated subject imports consequently had significant effects on the domestic industry, which are described further below.¹⁹⁷

E. Impact of the Subject Imports¹⁹⁸

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on

¹⁹⁵ See CR/PR at Tables C-1 (merchant market) and C-2 (total U.S. market).

¹⁹⁶ See CR/PR at Tables VI-1 and VI-2. In the responses to the Commission's purchaser questionnaires, only three of 48 purchasers indicated that a domestic producer had reduced its prices to meet competition from subject imports. CR at V-45, PR at V-16.

¹⁹⁷ Commissioner Kieff determines that there was significant underselling of the domestic like product by cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom and as a result of this underselling, these subject imports gained market share at the expense of the domestic industry, as described above. The low-priced cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom consequently had significant effects on the domestic industry.

¹⁹⁸ 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). In its final determinations of sales at less value, Commerce found antidumping duty margins of: 29.37 percent for imports from Australia, 33.14 to 34.28 percent for imports from Brazil, 4.99 to 7.51 percent for imports from Japan, 3.89 to 9.49 percent for imports from Korea, 3.73 percent for imports from the Netherlands, 3.66 to 7.15 percent for imports from Turkey, and 33.06 percent for imports from the United Kingdom. CR/PR at Table I-5; 81 Fed. Reg. 53406, 53408 (Aug. 12, 2016) (Australia – AD); 81 Fed. Reg. 53424, 52427 (Aug. 12, 2016) (Brazil – AD); 81 Fed. Reg. 53409, 53410 (Aug. 12, 2016) (Japan-AD); 81 Fed. Reg. 53419, 53421 (Korea-AD); 81 Fed. Reg. 53428, 53430 (Aug. 12, 2016) (Turkey-AD); 81 Fed. Reg. 53436, 53438 (Aug. 12, 2016) (United Kingdom-AD). We take into account, in our analysis, the fact that the Department of Commerce found that producers in each of the subject countries are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling of the cumulated subject imports and the effects of that underselling, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

the state of the industry.”¹⁹⁹ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. 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.”²⁰⁰

We find that the cumulated subject imports had a significant impact on the domestic industry during the period of investigation.²⁰¹ Despite a strong 10.0 percent increase in apparent U.S. consumption in the merchant market from 2013 to 2014 (which equated to almost 3 million short tons in increased demand), the domestic industry reported only a slight increase in commercial shipments in 2014, when the subject imports captured significant market share.²⁰² As a result of subject imports, in many respects the domestic industry did not perform as well as would have been expected during the 2013-2014 time of growing demand. In 2015, subject imports continued to increase their volume and share of the U.S. market while domestic industry production, shipments, revenues, and financial performance, as explained below, plummeted. The significant and increasing volume of subject imports throughout the period of investigation, which undersold the domestic like product, led to a substantial erosion of the domestic industry’s market share.^{203 204}

¹⁹⁹ 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.”).

²⁰⁰ 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

²⁰¹ As discussed above, we have focused our analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance of the domestic industry. We have also considered the overall market as well as captive production.

²⁰² The domestic industry’s commercial shipments were 25.3 million short tons in 2013, 25.7 million short tons in 2014, and 21.4 million short tons in 2015; such shipments were 5.2 million short tons in interim 2015 and 5.6 million short tons in interim 2016. CR/PR at Table C-1. Total U.S. shipments were 60.6 million short tons in 2013, 61.3 million short tons in 2014, and 54.2 million short tons in 2015; such shipments were 13.2 million short tons in interim 2015 and 14.4 million short tons in interim 2016. CR/PR at Table C-2.

²⁰³ The domestic industry’s market share by quantity in the merchant market decreased from 86.5 percent in 2013 to 79.8 percent in 2014 and 78.6 percent in 2015; it was 74.6 percent in interim 2015 and 83.1 percent in interim 2016. Cumulated subject imports’ market share by quantity in the merchant market, on the other hand, increased from 6.0 percent in 2013 to 9.9 percent in 2014 and 13.2 percent in 2015; it was 17.0 percent in interim 2015 and 8.5 percent in interim 2016. CR/PR at Table C-1. In the total U.S. market, the domestic industry’s share also fell during this period. Its share was 93.9 percent in 2013, 90.4 percent in 2014, and 90.3 percent in 2015; it was 88.1 percent in interim 2015 and 92.7 percent in interim 2016. Cumulated subject imports’ market share by quantity in the total U.S. market increased from 2.7 percent in 2013 to 4.7 percent in 2014 and 6.0 percent in 2015; it was 8.0 percent in interim 2015 and 3.7 percent in interim 2016. CR/PR at Table C-2.

The domestic industry's capacity was virtually unchanged at about 80.5 million short tons in each year of the period of investigation.²⁰⁵ Production increased from 61.8 million short tons in 2013 to 62.4 million short tons in 2014 and then declined to 54.7 million short tons in 2015.²⁰⁶ Capacity utilization was 76.8 percent in 2013, 77.6 percent in 2014, and 68.0 percent in 2015.²⁰⁷ The number of production workers and wages paid fluctuated between years but increased from 2013 to 2015, by 2.6 percent and 4.4 percent, respectively.²⁰⁸ Hours worked and productivity, however, were lower in 2015 than in 2013.²⁰⁹

Sales revenues were higher in 2014, but their 6.0 percent increase was not commensurate with the increase in apparent U.S. consumption in the merchant market (10.0 percent by quantity and 15.2 percent by value).²¹⁰ Sales revenues declined more sharply than apparent U.S. consumption in 2015. Sales revenues in the merchant market declined by a total of 30.6 percent over the period of investigation.²¹¹

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²⁰⁴ As noted above, we find that the decline in the volume and market share of subject imports in interim 2016 was a result of the pendency of these investigations. We therefore reduce the weight we are according to the impact of subject imports for interim 2016, pursuant to 19 U.S.C. § 1677(7)(I). Petitioners argue that the almost one-for-one correlations between the drop in subject import market share, due to the filing of these cases, and the increase in the domestic industry's market share in interim 2016, show the direct effects on the U.S. industry of subject import sales. ArcelorMittal Prehearing Brief at 20-23; ArcelorMittal Posthearing Brief at 4-5; Nucor Prehearing Brief at 43-47; Nucor Posthearing Brief at 7 and 9-10; US Steel Prehearing Brief at 28-32; AK Steel Posthearing Brief at 10-12. A review of the record before and after the filing of the petition supports the contention that the domestic industry benefitted from the filing of the petitions. In interim 2015, the domestic industry's market share and capacity utilization in the merchant market were 74.6 percent and 65.3 percent, respectively, and subject imports' market share was 17.0 percent. The interim 2016 data show that subject imports' market share in the merchant market declined to 8.5 percent after the petitions were filed, while the domestic industry's market share increased to 83.1 percent and capacity utilization rose to 74.2 percent. CR/PR at Table C-1.

²⁰⁵ CR/PR at Table III-5.

²⁰⁶ Production was 13.1 million short tons in interim 2015 and 14.6 million short tons in interim 2016. CR/PR at Table III-5. The domestic industry's end-of-period inventories increased slightly from 2.8 percent of U.S. shipments in 2013 to 2.9 percent in 2014 and in 2015; it was 3.1 percent in interim 2015 and 2.8 percent in interim 2016. CR/PR at Table III-10.

²⁰⁷ Capacity utilization was 65.3 percent in interim 2015 and 74.2 percent in interim 2016. CR/PR at Table III-5.

²⁰⁸ CR/PR at Table C-2. The number of production workers and wages paid were lower in interim 2016 than in interim 2015. CR/PR at Table III-12.

²⁰⁹ CR/PR at Table III-12. Productivity was higher in interim 2016 than in interim 2015. *Id.*

²¹⁰ See CR/PR at Table C-1.

²¹¹ Sales revenues in the merchant market were \$15.8 billion in 2013, \$16.7 billion in 2014, and \$11.0 billion in 2015; such revenues were \$3.0 billion in interim 2015 and \$2.3 billion in interim 2016. By quantity, commercial sales were 25.1 million short tons in 2013, 25.2 million short tons in 2014, and 21.0 million short tons in 2015; such sales were 5.1 million short tons in interim 2015 and 5.5 million short tons in interim 2016. CR/PR at Table C-1. Total net sales were 59.6 million short tons in 2013, 60.0 million short tons in 2014, and 53.0 million short tons in 2015; such sales were 7.8 million short tons in (Continued...)

Gross profit, net income, and operating income all rose from 2013 to 2014, reflecting higher sales values for the industry;²¹² they then fell sharply in 2015.²¹³ The industry's operating income as a share of net sales also increased from 2013 to 2014 before declining sharply in 2015.²¹⁴ ²¹⁵ The industry's capital expenditures were substantially lower in 2015 than

(...Continued)

interim 2015 and 6.1 million short tons in interim 2016. CR/PR at Table C-2. Captive consumption was 34.5 million short tons in 2013, 34.8 million short tons in 2014, and 32.0 million short tons in 2015; captive consumption was 7.8 million short tons in interim 2015 and 8.5 million short tons in interim 2016. Calculated from CR/PR at Tables C-1 and C-2.

²¹² The industry's average unit net sales values in the merchant market increased from \$629.32 per short ton in 2013 to \$663.41 per short ton in 2014, and then decreased to \$521.55 per short ton in 2015; it was \$596.19 in interim 2015 and \$420.99 in interim 2016. CR/PR at Table C-1. In the total U.S. market, the industry's average unit net sales values increased from \$623.54 per short ton in 2013 to \$655.60 per short ton in 2014, and then decreased to \$514.37 per short ton in 2015; it was \$593.28 in interim 2015 and \$426.73 in interim 2016. CR/PR at Table C-2.

²¹³ Gross profit in the merchant market improved from a \$1.3 billion in 2013 to \$1.6 billion in 2014, before falling to a loss of \$213.5 million in 2015; it was \$20.3 million in interim 2015 and \$82.1 million in interim 2016. Operating income in the merchant market improved from \$779.4 million in 2013 to \$1.1 billion in 2014, and then fell to a loss of \$656.4 million in 2015; it was a loss of \$101.6 million in interim 2015 and a loss of \$13.9 million in interim 2016. Net income in the merchant market improved from \$563.6 million in 2013 to \$984.0 million in 2014 and then fell to a loss of \$850.7 million in 2015; it was a loss of \$175.2 million in interim 2015 and a loss of \$38.6 million in interim 2016. CR/PR at Table C-1.

In the total U.S. market, gross profit improved from a \$2.8 billion in 2013 to \$3.5 billion in 2014, before falling to a loss of \$790.7 million in 2015; it was \$0.8 million in interim 2015 and \$150.9 million in interim 2016. Operating income improved from \$1.7 billion in 2013 to \$2.3 billion in 2014, before turning into a loss of \$1.9 billion in 2015; it was a loss of \$312.2 million in interim 2015 and a loss of \$105.0 million in interim 2016. Net income improved from \$1.3 billion in 2013 to \$2.0 billion in 2014, before turning into a loss of \$2.5 billion in 2015; it was a loss of \$558.2 million in interim 2015 and a loss of \$159.8 million in interim 2016. CR/PR at Table C-2.

Gross profit on captive production improved from \$1.5 billion in 2013 to \$1.9 billion in 2014, before falling to a loss of \$577.2 million in 2015; it was a loss of \$19.5 million in interim 2015 and \$68.8 million in interim 2016. The domestic industry's operating performance on captive production improved from \$914.0 million in 2013 to \$1.2 billion in 2014 before turning into a loss of \$1.3 billion in 2015; it was a loss of \$210.6 million in interim 2015 and a loss of \$91.1 million in interim 2016. Net income on captive production improved from \$727.6 million in 2013 to \$1.0 billion in 2014, before turning into a loss of \$1.6 billion in 2015; it was a loss of \$383.0 million in interim 2015 and a loss of \$121.2 million in interim 2016. Calculated from CR/PR at Tables VI-1 and VI-3.

²¹⁴ The domestic industry's operating income as a share of net sales in the merchant market increased from 4.9 percent in 2013 to 6.6 percent in 2014 before falling to a loss of 6.0 percent in 2015; it was a loss of 3.4 percent in interim 2015 and a loss of 0.5 percent in interim 2016. CR/PR at Table C-1. In the total U.S. market, the ratio increased from 4.6 percent in 2013 to 5.8 percent in 2014 and then decreased to a loss of 7.0 percent in 2015; it was a loss of 4.1 percent in interim 2015 and a loss of 1.8 percent in interim 2016. CR/PR at Table C-2. The ratio for captive production improved from 4.3 percent in 2013 to 5.1 percent in 2014 and then decreased to a loss of 7.7 percent in 2015; it was a loss (Continued...)

in 2013, although its research and development (“R&D”) expenditures were higher in 2015 than in 2013.²¹⁶

Through pervasive underselling, subject imports increased their volume and market share in 2014, and their volume and market share continued to increase in 2015.²¹⁷ Subject imports gained market share during the period of investigation at the expense of the domestic industry, which experienced declining commercial shipments and anemic growth in sales revenues in 2014 despite robust growth in apparent U.S. consumption during that year. In 2015, while subject imports continued to increase, the domestic industry’s production, shipments, and sales revenues all declined and the domestic industry’s net sales values in the merchant and total U.S. markets fell to a greater extent than its costs, leading to reduced profitability for the industry. Because the domestic industry, despite having the ability to increase its production and shipments,²¹⁸ was unable to increase its shipments more significantly as demand grew in 2014, or to maintain its level of shipments relative to apparent U.S. consumption as subject imports continued to increase in 2015, it lost revenues that it otherwise would have obtained. These lost revenues were reflected in the industry’s generally poor financial performance in 2015.

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of 4.6 percent in interim 2015 and a loss of 2.5 percent in interim 2016. Calculated from CR/PR at Tables VI-1 and VI-3.

The industry’s return on assets, expressed as operating income as a share of total assets, increased from 10.7 percent in 2013 to 16.0 percent in 2014, before declining to negative 15.9 percent in 2015. CR/PR at Table VI-6.

²¹⁵ Respondents allege that the Commission staff’s variance analysis “demonstrates that nearly the entire decline in domestic industry profitability, whether measured over the period 2013-2015 or only for 2014-2015 was due to declining hot-rolled steel prices.” See Korean Producers Posthearing Brief at 13-14. The Commission’s variance analysis, however, shows that the decline in total revenue in 2015 reflects a combination of both negative price and volume variances. CR/PR at Tables VI-2 and VI-4, CR at VI-11, PR at VI-10. Moreover, since reduced fixed cost absorption is a function of lower sales/production volume, a negative impact of lower sales volume is reflected indirectly in what the variance analysis presents as a “positive” cost/expense variance; thus, the 2014-2015 “positive” cost/expense variance is lower relative to what it would have been had the overall average costs/expenses not been impacted by lower sales volume and corresponding reduced fixed cost absorption. CR at VI-4 n.10, PR at VI-3 n.10.

²¹⁶ The domestic industry’s capital expenditures declined from \$706.2 million in 2013 to \$677.4 million in 2014 and \$560.3 million in 2015; these were \$137.7 million in interim 2015 and \$125.9 million in interim 2016. CR/PR at Table VI-5. The industry’s R&D expenses increased from \$39.5 million in 2013 to \$41.0 million in 2014 and \$52.0 million in 2015; these were \$11.3 million in interim 2015 and \$13.9 million in interim 2016. *Id.*

²¹⁷ Domestic producers explained that they ceded market share in 2014 in order to maintain their hot-rolled steel prices. See US Steel Posthearing Brief at 2; Nucor Posthearing Brief at 1.

²¹⁸ The industry had appreciable excess capacity during 2013-15, indicating it had the ability to increase production, and its capacity utilization declined overall during the period of investigation. See CR/PR at Table III-5.

We accordingly find that the significant volume of cumulated subject imports, which gained market share at the expense of the domestic industry through significant underselling, had a significant impact on the domestic industry.^{219 220}

We are not persuaded by respondents' argument that there was a lack of correlation between the increase in subject imports in 2014 and deterioration in the domestic industry's condition in 2015.²²¹ Subject imports did not retreat from the U.S. market in 2015; to the contrary, they increased through the time the petitions were filed.²²² The volume and market share of subject imports increased in 2015 from 2014 levels, even though the rate of increase was lower.²²³

Similarly, respondents' argument that a large portion of subject imports do not meaningfully compete with the domestic like product, either because of geographic attenuation, dedicated supply to U.S. affiliates, or both, is not persuasive.^{224 225} As discussed above, regional concentration for subject imports in the West Coast decreased throughout the period of investigation; thus, subject imports were not only competing with domestic suppliers on the West Coast but there also was substantial competition in other regions of the United States.²²⁶ In addition, allegations that the domestic industry does not or cannot supply the

²¹⁹ Respondents have argued that the ability of the domestic industry to invest in new facilities during the period of investigation demonstrates that the industry has not suffered material injury. *See, e.g.,* CSN Prehearing Brief at 50-51. Under the Trade Preferences Extension Act of 2015, the existence of a profitable industry, or one whose performance has improved, does not foreclose an affirmative material injury determination. 19 U.S.C. § 1677(7)(J). By the same token, the ability of the industry to invest in new facilities, in and of itself, is not dispositive of whether the industry is materially injured by reason of subject imports. We find that the subject imports had a significant impact on the domestic industry notwithstanding that it was able to make some investments to remain competitive.

²²⁰ Commissioner Schmidlein also finds that subject imports significantly depressed U.S. prices during the POI. The depressed prices, along with the lower sales volume, resulted in a significant adverse impact on the domestic industry's profitability and overall operating performance in the later portion of the POI.

²²¹ Korean Producers Prehearing Brief at 40-45; Korean Producers Posthearing Brief at 13-14; Tata Netherlands Prehearing Brief at 23-25; CSN Prehearing Brief at 42-44.

²²² CR/PR at Table IV-11. The volume of subject imports in January-July 2015 (before the petition was filed) was 2.3 million short tons, which was 39.9 percent higher than the same period in 2014 (1.7 million short tons in January-July 2014). *Id.*

²²³ CR/PR at Table C-1.

²²⁴ Korean Respondents Prehearing Brief at 18; Tata Netherlands Prehearing Brief at 9; Japanese Producers Posthearing Brief at 8-9; BlueScope Posthearing Brief at 3-8.

²²⁵ Commissioner Kieff does not join this or the next paragraph. He determines that geographic attenuation did limit competition between subject imports and the domestic like product to a degree. *See Separate and Dissenting Views of Commissioner F. Scott Kieff.*

²²⁶ Overall, subject imports to the West Coast as a share of total subject imports declined from 64.7 percent in 2013 to 40.2 percent in 2015. Subject imports from Australia to the West Coast as a share of its total subject imports declined from 100 percent in 2013 to 80.2 percent in 2015; similarly, subject imports from Japan and Korea to the West Coast declined as a share of each of their total (Continued...)

West Coast purchasers is not supported by the evidence. All seven responding West Coast purchasers were supplied by domestic producers in 2015.²²⁷ Evidence in the record also demonstrates negotiations with and sales to West Coast purchasers, including affiliates of foreign producers, by domestic producers during the period of investigation.²²⁸ We also are not persuaded that transportation costs hinder the ability of U.S. producers to supply the West Coast purchasers. The evidence demonstrates that transportation costs are a relatively small share of the total price of hot-rolled steel to the purchaser.²²⁹ Ocean transportation costs as a share of the c.i.f. value of hot-rolled steel ranged from 7.5 percent to 8.9 percent to West Coast subject suppliers, and most imported steel will incur the additional inland freight costs reported by importers of 1 to 10 percent of the total delivered cost of hot-rolled steel.²³⁰ By comparison, U.S. producers reported that their inland transportation costs ranged from 3 to 10 percent of the total delivered cost of hot-rolled steel.²³¹

Moreover, there are two domestic producers, CSI and EVRAZ, on the West Coast that have substantial unused capacity for the production of hot-rolled steel.²³² Thus, we find that the increase in subject imports was not the result of limited competition by the domestic suppliers and instead led to a loss of U.S. producers' sales and market share, including in specific geographic markets and for specific foreign-affiliated customers.

We have considered whether there are other factors that may have had an impact on the domestic industry during the period of investigation to ensure that we are not attributing injury from such other factors to subject imports.²³³ Nonsubject imports as a share of apparent

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subject imports from 83.4 percent and 93.2 percent in 2013 to 66.4 percent and 71.5 percent in 2015. CR/PR at Table IV-10.

²²⁷ CR/PR at Table II-5.

²²⁸ See, e.g., ArcelorMittal Posthearing Brief at 10-12 and Exhibit 1 at 34-40; US Steel Posthearing Brief at 4-5 and Exhibit 2; Nucor Posthearing Brief at 3-4 and Exhibit 2. For example, US Steel ***. Tr. at 65-66 and ***. Moreover, in its purchaser questionnaire, ***. Nucor indicated that it supplies two of the three West Coast purchasers affiliated with foreign producers. Tr. at 88. ArcelorMittal indicated that it had 40 customers on the West Coast, and ***. ArcelorMittal Posthearing Brief, Exhibit 1 at 36-37.

²²⁹ CR at V-3 and V-4, PR at V-3.

²³⁰ CR at V-3 and V-4, PR at V-3.

²³¹ CR at II-12 and V-3-4, PR at II-7 and V-3. See, e.g., ArcelorMittal Posthearing Brief at 10-12 and Exhibit 1 at 34-40. A number of domestic producers also indicated that for large, regular customers, they can *** and that they have no difficulty with rail car availability, with Nucor noting that it has its own private fleet of rail cars. CR at II-10 n. 9, PR at II-6 n.9.

²³² CR/PR at Table III-5 and questionnaire responses.

²³³ Respondents claim that subject import had limited effects on the domestic industry because the domestic industry improved by some measures in 2014 when subject imports were increasing. We disagree. As discussed above, the domestic industry experienced declines from 2013 to 2014 in such indicators as market share, and only modest gains in sales revenues and commercial shipments in the merchant market as subject imports gained in volume and market share despite a substantial increase in apparent U.S. consumption. As discussed above, we have found that subject imports did not enter the U.S. market in response to temporary shortages and retreat thereafter. The volume and market share (Continued...)

U.S. consumption in the merchant market increased from 7.5 percent in 2013 to 10.4 percent in 2014 and then fell to 8.2 percent in 2015; their share was 8.4 percent in both interim 2015 and interim 2016.^{234 235} In comparison, subject imports' market share rose from 6.0 percent in 2013 to 9.9 percent in 2014 and further to 13.2 percent in 2015.²³⁶ Consequently, nonsubject imports do not explain the magnitude of the domestic industry's loss of market share and revenues, which we have found were due to underselling by subject imports. As discussed above, while a large portion of nonsubject imports were from Canada, such imports' market share in the merchant market declined over the period of investigation.²³⁷ Moreover, the increase in imports from nonsubject countries from 2013 to 2014 is attributable for the most part to nonsubject imports from Russia, which had entered the United States under the terms of a revised suspension agreement that was subsequently terminated and replaced by an antidumping duty order at the end of 2014; in 2015, these nonsubject imports fell sharply.²³⁸

We recognize that the demand for hot-rolled steel for the OCTG market declined in 2015.²³⁹ However, as discussed above, other end use sectors, such as construction and automotive applications, increased significantly throughout the period of investigation and not

(...Continued)

of subject imports continued to increase and be significant during 2015, and the industry's performance was substantially worse for most indicators in 2015 than in 2014.

²³⁴ CR/PR at Table C-1. In the total U.S. market, nonsubject imports' share of apparent U.S. consumption was 3.4 percent in 2013, 4.9 percent in 2014, and 3.7 percent in 2015; it was 3.9 percent in interim 2015 and 3.6 percent in interim 2016. CR/PR at Table C-2.

²³⁵ CR/PR at Table IV-14. The average unit values of the nonsubject imports were higher than those of subject imports throughout the period of investigation. CR/PR at Table C-1. The limited pricing data obtained for nonsubject imports (accounting for only 6.2 percent of commercial shipments of U.S. imports from Canada) show that nonsubject imports from Canada were generally priced lower than the domestic like product and subject imports during the period of investigation. The prices for nonsubject imports from Canada were lower than the prices for the domestic like product in 42 of 58 comparisons, and were lower than prices for subject imports in 159 of 266 comparisons. CR/PR at E-3. The volume of nonsubject imports from Canada, however, remained relatively steady throughout the period of investigation and was significantly smaller than the volume of cumulated subject imports. CR/PR at Table C-1.

²³⁶ CR/PR at Table IV-14.

²³⁷ Commissioners Pinkert and Kieff find that hot-rolled steel is a commodity product for purposes of a *Bratsk/Mittal Steel* analysis, and that price-competitive nonsubject imports were a significant factor in the U.S. merchant market during the period of investigation. They find, however, that nonsubject imports would not have replaced the subject imports without benefit to the domestic industry had the subject imports exited the market during the period, as the average unit values of the nonsubject imports were higher than those of subject imports throughout the period of investigation. CR/PR at Table C-1.

²³⁸ CR at IV-7-8, PR at IV-6-7. We note that at the time of the record closing in these investigations, the Commission had an expedited review pending in *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Russia*, Inv. No. 731-TA-808.

²³⁹ See, e.g., Korean Respondents Prehearing Brief at 13-15; Japanese Producers Posthearing Brief at 12.

all tubular goods experienced a similar decline.²⁴⁰ Moreover, subject imports of hot-rolled steel increased substantially from 2013 to 2014, by 81.9 percent, which predated the declines in the OCTG market. Consequently, the declines in the OCTG market cannot explain the growing volume of subject imports throughout the full years of the period of investigation nor the domestic industry's loss of market share to subject imports, particularly between 2013 and 2014.

Thus, other factors cannot explain the loss in market share, output, and revenues that we have attributed to the cumulated subject imports. We therefore conclude that the subject imports had a significant impact on the domestic hot-rolled steel industry.

In sum, we find that the significant and increasing volume of subject imports, at prices which undersold the domestic like product, adversely impacted the domestic industry. We consequently determine that the domestic industry is materially injured by reason of cumulated subject imports from Australia, Brazil, Japan, Korea, the Netherlands, Turkey and the United Kingdom.²⁴¹

VI. Critical Circumstances

A. Legal Standards and Party Arguments

In its final antidumping and countervailing duty determinations concerning hot-rolled steel from Brazil and its final antidumping duty determination concerning hot-rolled steel from Japan, Commerce found that critical circumstances existed with respect to certain producers/exporters. Because we have determined that the domestic industry is materially injured by reason of subject imports from Brazil and Japan, we must further determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination ... are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."²⁴² The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."²⁴³ The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by

²⁴⁰ CR/PR at Figures II-5 to II-7, CR at II-33, PR at II-19.

²⁴¹ Commissioner Kieff determines that the significant and increasing volume of cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom, at prices which undersold the domestic like product, adversely impacted the domestic industry. He determines that the domestic industry is materially injured by reason of cumulated subject imports from Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom.

²⁴² 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

²⁴³ SAA at 877.

{Commerce}.²⁴⁴ An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to the affirmative Commerce critical circumstances determination for a period 90 days prior to the suspension of liquidation.

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant,

(I) the timing and the volume of the imports,
(II) a rapid increase in inventories of the imports, and
(III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.²⁴⁵

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.²⁴⁶

Petitioners' Arguments. Domestic Producers argue that U.S. imports from the exporters/producers covered by Commerce's final affirmative critical circumstances determinations are likely to seriously undermine the remedial effect of the orders covering subject imports from Brazil and Japan. They contend there were surging volumes of low-priced imports from these exporters/producers and a rapid increase in U.S. importer inventories of subject imports from Brazil and Japan. They also urge the Commission to focus its analysis of imports from Brazil on five-month periods before and after the filing of the petition because of the timing of the provisional measures (as opposed to the six-month periods typically examined by the Commission and requested for the Commission's analysis of imports from Japan).²⁴⁷

Respondents' Arguments. CSN argues that the Commission should make negative critical circumstances findings with respect to subject imports from Brazil. It argues that the Commission should analyze its normal six-month time periods. However, according to CSN, even considering five-month periods, the increased volume of subject imports and inventories of such imports from Brazil in the post-petition period are not material given the size of the

²⁴⁴ *ICC Industries, Inc. v United States*, 812 F.2d 694, 700 (Fed. Cir. 1987), quoting H.R. Rep. No. 96-317 at 63 (1979), *aff'd* 632 F. Supp. 36 (Ct. Int'l Trade 1986). See 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

²⁴⁵ 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

²⁴⁶ See *Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442-43, 731-TA-1095-97, USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India*, Inv. Nos. 701-TA-437 and 731-TA-1060-61 (Final), USITC Pub. 3744 at 26 (Dec. 2004); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 at 20-22 (Aug. 2003).

²⁴⁷ According to Domestic Producers, the Commission should also consider the timing of imports entering the U.S. market. They contend that if the subject imports had begun to ebb immediately in reaction to the filing of the petition, the major problems the industry experienced in the second half of 2015 might have been avoided, but rather imports from the sources increased substantially in an effort to beat the imposition of the provisional duties. ArcelorMittal Prehearing Brief at 59-65; ArcelorMittal Posthearing Brief, Exhibit 1 at 68-69.

market and are not likely to undermine the remedial effects of the orders. It further argues that the Petitioners' argument that the condition of the domestic industry has improved in 2016 is at odds with a finding of critical circumstances.²⁴⁸

Japanese Respondents argue that the Commission should make a negative critical circumstances finding with respect to imports from Japan. They argue that subject imports from NSSMC and JFE increased at only a modest rate between the pre- and post-petition periods and that this increase cannot be considered to undermine the remedial effect of any order imposed when viewed in comparison to the size of the U.S. merchant market for hot-rolled steel.²⁴⁹

B. Analysis

1. Choice of Time Period

We first consider the appropriate period for comparison of pre-petition and post-petition levels of subject imports from Brazil and Japan. In previous investigations, the Commission has relied on a shorter comparison period when Commerce's preliminary determination applicable to the country at issue fell within the six-month post-petition period the Commission typically considers.²⁵⁰ That situation arises here with respect to Brazil,²⁵¹ and we thus have determined to compare the volume of subject imports five months prior to the filing of the petition with the volume of subject imports five months after the filing of the petition in our critical circumstances analyses regarding subject imports from Brazil.²⁵² For our

²⁴⁸ CSN Posthearing Brief at 13-15; *see also* Stencor Posthearing Brief at 3-7.

²⁴⁹ Japanese Producers Prehearing Brief at 65-66. According to Japanese Respondents, the increase in volumes and inventories of subject imports from Japan resulted from sales initiated prior to the filing of the petitions in the case of JFE and were mainly due to shipments driven by customer need in the case of NSSMC, and therefore do not seriously undermine the remedial effect of the order. *Id.* at 68-69.

²⁵⁰ *Certain Corrosion-Resistance Steel Products from China, India, Italy, Korea, and Taiwan*, Investigation No. 701-TA-534-537 and 731-TA-1274-1278 (Final), USITC Pub. 4630 at 35-40 (July 2016); *Carbon and Certain Steel Wire Rod from China*, Inv. Nos. 7-1-TA-512, 731-TA-1248 (Final), USITC Pub. 4509 at 25-26 (Jan. 2015) (using five-month periods because preliminary Commerce countervailing duty determination was during the sixth month after the petition).

²⁵¹ The petitions in these investigations were filed on August 11, 2015, and Commerce made its preliminary determination in the countervailing duty investigation with respect to Brazil on January 15, 2016. *Countervailing Duty Investigation of Certain Hot-Rolled Steel Flat Products From Brazil: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 81 Fed. Reg. 2168 (January 15, 2016).

²⁵² These periods considered are March 2015 through July 2015 and August 2015 through December 2015.

Because Commerce made affirmative critical circumstances determinations with respect to different sets of exporters in the antidumping and countervailing duty investigations concerning hot-rolled steel from Brazil, we have conducted a separate critical circumstances analysis for each investigation. *See Certain Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 and 731-TA-1258 (Final), USITC Pub. 4545 (Aug. 2015); *Certain Uncoated Paper from Australia, Brazil, China*, (Continued...)

critical circumstances analysis regarding subject imports from Japan, we have used six-month pre- and post-petition periods.²⁵³

2. Brazil

Antidumping Duty. In its final antidumping duty critical circumstances determination concerning Brazil, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from Usiminas Siderurgicas de Minas Gerais S.A. (“Usiminas”).²⁵⁴ The volume of subject imports for Usiminas increased from *** short tons for the five-month pre-petition period to *** short tons for the five-month post-petition period (an increase of 16.3 percent).²⁵⁵ End-of-period (“EOP”) inventories of imports from Brazil, for purposes of antidumping duty critical circumstances analysis, were *** short tons in 2014 and *** short tons in 2015.²⁵⁶ Although both the import volume and inventory level increased in the post-petition period, we find that the increased volumes, particularly in the context of the 27.2 million short ton merchant market for hot-rolled steel in 2015, would not undermine seriously the remedial effect of the antidumping duty order.²⁵⁷ Consequently, and in the absence of any other circumstances indicating that the remedial effect of the antidumping duty order will be seriously undermined, we make a negative critical circumstances determination with regard to subject imports in the antidumping duty investigation of hot-rolled steel from Brazil.

Countervailing Duty. In its final countervailing duty critical circumstances determination for Brazil, Commerce determined that critical circumstances exist with regard to imports for CSN.²⁵⁸ Imports from Brazil from CSN increased from *** short tons for the five-month pre-petition period to *** short tons for the five-month post-petition period (an increase of 30.0

(...Continued)

Indonesia, and Portugal, Inv. Nos. 701-TA-528-529 and 731-TA-1264-1268 (Final) USITC Pub. 4592 (Feb. 2016).

²⁵³ These periods considered are February 2015 through July 2015 and August 2015 through January 2016.

²⁵⁴ *Certain Hot-Rolled Steel Flat Products From Brazil: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 81 Fed. Reg. 53424, 53426 (Aug. 12, 2016). Commerce based its critical circumstances determination with respect to Usiminas on adverse facts available. *Id.*

²⁵⁵ CR/PR at Table IV-4. An analysis using six-month periods also shows an increase, from *** short tons to *** short tons. *Id.*

²⁵⁶ Calculated from CR at IV-18, PR at IV-14, and EDIS Doc. 589132. The available inventory data for this analysis excludes exports of CSN merchandise, which was not subject to Commerce’s affirmative critical circumstances finding in the antidumping duty investigation. These data, however, still may not be limited to inventories for exports from Usiminas, and thus may overstate the increase in inventories pertinent to this analysis.

²⁵⁷ CR/PR at Table IV-12.

²⁵⁸ *Countervailing Duty Investigation of Certain Hot-Rolled Steel Flat Products From Brazil: Final Affirmative Determination, and Final Determination of Critical Circumstances, in Part*, 81 Fed. Reg. 53416, 53416-53417 (Aug. 12, 2016).

percent).²⁵⁹ EOP inventories of imports from Brazil subject to Commerce's final affirmative countervailing duty critical circumstances determination were *** short tons in 2014 and *** short tons in 2015.²⁶⁰ Although the volume of subject imports from CSN rose somewhat in the post-petition period, we find that the additional volume of 35,521 short tons would not likely undermine seriously the effectiveness of the countervailing duty order, particularly in the context of the 27.2 million short ton merchant market for hot-rolled steel in 2015.²⁶¹ Similarly, although the increase in EOP inventories of subject imports is not insubstantial, it would not likely undermine the effectiveness of the order in this market.²⁶² Consequently, and in the absence of any other circumstances indicating that the remedial effect of the countervailing duty order will be seriously undermined, we make a negative critical circumstances determination with regard to subject imports in the countervailing duty investigation of hot-rolled steel from Brazil.

3. Japan

In its final antidumping duty critical circumstances determination for hot-rolled steel from Japan, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from Japan from NSSMC and all other non-mandatory respondent producers.²⁶³ The volume of subject imports from the entities subject to Commerce's affirmative critical circumstances findings increased from *** short tons for the six-month pre-petition period to *** short tons for the six-month post-petition period (an increase of 40.9 percent).²⁶⁴ EOP inventories of imports from Japan subject to Commerce's final affirmative determination of critical circumstances were *** short tons in 2014 and *** short tons in 2015.²⁶⁵ Although both the import volume and inventory level increased in the post-petition period, we find that the increased volumes, particularly in the context of the 27.2 million short ton merchant market for hot-rolled steel in 2015, would not undermine seriously the remedial effect of the antidumping

²⁵⁹ CR/PR at Table IV-5. An analysis using six-month periods also shows an increase, from *** short tons to *** short tons. *Id.*

²⁶⁰ Calculated from CR at IV-18, PR at IV-14, and EDIS Doc. 589132. The available inventory data for this analysis exclude exports of Usiminas merchandise, which was not subject to Commerce's affirmative critical circumstances finding in the countervailing duty investigation. These data, however, still may not be limited to inventories for exports from CSN, and thus may overstate the increase in inventories pertinent to this analysis.

²⁶¹ CR/PR at Table IV-12.

²⁶² Apparent U.S. merchant market consumption of hot-rolled steel was 27.2 million in 2015. CR/PR at Table IV-12.

²⁶³ *Certain Hot-Rolled Steel Flat Products From Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 Fed. Reg. 53409, 53410 (Aug. 12, 2016). In its final determination, Commerce found critical circumstances did not exist with respect to the JFE Group. *Id.*

²⁶⁴ CR/PR at Table IV-6.

²⁶⁵ CR at IV-21, PR at IV-15. The available data likely overstate the increase in inventories because it may not be limited to the subject companies for which Commerce made affirmative critical circumstances findings. Almost all inventories held in the end of 2015, *** short tons, were held by ***; ***. CR at IV-21 and IV-22, PR at IV-15.

duty order.²⁶⁶ Consequently, and in the absence of any other circumstances indicating that the remedial effect of the antidumping duty order will be seriously undermined, we make a negative critical circumstances determination with regard to subject imports in the antidumping duty investigation of hot-rolled steel from Japan.

VII. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of hot-rolled steel from Australia,²⁶⁷ Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom that are sold in the United States at less than fair value and are subsidized by the governments of Brazil and Korea. We also determine that imports of hot-rolled steel from Turkey that are subsidized by the government of Turkey are negligible.

²⁶⁶ CR/PR at Table IV-12.

²⁶⁷ Commissioner Kieff dissenting regarding subject imports from Australia.

**Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the
Netherlands, Turkey, and the United Kingdom,
Inv. Nos. 701-TA-545-547 and 731-TA-1291-1297**

Separate and Dissenting Views of Commissioner F. Scott Kieff

Based on the record in the final phase of these investigations, I determine that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of hot-rolled steel flat products (HRS) from Australia that the U.S. Department of Commerce (“Commerce”) has determined are sold in the United States at less than fair value. I also determine that an industry in the United States is materially injured by reason of subject imports of HRS from Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom that are sold in the United States at less than fair volume, and by reason of subject imports that Commerce has determined are subsidized by the governments of Brazil and Korea. I further determine that imports that Commerce has determined to be subsidized by the government of Turkey are negligible.

In reaching these determinations, I join and adopt of the Views of the Commission, including the background of these investigations, definition of the domestic like product and industry, negligibility, the legal standard and conditions of competition relevant to the Commission’s material injury determinations, and the findings on volume, price and impact, except as noted, for my affirmative determinations regarding subject imports of HRS from Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom, as well as my negative determination regarding subsidized imports from Turkey. I write separately on cumulation and on my negative determination regarding subject imports of HRS from Australia.

I. Cumulation

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.¹

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.² A “reasonable overlap” of competition is required.³ The presence of sales or offers to sell, or geographic overlap, has always been a part of the analysis but has rarely proved determinative.⁴

Geographic overlap. Considering the presence of sales or offers to sell in the same geographic markets has been a factor considered in the Commission’s analysis since statutory revisions made cumulation for present injury mandatory if subject imports compete with each other and with the domestic like product.⁵ While no single factor is determinative, the persistence of this factor presumes that there might be industries in which giving determinative weight to this factor is appropriate. The record in these investigations presents just such a situation.

Subject imports from two countries, Australia and Brazil, demonstrated very significant limitations on geographic overlap during the period of investigation (POI). Between January 2013 and March 2016, just over 90 percent of subject imports from Australia entered the U.S. market on the West Coast, while just over 90 percent of subject imports from Brazil entered the U.S. market in the South.⁶

¹ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff’d*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int’l Trade), *aff’d*, 859 F.2d 915 (Fed. Cir. 1988).

² See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

³ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”)).

⁴ But see *Silicomanganese from Brazil, the People’s Republic of China, Ukraine, and Venezuela*, Inv. Nos. 731-TA-671-674 (Final), USITC Pub. 2835 at I-31-I-32 and I-34-I-35 (December 1994).

⁵ See, e.g., *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff’d*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int’l Trade), *aff’d*, 859 F.2d 915 (Fed. Cir. 1988).

⁶ Calculated from CR/PR at Table IV-10. Subject imports from three other countries, Japan, Korea, and Turkey, were also geographically concentrated to some degree, with 72.0 percent of subject imports from Japan entering through the West region over the POI, as did 80.0 percent of subject imports from (Continued...)

Turning first to Brazil, I note that significant shares of subject imports from every other subject source save Australia also entered that region over the POI.⁷ The region is also home to significant steelmaking and hot-rolling domestic capacity.⁸ Of the top five domestic producers, accounting for *** of the domestic industry's 2015 production, *** had at least *** in the South region on its list of top 10 customers, and most had ***.⁹ The record indicates no particular shortage of product in the region or any significant limitations in shipping or receiving product in the region.¹⁰ Based on these facts, I determine there is a reasonable geographic overlap between subject imports from Brazil and those from Japan, Korea, the Netherlands, Turkey, and the United Kingdom, or between subject imports from Brazil and the domestic like product.

Subject imports from Australia were concentrated in the West region, with over 90 percent of all imports from that source entering that region over the POI.¹¹ Hot-rolled production in the West region by domestic producers accounted for just *** percent of 2015 domestic production.¹² Domestic production facilities are concentrated in the contiguous United States east of the Rockies; in fact, most production facilities are east of the Mississippi River.¹³ Of the top five domestic producers, accounting for *** of 2015 domestic production, only *** listed a customer on the West Coast as a major purchaser, and *** listed ***.¹⁴ The record contains significant reports from purchasers that indicate that transportation of HRS from domestic producers outside the West Coast significantly limits the availability of the domestic like product in that region. These factors indicate a need to consider more closely

(...Continued)

Korea, and 75.5 percent of subject imports from Turkey entered through the South. Calculated from CR/PR at Table IV-10. Neither the statute nor Commission practice give clear guidance as to what degree of geographic overlap might constitute a reasonable overlap. I have taken into consideration past Commission decisions on other factors, although with the understanding that each investigation is *sui generis*, and the specific facts of these investigations. I have also tried to balance the intent behind mandatory cumulation with the requirement of finding a reasonable overlap, rather than any overlap. In light of these considerations, I have considered that a regional concentration of 90 percent merits closer review to determine whether a reasonable overlap exists.

⁷ Calculated from CR/PR at Table IV-10. The South accounted for between 19.8 percent (Korea) to 75.5 percent (Turkey) of total subject imports from each subject source, as well as 35.6 percent of nonsubject imports. *Id.*

⁸ CR/PR at Table III-1 and Figure III-1.

⁹ *** at question IV-20.

¹⁰ At ***, indicated that ***. *** at question III-27. However, domestic producers accounted for the *** of *** purchases over the POI. *** at questions II-1 and II-4. At the request of parties, Commission questionnaires solicited additional information on West Coast transportation issues but not on such issues in the South.

¹¹ Calculated from CR/PR at Table IV-10.

¹² CR/PR at Table III-1.

¹³ CR/PR at Table III-1 and Figure 1.

¹⁴ *** at question IV-20.

whether there is a reasonable overlap in geographic presence between subject imports from Australia and the domestic like product.

As noted, the domestic industry is concentrated in the middle and eastern portion of the United States. Transportation by water from domestic producers in the middle and eastern United States to customers on the West Coast is particularly expensive,¹⁵ and transport by rail is also relatively expensive.¹⁶ Just five percent of sales by the domestic industry were to purchasers more than 1,000 miles from the production facility.¹⁷ The record indicates that domestic industry shipments are far less concentrated in the West region than are subject imports from Australia.

Five domestic producers indicated no difficulties in shipping to the West Coast.¹⁸ *** did admit to additional transportation costs for West Coast shipments, and *** indicated *** did not ship to the West Coast.¹⁹ Fifteen responding purchasers across the U.S. market reported difficulties or additional costs in transporting HRS to their facilities, with most of those citing increasing rail costs.²⁰ Seven of the eight responding purchasers from California, Oregon, or Washington reported such difficulties, noting that high and rising rates or lack of capacity affected their decisions about where to source materials.²¹ Although Petitioners have argued that there were no railcar availability issues, and that there could be no availability issues as some domestic producers own railcars,²² the Steel Manufacturers Association complained in 2015 that domestic steelmakers were affected by rising rates and deteriorating service that negatively impacted the industry's competitiveness and threatened commercial relationships.²³ The record supports a conclusion that the domestic industry's access to railroad service was difficult during the POI.

In any case, the record indicates that the cost of shipping steel by rail to the West Coast is relatively high. ***.²⁴ In comparison, ocean freight from Australia ranged from \$22-27, and ocean freight ranges from other subject countries were also significantly lower.²⁵ The record indicates that ocean freight, a delivery method available only to subject imports, confers

¹⁵ Hearing Transcript at 264 (Mr. Malashevich); Turkish Respondents' prehearing brief at 7.

¹⁶ CR at II-12, PR at II-7.

¹⁷ CR at II-9, PR at II-5.

¹⁸ CR at II-10-II-11, PR at II-6.

¹⁹ CR at II-10-II-11, PR at II-6.

²⁰ CR at II-11, PR at II-6.

²¹ CR at II-11 n.13, PR at II-6 n.13; *see also* Korean Producers' prehearing brief at 21-22 (***).

²² *See, e.g.*, ArcelorMittal posthearing brief at 10. *But see* Korean Producers' prehearing brief at 23-24.

²³ Korean Producers' prehearing brief at 20-21 and Exhibit 8 (Nucor 2014q1 earnings call: "Deliveries of raw materials to our facilities and our shipments to customers were hindered by railcar and truck availability").

²⁴ CR at II-12, PR at II-7.

²⁵ Bluescope prehearing brief at 14.

significant cost savings.²⁶ The significant cost difference and the availability of an alternate delivery method helps explain the lack of a reasonable overlap in the West region.

Petitioners note that domestic producers do solicit and make sales to customers in the West region and assert that as much as *** short tons of domestic product were sold to customers in the West region over the POI.²⁷ The domestic industry shipped almost 78 million short tons to unrelated purchasers over the POI, resulting in the West region accounting for just less than *** percent of total shipments.²⁸ The record does indicate some overlap in customers over the POI, but the record also suggests that even purchasers that bought from both domestic and subject import sources tended to concentrate on one source or the other.²⁹

Petitioners have noted sales and offers to sell by the domestic industry in the West region, and also noted shipments of subject imports from Australia in regions outside the West. It is undisputed that the domestic industry made sales in the West region, but the record shows that the vast majority of domestic sales are concentrated in regions closer to its manufacturing facilities, which is reasonable given the apparent constraints imposed by railcar availability and relatively high costs. The record also indicates that some subject import volume from Australia reached customers outside the West region, but the vast majority remained in the West region.³⁰

Taken as a whole, the record indicates that shipping to the West region poses particular difficulties for the domestic industry relative to other sections of the U.S. market and offers particular benefits to subject imports. I determine there is very limited geographic overlap, and thus not a reasonable overlap of competition, between subject imports from Australia and the domestic like product.

Fungibility. A majority of U.S. producers, importers and purchasers reported that subject imports from the subject countries are “always” or “frequently” used interchangeably with each other and with the domestic like product.³¹ The record suggests a high degree of substitutability between domestically-produced hot-rolled steel and hot-rolled steel imported from subject sources, with the possible exception of some particular products which U.S. or

²⁶ The record does not indicate any significant shortages or capacity constraint for ocean freight during the POI.

²⁷ See, e.g., U.S. Steel posthearing brief at 3 (U.S. Steel shipped *** short tons over POI); Nucor posthearing brief at 3 (domestic industry shipped approximately *** short tons over the POI).

²⁸ Calculated from CR/PR at Table IV-12. Commercial shipments of *** short tons would account for *** percent of total U.S. shipments, including internal consumption and transfers to related parties. Calculated from CR/PR at Table IV-13.

²⁹ CR/PR at Table II-5.

³⁰ CR/PR at Table II-4 shows five firms reporting shipments of subject HRS from Australia with shipments to every region. Of those five firms, *** only reported imports of HRS from Australia in one year of the POI, and *** reported very modest volumes. *** at question II-5a.

³¹ CR/PR at Table II-16. The factors that importers reported as reducing interchangeability included: quality; availability; ability to meet specifications; U.S. supplier not qualified; and product availability. CR at II-49, PR at II-31.

subject-country producers are specialized suppliers.³² When asked whether differences other than price are ever significant in their sales in choosing between hot-rolled steel from different sources, a majority of domestic producers, importers and purchasers responded “sometimes” or “never.”³³

Japanese Producers have argued that subject imports from Japan are not fungible because those imports consist of products not readily available from the domestic industry, of superior quality, or to provide diverse sources of supply.³⁴ The record indicates, however, that majorities of both importers and purchasers found subject imports from Japan to be comparable with the domestic like product on most factors³⁵ and to be “always” or “frequently” interchangeable with the domestic like product,³⁶ although a majority of purchasers also found nonprice differences to be always or frequently important.³⁷ Subject imports were likely to be used by tubular goods or automotive producers, as were shipments of the domestic like product.³⁸ Subject imports from Japan included volumes of fairly rare products, but these volumes were modest compared to total subject imports from Japan, and the domestic industry supplied these products as well.³⁹

Channels of Distribution. U.S. shipments of hot-rolled steel by producers and importers are sold to both distributors and end users. In 2015, the majority of U.S. producers’ commercial shipments (54.5 percent) were sold directly to service centers/distributors, as well as imports of hot-rolled steel from Australia (** percent), Brazil (** percent), Korea (** percent), the Netherlands (**), Turkey (** percent), and the United Kingdom (** percent), whereas the majority of hot-rolled steel imports from Japan (**) were sold directly to end users. Consequently, during the period an appreciable proportion of both the domestic like product and imports from all subject sources was sold to service centers/distributors.⁴⁰

³² CR at II-36, PR at II-21.

³³ CR/PR at Table II-18. To the extent that importers reported differences other than price, these included: quality, lead times, technical support, grades either not made or not made to the same quality levels and/or ocean freight. CR at II-52, PR at II-34. To the extent that purchasers reported differences other than price, these included: smaller quantities, with shorter lead times, with fewer rejections, and with better customer service and technical support, not all producers could meet specifications, and product development. CR at II-53, PR at II-34.

³⁴ Japanese Producers’ prehearing brief at 12-16, 20, 22-29.

³⁵ CR/PR at Table II-15.

³⁶ CR/PR at Table II-16.

³⁷ CR/PR at Table II-18.

³⁸ CR/PR at Table IV-7.

³⁹ CR/PR at Table IV-8.

⁴⁰ CR/PR at Table II-2. I have not here given weight to the arguments of BlueScope and Japanese Producers that subject imports from Australia and Japan flow through distinct channels of distribution because a majority of shipments go to U.S. affiliates or long-term customers. Japanese Producers’ prehearing brief at 12-17; Japanese Producers’ posthearing brief at 5-6 and Exhibit 1 at 1-5. (BlueScope’s argument does not rest exclusively on the relationship between it and Steelscape. BlueScope posthearing brief at 5.) I note that respondents’ arguments about prior Commission determinations do not support a conclusion that the Commission relied on corporate affiliation in declining to cumulate imports from Korea or Australia in past determinations cited by respondents. *See Certain Flat-Rolled* (Continued...)

Simultaneous Presence in Market. Imports of hot-rolled steel from Japan, Korea, the Netherlands, Turkey, and the United Kingdom were present in the U.S. market in every month from January 2013 to June 2016, and imports of hot-rolled steel from Brazil entered in 37 of 42 months. Imports of hot-rolled steel from Australia entered the U.S. market in less than two thirds (27 of 42) of these months.⁴¹

Conclusion. The record indicates that there is a reasonable overlap of competition between and among subject imports from Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom and the domestic like product. Accordingly, I cumulate subject imports from Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom for my analysis of material injury by reason of those subject imports. I determine there is not a reasonable overlap of competition between subject imports from Australia and the domestic like product and I therefore analyze those subject imports separately.

II. No Material Injury By Reason of Subject Imports from Australia

A. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff 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.”⁴²

Subject import volume increased over the POI, from *** short tons in 2013 to *** short tons in 2015.⁴³ Subject imports in interim 2016 were *** short tons, compared to *** short tons in interim 2015.⁴⁴ Subject imports from Australia accounted for *** percent of apparent U.S. consumption in the merchant market in 2013 and *** percent in 2015. Subject imports from Australia accounted for *** percent of apparent U.S. consumption in the merchant market in interim 2016.⁴⁵

Subject import volume increased throughout the POI, and subject imports were higher in interim 2016 than in interim 2015.⁴⁶ These increases continued even as apparent domestic

(...Continued)

Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, and the United Kingdom, 701-TSA-319-332, 334, 336-342, 344, and 347-353 and 731-TA-573-579, 581-592, 594-597, 599-609, and 612-619 (Final), USITC Pub. 2664, Vol. 1 at 39 (Aug. 1993) (Korea); *Certain Cold-Rolled Steel Products from Australia, India, Japan, Sweden, and Thailand*, Inv. Nos. 731-TA-965, 971-972, 979, and 981 (Final), USITC Pub. 3536 at 16 (Sept. 2002) (Australia).

⁴¹ CR at IV-35 and Table IV-11.

⁴² 19 U.S.C. § 1677(7)(C)(i).

⁴³ CR/PR at Table C-1.

⁴⁴ CR/PR at Table C-1.

⁴⁵ CR/PR at Table C-1. Subject imports from Australia accounted for *** percent of total apparent U.S. consumption in 2013 and *** percent in 2015, while the domestic industry accounted for *** percent in 2013 and *** percent in 2015. CR/PR at Table C-2.

⁴⁶ CR/PR at Table C-1.

consumption declined.⁴⁷ Nonetheless, I determine that neither the absolute volume nor the increase in subject import volume is significant. Throughout the POI, subject imports from Australia were concentrated on the West region, and the majority of the increase in subject imports from Australia went to the West region.⁴⁸

***.⁴⁹ Over the POI, Steelscape purchased *** HRS from domestic producers and relied ***⁵⁰ to supply *** of domestic product it purchased.⁵¹ Steelscape is located on the Columbia River, very close to a port, and was constructed to maximize the value of ocean deliveries.⁵² Steelscape indicates that ***,⁵³ as has its limited capacity to receive raw materials by rail.⁵⁴ Steelscape has reported freight costs from domestic producers ranging from \$72-110 per short ton,⁵⁵ figures that are *** with the rates reported by ***.⁵⁶ Ocean freight rates were significantly lower, at \$22-37/short ton.⁵⁷ Steelscape's capacity and preference for delivery by ocean freight and its significant cost savings, along with its longterm relationship and current affiliation with BlueScope, explain the lack of competition between subject imports from Australia and the domestic like product, as well as the significant concentration of subject imports from Australia with this particular customer.

As I noted in my discussion of cumulation above, there is limited overlap between subject imports from Australia and the domestic industry given the significant concentration of subject imports from Australia in the West region. Subject imports from Australia were further concentrated in shipments to a customer that has consistently opted to receive the vast majority of its raw material through a delivery method not open to the domestic industry. In

⁴⁷ CR/PR at Table C-1. Subject imports from Australia accounted for *** percent of total apparent U.S. consumption in interim 2016, while the domestic industry accounted for *** percent in interim 2016.

⁴⁸ CR/PR at Table IV-10. *** percent of the increase between 2013 and 2015 went to the West Coast, as did *** interim 2016 imports.

⁴⁹ Calculated from CR/PR at Table IV-2 and staff worksheets (individual company data) in EDIS document #589132; *** at question II-1(a).

⁵⁰ Steelscape is affiliated with both BlueScope, the sole producer in Australia, and North Star BlueScope, the source of its domestic HRS purchases. BlueScope prehearing brief at 7, 13. *** supplied Steelscape with *** short tons in 2013. BlueScope postconference brief at 12.

⁵¹ BlueScope prehearing brief at 12-13; Steelscape purchaser questionnaire at II-1(a); CR/PR at Table II-5.

⁵² BlueScope prehearing brief at 1, 8, 9-10.

⁵³ CR/PR at Table II-5 note; BlueScope prehearing brief at 10-12.

⁵⁴ BlueScope prehearing brief at 10-12.

⁵⁵ BlueScope prehearing brief at 13-14. The freight rates reported by BlueScope's affiliate, North Star, were in the middle, suggesting that affiliation was not able to get Steelscape particularly beneficial treatment in rail costs.

⁵⁶ CR at II-12, PR at II-7.

⁵⁷ BlueScope prehearing brief at 14.

light of this limited overlap, I determine that neither the absolute volume of subject imports from Australia nor the increase in subject import volume was significant.⁵⁸

B. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that 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.⁵⁹

I determine that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important consideration in purchasing decisions. As explained in section V.B.4 of the Views of the Commission, which I join, all U.S. producers and most responding importers and purchasers reported that HRS produced in the United States and Australia were “always” or “frequently” interchangeable with each other. The majority of responding purchasers indicated that price was a “very important” purchase factor, and listed price in their top three factors used in purchasing decisions.⁶⁰ Delivery time was described as “very important” by 37 producers, and 17 considered delivery terms “very important.”⁶¹

Product-specific pricing data were collected for four products and by two channels of distribution.⁶² The gathered data accounted for a significant share of sales of both the domestic like product and subject imports from Australia.⁶³ Subject imports from Australia oversold more often than undersold when quarterly comparisons are considered but undersold more frequently by volume.⁶⁴ I determine that the volume of underselling is not significant, given the lack of overlap of competition between subject imports and the domestic like product, as discussed above. I further note that purchasers who indicated that they shifted to imports reported shifting only a very small amount of subject import volume from Australia.⁶⁵ No

⁵⁸ The record also suggests limited overlap between the domestic like product and subject imports from Australia in end use application, with subject imports from Australia rarely or never going to ***, which accounted for *** of domestic producers’ shipments. CR/PR at Table II-3.

⁵⁹ 19 U.S.C. § 1677(7)(C)(ii).

⁶⁰ CR/PR at Tables II-12 and II-13.

⁶¹ CR/PR at Table II-13.

⁶² CR at V-10, PR at V-7.

⁶³ CR/PR at Table V-3.

⁶⁴ CR/PR at Table V-13a.

⁶⁵ CR/PR at Table V-16. Of the 1,059,321 short tons reported as being shifted to subject imports, only *** short tons were of subject import HRS from Australia, or less than *** percent of the total, and particularly small both in the context of total imports from Australia over the POI, much less the total (Continued...)

responding purchaser identified Australia or Australian producer BlueScope as a price leader in the U.S. market.⁶⁶

I determine that subject imports from Australia did not have the effect of depressing prices or preventing price increases that would otherwise have occurred to a significant degree for the reasons noted in the Commission Views, as modified by me. Accordingly, I determine there have not been significant price effects by reason of subject imports.

C. Impact of the Subject Imports

Section 771(7)(C)(iii) of the Tariff Act provides that when examining the impact of subject imports, the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”⁶⁷ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on assets, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. 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.”⁶⁸

I determine that the domestic industry was materially injured by reason of subject imports from Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom for the reasons laid out in the Commission Views, as modified by me. I determine that the domestic industry is not materially injured by reason of subject imports from Australia. As noted above, I determine there has been a lack of significant volume effects or significant pricing effects given the lack of overlap of competition between HRS from the two sources. Subject imports from Australia entered a region that accounted for a very modest share of domestic shipments, and subject imports from Australia went largely to a customer that was designed to receive imports by the method in which subject imports from Australia reach the U.S. market. That region and that customer accounted for the majority of total imports and the majority of the total increase in subject imports from Australia over the POI, leaving those subject imports little opportunity to affect domestic volume or prices. In the absence of a reasonable overlap of competition and significant volume or price effects, I determine there is no causal link between subject imports

(...Continued)

apparent U.S. merchant market. *Id.* This modest volume was spread over a number of purchasers, suggesting that the individual amounts were quite small. *Id.*

⁶⁶ CR at V-9, PR at V-6. ***. ***.

⁶⁷ 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.”).

⁶⁸ 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

and the condition of the domestic industry. In view of the foregoing, I determine that the subject imports have not had a significant impact on the domestic industry, and I determine that the industry is not materially injured by reason of subject imports from Australia.

III. No Threat of Material Injury by Reason of Subject Imports from Australia

A. Legal Standard

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”⁶⁹ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole” in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.⁷⁰ In making our determination, we consider all statutory threat factors that are relevant to these investigations.⁷¹

⁶⁹ 19 U.S.C. § 1677(7)(F)(ii).

⁷⁰ 19 U.S.C. § 1677(7)(F)(ii).

⁷¹ These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

...

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

(Continued...)

B. Analysis

1. Likely Volume

As discussed above, I determine that neither the volume nor increase in volume of subject imports to have been significant, given the lack of a reasonable overlap between subject imports from Australia and the domestic like product. I determine it is not likely that this will change in the imminent future. The industry in Australia is small, with just one producer and *** short tons of capacity and no planned increases in capacity. The industry in Australia operated at relatively high rates of utilization throughout the POI and particularly at the end of the POI. The industry is focused primarily on its home market, with an *** of its shipments being internally consumed. Combined internal transfers and domestic commercial shipments accounted for *** of all shipments throughout the POI, and that share was *** percent in interim 2016.

Subject imports from Australia into the U.S. market did increase significantly over the POI, but the increase in shipments was largely confined to the West Coast and to one customer to which BlueScope is legally related and which was designed to receive its raw materials by ocean delivery. I determine it is likely that these patterns will continue. The industry may likely increase shipments to Steelscape, but given the industry's *** capacity, high utilization rate, and relatively low level of third country exports, any increase is not likely to be significant. Any increase in shipments to Steelscape, moreover, is likely to come at the expense of other import sources rather than the domestic industry, given Steelscape's location, capacity, and past practice.

I determine that significant increases in subject import volume in the imminent future, absolutely or relative to domestic production or consumption, are unlikely. I determine it is likely that the lack of overlap in competition between subject imports and the domestic like product will continue.

2. Likely Price Effects

In my discussion above, I did not observe underselling by the subject imports to be significant. I also observed that the subject imports from Australia did not cause significant price effects, due to the lack of competition between subject imports from Australia and the domestic like product. I determine that the lack of overlap of competition is likely to continue in the imminent future, as subject imports are likely to remain concentrated in the West region

(...Continued)

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of likely subject import volume. Statutory threat factor (IV) is discussed in the analysis of likely subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of likely impact. Statutory factor (VII) concerning agricultural products is inapplicable to this investigation.

and in particular in sales to one customer. I therefore determine it unlikely that subject imports from Australia will have a significant depressing or suppressing effect on domestic prices.

3. Likely Impact

As discussed above, the domestic industry experienced declines in many performance indicators between 2013 and 2015, including production, shipments, productivity, income, and operating margins.⁷² The record indicates some improvement in the domestic industry's condition late in the period of investigation and the likelihood that improvements will continue. The domestic industry has undertaken investments during the POI that will increase capacity and product offerings.⁷³ However, I find that the record indicates that the domestic industry remains vulnerable to material injury.

The condition of competition I find most compelling—the attenuation of competition between the domestic industry and subject imports due to geographic segregation—is not likely to change in the imminent future, given that it is based on geography itself and structural costs. I therefore determine it is not likely that, even should the condition of the domestic industry not improve, subject imports would be a cause of material injury.

In view of the foregoing, and my determination that subject imports are not likely to significantly increase or cause price effects in the imminent future, I determine that an industry in the United States is not threatened with material injury by reason of subject imports.

IV. Conclusion

For the reasons stated above, I determine that an industry in the United States is not materially injured or threatened with material injury by reason of subject imports from Australia.

⁷² CR/PR at Table C-1.

⁷³ CR at III-7, PR at III-4.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by AK Steel Corporation (“AK Steel”), West Chester, Ohio; ArcelorMittal USA, LLC (“ArcelorMittal USA”), Chicago, Illinois; Nucor Corporation (“Nucor”), Charlotte, North Carolina; SSAB Enterprises, LLC (“SSAB”), Lisle, Illinois; Steel Dynamics, Inc. (“SDI”), Fort Wayne, Indiana; and United States Steel Corporation (“U.S. Steel”), Pittsburgh, Pennsylvania, on August 11, 2015, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports from Brazil, Korea, and Turkey and less-than-fair-value (“LTFV”) imports from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom of certain hot-rolled steel flat products (“hot-rolled steel”).¹ The following tabulation provides information relating to the background of these investigations.^{2 3}

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to these investigations.

² Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses appearing at the hearing is presented in app. B of this report.

Effective date	Action
August 11, 2015	Petitions filed with Commerce and the Commission; institution of Commission investigations (80 FR 50028, August 18, 2015).
September 1, 2015	Commerce's notices of initiation (80 FR 54261, September 9, 2015 and 80 FR 54267, September 9, 2015).
September 25, 2015	Commission's preliminary determination (80 FR 58787, September 30, 2015).
December 9, 2015	Commerce's preliminary determination of critical circumstances (80 FR 76444).
January 15, 2016	Commerce's preliminary countervailing duty determinations and alignment of final determinations with final antidumping duty determinations: Brazil (81 FR 2168); Korea (81 FR 2172); Turkey (81 FR 2166).
March 22, 2016	Commerce's preliminary affirmative determinations of sales at less than fair value, postponement of final determination, and extension of provisional measures: Australia (81 FR 15241); Brazil (81 FR 15235); Japan (81 FR 15222); Korea (81 FR 15228); the Netherlands (81 FR 15225); Turkey (81 FR 15231); the United Kingdom (81 FR 15244).
August 4, 2016	Commission's hearing
August 12, 2016	Commerce's final countervailing duty determinations: Brazil (81 FR 53416); Korea (81 FR 53439); Turkey (81 FR 53433).
August 12, 2016	Commerce's final affirmative determinations of sales at less than fair value: Australia (81 FR 53406); Brazil (81 FR 53424); Japan (81 FR 53409); Korea (81 FR 53419); the Netherlands (81 FR 53421); Turkey (81 FR 53428); the United Kingdom (81 FR 53436).
September 12, 2016	Commission's vote
September 26, 2016	Commission's views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the

determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁴
In evaluating the volume of imports of merchandise, 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.. . .In evaluating the effect of imports of such merchandise on prices, 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.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁵

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

⁵ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

Organization of report

Part I of this report presents information on the subject merchandise, subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

The majority of hot-rolled steel is consumed internally or transferred to affiliates for downstream processing and used in a variety of steel products, including cold-rolled, and/or galvanized or plated steel products, cut-to-length plate, or welded pipe. Additional volumes are sold commercially for production of the same downstream products. Hot-rolled steel itself is used in general structural functional areas where surface finish and weight are not critically important. It is used extensively in automotive body frames and wheels, rail cars, ships, barges, appliances, heavy machinery, and machine parts.⁶

The leading U.S. producers of hot-rolled steel are AK Steel, ArcelorMittal USA, Nucor, SDI, and U.S. Steel. Leading producers of hot-rolled steel from the subject countries include BlueScope Steel Limited ("BlueScope") of Australia; ArcelorMittal Brasil S/A ("ArcelorMittal Brasil") and Companhia Siderúrgica Nacional ("CSN") of Brazil; Nippon Steel & Sumitomo Metal Corporation ("NSSMC") and JFE Steel Corporation ("JFE") of Japan; POSCO and Hyundai Steel Company ("Hyundai Steel") of Korea; Tata Steel Ijmuiden BV ("Tata Netherlands") of the Netherlands; Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir") of Turkey; and Tata Steel U.K., Ltd. ("Tata UK") of the United Kingdom.

The leading U.S. importers of hot-rolled steel from subject countries are ***. Leading importers of hot-rolled steel from nonsubject countries (primarily Canada) include ***.

The Commission received 48 usable questionnaire responses from firms that bought hot-rolled steel since January 1, 2013. Nineteen responding purchasers indicated that they are service centers/distributors, 17 are tubular goods end users, 6 are automotive/transportation end users, 2 are construction end users, and 9 are other end users.⁷ The largest 10 purchasers of hot-rolled steel that submitted questionnaire responses are shown in table II-1.

⁶ Petition, p. 13.

⁷ Other end users include converters, re-sellers, and *** manufacturers. Some firms are classified in more than one category.

Apparent U.S. merchant market consumption of hot-rolled steel totaled 27.2 million short tons (\$13.8 billion) in 2015. U.S. producers' U.S. commercial shipments of hot-rolled steel totaled 21.4 million short tons (\$10.8 billion) in 2015, and accounted for 78.6 percent of apparent U.S. merchant market consumption by quantity and 78.1 percent by value. U.S. imports from subject sources totaled 3.6 million short tons (\$1.8 billion) in 2015 and accounted for 13.2 percent of apparent U.S. merchant market consumption by quantity and 12.9 percent by value. U.S. imports from nonsubject sources totaled 2.2 million short tons (\$1.2 billion) in 2015 and accounted for 8.2 percent of apparent U.S. merchant market consumption by quantity and 9.0 percent by value.

Apparent U.S. consumption of hot-rolled steel totaled 60.0 million short tons (\$30.5 billion) in 2015. U.S. producers' U.S. shipments of hot-rolled steel totaled 54.2 million short tons (\$27.4 billion) in 2015, and accounted for 90.3 percent of apparent U.S. consumption by quantity and 90.1 percent by value. U.S. imports from subject sources totaled 3.6 million short tons (\$1.8 billion) in 2015 and accounted for 6.0 percent of apparent U.S. consumption by quantity and 5.8 percent by value. U.S. imports from nonsubject sources totaled 2.2 million short tons (\$1.2 billion) in 2015 and accounted for 3.7 percent of apparent U.S. consumption by quantity and 4.1 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1 (U.S. merchant market consumption) and table C-2 (Total U.S. consumption). Except as noted, U.S. industry data are based on questionnaire responses of 10 firms that accounted for all known U.S. production of hot-rolled steel during 2015.⁸

Useable questionnaire responses were received from 56 companies, representing essentially all U.S. imports of hot-rolled steel from Australia, Brazil, Japan, Korea, and the Netherlands and *** percent from Turkey, *** percent from the United Kingdom, *** percent from Canada (nonsubject),⁹ and *** percent from all other sources in 2015. In light of less-than-complete coverage of data of certain countries provided in Commission questionnaires, import data in this report are based on official Commerce statistics for non-alloy hot-rolled steel products¹⁰ plus micro-alloy import data from questionnaire responses, unless otherwise

⁸ According to responses to the Commission's questionnaire, the ten U.S. producers' aggregate production of hot-rolled steel in 2015 was 54.7 million short tons. Gross production of hot-rolled sheet and coil plate in 2015 reported by *** in the United States was *** short tons. ***. According to ***. Big River Steel expects to commission its electric arc furnace in the fourth quarter of 2016 and expects to have its hot mill and caster operational by the first quarter of 2017. *Big River to strike arc by year-end, Bula says*, American Metal Market, June 15, 2016.

⁹ *** provided an incomplete response, the data from which are not included in this report.

¹⁰ HTS numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, (continued...)

noted.^{11 12} Table I-1 presents data regarding questionnaire coverage of foreign producers' of each of the subject countries.

Table I-1

Hot-rolled steel: Foreign producer data, 2015

* * * * *

PREVIOUS AND RELATED INVESTIGATIONS

Title VII investigations

The Commission has conducted numerous import injury investigations relating to certain carbon steel products or substantially similar merchandise. Table I-2 presents all previous and related title VII investigations regarding these products.

(...continued)

7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590 (the “non-alloy group” of official imports).

¹¹ Many of the micro-alloy hot-rolled steel products that are within the scope of these investigations, enter under HTS numbers 7225.30.3050, 7225.30.7000, 7225.40.7000, 7226.91.7000, and 7226.91.8000 (the “alloy group” of official imports, when used). U.S. importers were asked to report imports of micro-alloy hot-rolled steel separately, in which: (1) iron predominates by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) one or more of the elements listed below is present in the quantity, by weight, respectively indicated:

- 0.30 - 1.50 percent of aluminum,
- 0.0008 - unlimited percent of boron,
- 0.40 - 1.50 percent of copper,
- 0.30 - 1.25 percent of chromium,
- 1.65 - 2.50 percent of manganese,
- 0.08 - 0.80 percent of molybdenum,
- 0.30 - 2.00 percent of nickel,
- 0.06 - 0.10 percent of niobium (also called columbium),
- 0.60 - 3.30 percent of silicon,
- 0.05 - unlimited percent of titanium,
- 0.10 - 0.30 percent of vanadium,
- 0.05 - 0.30 percent of zirconium

¹² The following statistical reporting numbers are listed in Commerce’s scope definition but are not included in official import statistics in this report: 7210.70.3000, 7210.90.9000, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7214.91.0015, 7214.91.0060, 7214.91.0090, 7214.99.0060, 7214.99.0075, 7214.99.0090, 7215.90.5000, 7226.99.0180, and 7228.60.6000. Staff excluded these numbers because they include mostly cold-rolled steel, bar products (squares and hexagons), or products that have been coated or plated with metal.

Table I-2
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	Date ¹	Outcome	
1982	701-TA-94	Belgium	Affirmative ²	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-95	Brazil	Negative ²	-	-	-	-	-
1982	701-TA-96	France	Affirmative ²	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-97	Italy	Affirmative ²	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-98	Luxembourg	Negative ²	-	-	-	-	-
1982	701-TA-99	Netherlands	Negative	-	-	-	-	-
1982	701-TA-100	United Kingdom	Negative ²	-	-	-	-	-
1982	701-TA-101	Germany	Affirmative ²	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-156	Spain	Negative ²	-	-	-	-	-
1982	701-TA-171	Korea	Affirmative	-	-	-	-	ITA revoked 10/10/85
1982	731-TA-61	Belgium	Affirmative ²	-	-	-	-	Terminated 11/10/82
1982	731-TA-62	France	Affirmative ²	-	-	-	-	Terminated 11/10/82
1982	731-TA-63	Italy	Affirmative ²	-	-	-	-	Terminated 11/10/82
1982	731-TA-64	Luxembourg	Negative ²	-	-	-	-	-
1982	731-TA-65	Netherlands	Negative	-	-	-	-	-
1982	731-TA-66	United Kingdom	-	-	-	-	-	Petition withdrawn 1/30/82
1982	731-TA-67	Germany	Affirmative ²	-	-	-	-	Terminated 11/10/82
1983	701-TA-206	Brazil	Affirmative	-	-	-	-	ITA revoked 9/5/85
1984	731-TA-153	Brazil	Affirmative	-	-	-	-	ITA revoked 8/21/85
1985	701-TA-227	Austria	Negative	-	-	-	-	-
1985	701-TA-228	Sweden	Negative	-	-	-	-	-
1985	701-TA-229	Venezuela	Affirmative ²	-	-	-	-	Terminated 7/19/85

Table continued on next page.

Table I-2--Continued
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date ¹	Number	Date ¹	Outcome	Date ¹	Outcome	Date ¹	Outcome	
1985	731-TA-219	Austria	Negative	-	-	-	-	-
1985	731-TA-220	Finland	-	-	-	-	-	Petition withdrawn 1/18/85
1985	731-TA-221	Hungary	Affirmative ²	-	-	-	-	Petition withdrawn 6/4/85
1985	731-TA-222	Romania	Affirmative ²	-	-	-	-	Terminated 7/19/85
1985	731-TA-223	Venezuela	Affirmative ²	-	-	-	-	Terminated 7/19/85
1992	701-TA-329	Belgium	Negative	-	-	-	-	-
1992	701-TA-330	Brazil	Negative	-	-	-	-	-
1992	701-TA-331	France	Negative	-	-	-	-	-
1992	701-TA-332	Germany	Negative	-	-	-	-	-
1992	701-TA-333	Italy	Negative ²	-	-	-	-	-
1992	701-TA-334	Korea	Negative	-	-	-	-	-
1992	701-TA-335	New Zealand	Negative	-	-	-	-	-
1992	731-TA-588	Belgium	Negative	-	-	-	-	-
1992	731-TA-589	Brazil	Negative	-	-	-	-	-
1992	731-TA-590	Canada	Negative	-	-	-	-	-
1992	731-TA-591	France	Negative	-	-	-	-	-
1992	731-TA-592	Germany	Negative	-	-	-	-	-
1992	731-TA-593	Italy	Negative ²	-	-	-	-	-
1992	731-TA-594	Japan	Negative	-	-	-	-	-
1992	731-TA-595	Korea	Negative	-	-	-	-	-
1992	731-TA-596	Netherlands	Negative	-	-	-	-	-
1998	701-TA-384	Brazil	Affirmative	2004	Affirmative	2010	Negative	Order not continued ³
1998	731-TA-806	Brazil	Affirmative	2004	Affirmative	2010	Negative	Order not continued ³
1998	731-TA-807	Japan	Affirmative	2004	Affirmative	2010	Negative	Order not continued ³
1998	731-TA-808	Russia	Affirmative	2004	Affirmative	2010	Affirmative	Order in place ⁴
2000	701-TA-404	Argentina	Affirmative	2006	Negative	-	-	Order not continued ⁵
2000	701-TA-405	India	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	701-TA-406	Indonesia	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶

Table continued on next page.

Table I-2--Continued
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	Date ¹	Outcome	
2000	701-TA-407	South Africa	Affirmative	2006	Negative	-	-	Order not continued ⁵
2000	701-TA-408	Thailand	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	731-TA-898	Argentina	Affirmative	2006	Negative	-	-	Order not continued ⁵
2000	731-TA-899	China	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	731-TA-900	India	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	731-TA-901	Indonesia	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	731-TA-902	Kazakhstan	Affirmative	2006	Negative	-	-	Order not continued ⁵
2000	731-TA-903	Netherlands	Affirmative	2006	Affirmative	-	-	Terminated 6/27/07 ⁷
2000	731-TA-904	Romania	Affirmative	2006	Negative	-	-	Order not continued ⁵
2000	731-TA-905	South Africa	Affirmative	2006	Negative	-	-	Order not continued ⁵
2000	731-TA-906	Taiwan	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	731-TA-907	Thailand	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶
2000	731-TA-908	Ukraine	Affirmative	2006	Affirmative	2012	Affirmative	Order in place ⁶

¹ "Date" refers to the year in which the investigation or review was instituted by the Commission.

² Preliminary determinations.

³ Commerce published the revocation of the subject orders on June 21, 2011 (76 FR 36081).

⁴ 75 FR 47263, August 5, 2010. Hot-rolled steel from Russia was subject to a suspension agreement that was rescinded on December 24, 2014. The suspension agreement was rescinded by Commerce at the request of domestic interested parties who alleged that the revised agreement had failed to achieve its statutory purpose. 79 FR 77455, December 24, 2014. The third five-year review of this antidumping order was instituted by the Commission on May 2, 2016 (81 FR 26256). On August 5, 2016, the Commission voted to expedite the five-year review concerning the antidumping duty order.

⁵ Commerce published the revocation of the subject orders on November 20, 2007 (72 FR 65293).

⁶ 79 FR 3622, January 22, 2014.

⁷ Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007).

Source: Compiled from Commission determinations published in the Federal Register.

Previous and related safeguard investigations

Hot-rolled steel products have been the subject of both safeguard investigations and other arrangements to limit the importation of steel products.¹³ In 1984, the Commission determined that carbon and alloy steel sheet were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended quantitative restrictions on imports for a period of five years. President Reagan determined that import relief under section 201 of the Trade Act of 1974 was not in the national interest. At the President's direction, quantitative limitations under voluntary restraint agreements ("VRAs") for a five-year period ending September 30, 1989, were negotiated. In July 1989, the VRAs were extended for two and one half years until March 31, 1992.

In 2001, the Commission determined that certain carbon and alloy steel, including hot-rolled steel, was being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended additional duties on imports for a period of four years.¹⁴ On March 5, 2002, President George W. Bush announced the implementation of steel safeguard measures. Import relief relating to hot-rolled steel consisted of an additional tariff for a period of three years and one day (30 percent *ad valorem* on imports in the first year, 24 percent in the second year, and 18 percent in the third year).¹⁵ Following receipt of the Commission's mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, President Bush determined that the effectiveness of the action

¹³ A more detailed description of such measures since 1980 appears in the staff report for the first review of the orders on hot-rolled steel from Brazil, Japan, and Russia. *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia: Investigation Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, pp. I-9-I-10.

¹⁴ *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹⁵ *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition from Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002. The President also instructed the Secretaries of Commerce and the Treasury to establish a system of import licensing to facilitate steel import monitoring. The safeguard measures were applied to imports of subject hot-rolled steel products from all countries except Canada, Israel, Jordan, and Mexico, and developing countries that are members of the World Trade Organization (WTO) whose share of total imports of a particular product did not exceed 3 percent (provided that imports that are the product of all such countries with less than 3 percent import share collectively accounted for not more than 9 percent of total imports of the product). 67 FR 10553, 10581. A number of specific hot-rolled steel products were excluded from increased tariffs in implementing the safeguard measures, and the Administration continued to add product exclusions while the increased tariffs remained in effect. See also 67 FR 16484 (April 5, 2002), 67 FR 46221 (July 12, 2002), 67 FR 56182 (August 30, 2002), and 68 FR 15494 (March 31, 2002).

taken had been impaired by changed circumstances. Therefore, he terminated the U.S. measure with respect to increased tariffs on December 4, 2003.¹⁶

Related Section 337 investigations

On May 26, 2016, U.S. Steel filed a request that the Commission institute an investigation based on a complaint by U.S. Steel alleging violations of Section 337 of the Tariff Act of 1930, as amended, regarding certain carbon and alloy steel products, including hot-rolled steel products within the scope of this investigation, by several Chinese respondents. This complaint alleged that the proposed respondents violated one or more of the following unfair acts: (1) a conspiracy to fix prices and control output and export volumes; (2) the misappropriation and use of U.S. Steel's trade secrets; and (3) the false designation of origin or manufacturer for purposes of evading duties. Under this complaint, U.S. Steel seeks a general exclusion order, a limited exclusion order, and a permanent cease and desist order.¹⁷

COMMERCE'S CRITICAL CIRCUMSTANCES DETERMINATIONS

On December 9, 2015 Commerce published a notice in the *Federal Register* of its preliminary determinations on critical circumstances.¹⁸ On August 12, 2016 Commerce published a notice in the *Federal Register* of its final determinations that critical circumstances exist for imports of hot-rolled steel from certain producers and exporters from Brazil and Japan. Commerce also determined that critical circumstances do not exist for imports of hot-rolled steel from certain producers and exporters from Australia and the Netherlands.¹⁹ Commerce's final affirmative and negative critical circumstances findings are summarized in table I-3.

¹⁶ *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003. Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.

¹⁷ https://www.usitc.gov/press_room/news_release/2016/er0526ll602.htm, retrieved on June 1, 2016.

¹⁸ *Antidumping Duty Investigations of Certain Hot-Rolled Steel Flat Products from Australia, Brazil Japan, and the Netherlands and Countervailing Duty Investigation of Certain Hot-Rolled Steel Flat Products from Brazil: Preliminary Determinations of Critical Circumstances*, 80 FR 76444, December 9, 2015.

¹⁹ *Certain Hot-Rolled Steel Flat Products from Australia: Final Determination of Sales at Less Than Fair Value*, 81 FR 53406, August 12, 2016;

Certain Hot-Rolled Steel Flat Products from Brazil: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part, 81 FR 53424, August 12, 2016;

Certain Hot-Rolled Steel Flat Products from Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, 81 FR 53409, August 12, 2016;

(continued...)

Table I-3
Hot-rolled steel: Commerce's final critical circumstances determinations

Country	Commerce case number	Companies receiving affirmative critical circumstances determinations	Companies receiving negative critical circumstances determinations
Australia	A-602-809	None	BlueScope
			All other producers/exporters
Brazil	A-351-845	Usinas Siderurgicas de Minas Gerais S.A. ("USIMINAS")	Companhia Siderurgica Nacional ("CSN") and All other producers/exporters
Brazil	C-351-846	CSN	USIMINAS and All other producers/exporters
Japan	A-588-874	Nippon Steel & Sumikin Bussan Corporation/Nippon Steel & Sumitomo Metal Corporation	JFE Steel Corporation/JFE Shoji Trade Corporation
		All other producers/exporters	
The Netherlands	A-421-813	None	Tata Netherlands
			All other producers/exporters

Source: Australia (81 FR 53406); Brazil (81 FR 53424); Brazil (81 FR 53416), Japan (81 FR 53410); the Netherlands (81 FR 53421); August 12, 2016.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On January 15, 2016, Commerce published a notice in the *Federal Register* of its preliminary determinations of countervailable subsidies for producers and exporters of hot-rolled steel from Brazil, Korea, and Turkey.²⁰ On August 12, 2016, Commerce published a notice in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of hot-rolled steel from Brazil, Korea, and Turkey.²¹ Table I-4 presents these findings.

(...continued)

Certain Hot-Rolled Steel Flat Products from the Netherlands: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances 81 FR 53421, August 12, 2016;

Certain Hot-Rolled Steel Flat Products from Brazil: Final Affirmative CVD Determination and Final Determination of Critical Circumstances, in Part, 81 FR 53416, August 12, 2016.

²⁰ *Certain Hot-Rolled Steel Flat Products from Brazil: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 2168, January 15, 2016. *Certain Hot-Rolled Steel Flat Products from Korea: Preliminary Negative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 2172, January 15, 2016 and *Certain Hot-Rolled Steel Flat Products from Turkey: Preliminary Negative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 81 FR 2166, January 15, 2016.

²¹ *Certain Hot-Rolled Steel Flat Products from Brazil: Final Affirmative CVD Determination and Final Determination of Critical Circumstances, in Part*, 81 FR 53416, August 12, 2016; *Certain Hot-Rolled Steel*
(continued...)

Table I-4

Hot-rolled steel: Commerce's subsidy determinations with respect to imports from Brazil, Korea, and Turkey

Entity	Preliminary countervailable subsidy margin (percent)	Final countervailable subsidy margin (percent)
Brazil		
Companhia Siderurgica Nacional (CSN)	7.42	11.30
Usinas Siderurgicas de Minas Gerais SA (Usiminas)	7.42	11.09
All others	7.42	11.20
Korea		
POSCO and Daewoo International Corporation	0.17 ¹	57.04
Hyundai Steel Co., Ltd	0.63 ¹	3.89
All others	NA	3.89
Turkey		
Colakoglu Dis Ticaret A.S.	0.38 ¹	0.34 ¹
Eregli Demir ve Celik Fabrikalari T.A.S. (Erdemir)	0.23 ¹	6.01
All others	NA	6.01

¹ Margins meet the definition of *de minimis*. Commerce did not calculate an all others rate because it did not reach an affirmative determination in the preliminary phase.

Source: 81 FR 2169, January 15, 2016; 81 FR 2173, January 15, 2016; 81 FR 2167, January 15, 2016; 81 FR 53416, August 12, 2016; 81 FR 53439, August 12, 2016; 81 FR 53433, August 12, 2016.

(...continued)

Flat Products from Korea: Final Affirmative CVD Determination, 81 FR 53439, August 12, 2016; *Certain Hot-Rolled Steel Flat Products from Turkey: Final Affirmative CVD Determination*, 81 FR 53433, August 12, 2016.

Sales at LTFV

On March 22, 2016, Commerce published a notice in the *Federal Register* of its preliminary determinations of sales at LTFV with respect to imports from Australia,²² Brazil,²³ Japan,²⁴ Korea,²⁵ the Netherlands,²⁶ Turkey,²⁷ and the United Kingdom.²⁸ On August 12, 2016, Commerce published a notice in the *Federal Register* of its final determinations of sales at LTFV with respect to imports from Australia,²⁹ Brazil,³⁰ Japan,³¹ Korea,³² the Netherlands,³³ Turkey,³⁴ and the United Kingdom.³⁵ Table I-5 presents Commerce's dumping margins with respect to imports of hot-rolled steel.

²² *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Hot-Rolled Steel Flat Products from Australia*, 81 FR 15241, March 22, 2016.

²³ 81 FR 15235, March 22, 2016.

²⁴ 81 FR 15222, March 22, 2016.

²⁵ 81 FR 15228, March 22, 2016.

²⁶ 81 FR 15225, March 22, 2016.

²⁷ 81 FR 15231, March 22, 2016.

²⁸ 81 FR 15244, March 22, 2016.

²⁹ *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Steel Flat Products from Australia*, 81 FR 53406, August 12, 2016.

³⁰ 81 FR 53424, August 12, 2016.

³¹ 81 FR 53409, August 12, 2016.

³² 81 FR 53419, August 12, 2016.

³³ 81 FR 53421, August 12, 2016.

³⁴ 81 FR 53428, August 12, 2016.

³⁵ 81 FR 53436, August 12, 2016.

Table I-5

Hot-rolled steel: Commerce's weighted-average LTFV margins with respect to imports from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom

Exporter	Producer	Preliminary dumping margin (percent)	Final dumping margin (percent)
Australia			
BlueScope	BlueScope	23.25	29.37
All others	All others	23.25	29.37
Brazil			
CSN	CSN	33.91	33.14
Usiminas	Usiminas	34.28	34.28
All others	All others	33.91	33.14
Japan			
Nippon Steel & Sumitomo Metal	Nippon Steel & Sumikin Bussan Corporation	11.29	4.99
JFE Steel Corporation	JFE Shoji Trade Corporation	6.79	7.51
All others	All others	10.24	5.58
Korea			
Hyundai	Hyundai	3.97	9.49
POSCO	POSCO	7.33	3.89
All others	All others	5.65	5.55
The Netherlands			
Tata Netherlands	Tata Netherlands	5.07	3.73
All-Others	All-Others	5.07	3.73
Turkey			
Colakoglu	Colakoglu	7.07	7.15
Erdemir	Erdemir	5.24	3.66
All others	All others	6.82	6.67
The United Kingdom			
Tata Steel UK	Tata Steel UK	49.05	33.06
All others	All others	49.05	33.06

Source: 81 FR 15242, March 22, 2016; 81 FR 15235, March 22, 2016; 81 FR 15223, March 22, 2016; 81 FR 15229, March 22, 2016; 81 FR 15226, March 22, 2016; 81 FR 15232, March 22, 2016; 81 FR 15244-45, 81 FR 53406, August 12, 2016; 81 FR 53424, August 12, 2016; 81 FR 53409, August 12, 2016; 81 FR 53419, August 12, 2016; 81 FR 53421, August 12, 2016; 81 FR 53428, August 12, 2016; 81 FR 53436, August 12, 2016.

THE SUBJECT MERCHANDISE

Commerce's scope³⁶

Commerce has defined the scope of these investigations as follows:

The products covered by these investigations are certain hot-rolled, flat-rolled steel products, with or without patterns in relief, and whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement ("width") of 12.7 mm or greater, regardless of thickness, and regardless of form of coil e.g., in successively superimposed layers, spirally oscillating, etc.). The products covered also include products not in coils (e.g., in straight lengths) of a thickness of less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, i.e., products which have been "worked after rolling" (e.g., products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above:

(1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above unless the resulting measurement makes the product covered by the existing antidumping³⁷ or countervailing duty³⁸ orders on Certain Cut-To-Length Carbon-Quality Steel Plate Products From the Republic of Korea (A-580-836; C-580-837), and

³⁶ Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Steel Flat Products from Australia, 81 FR 53406, 53408, August 12, 2016.

³⁷ Notice of Amendment of Final Determinations of Sales at Less Than Fair Value and Antidumping Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate Products from France, India, Indonesia, Italy, Japan and the Republic of Korea, 65 FR 6585 (February 10, 2000).

³⁸ Notice of Amended Final Determinations: Certain Cut-to-Length Carbon-Quality Steel Plate From India and the Republic of Korea; and Notice of Countervailing Duty Orders: Certain Cut-To-Length Carbon-Quality Steel Plate from France, India, Indonesia, Italy, and the Republic of Korea, 65 FR 6587 (February 10, 2000).

(2) where the width and thickness vary for a specific product (e.g., the thickness of certain products with non-rectangular crosssection, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of these investigations are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or*
- 3.30 percent of silicon, or*
- 1.50 percent of copper, or*
- 1.50 percent of aluminum, or*
- 1.25 percent of chromium, or*
- 0.30 percent of cobalt, or*
- 0.40 percent of lead, or*
- 2.00 percent of nickel, or*
- 0.30 percent of tungsten, or*
- 0.80 percent of molybdenum, or*
- 0.10 percent of niobium, or*
- 0.30 percent of vanadium, or*
- 0.30 percent of zirconium.*

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, the substrate for motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes hot-rolled steel that has been further processed in a third country, including but not limited to pickling, oiling,

levelling, annealing, tempering, temper rolling, skin passing, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the hot-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of these investigations unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of these investigations:

The following products are outside of and/or specifically excluded from the scope of these investigations:

- *Universal mill plates (i.e., hot-rolled, flat-rolled products not in coils that have been rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, of a thickness not less than 4.0 mm, and without patterns in relief);*
- *Products that have been cold-rolled (cold-reduced) after hot-rolling;³⁹*
- *Ball bearing steels;⁴⁰*
- *Tool steels;⁴¹ and*
- *Silico-manganese steels;⁴²*

³⁹ For purposes of this scope exclusion, rolling operations such as a skin pass, levelling, temper rolling or other minor rolling operations after the hot-rolling process for purposes of surface finish, flatness, shape control, or gauge control do not constitute cold-rolling sufficient to meet this exclusion.

⁴⁰ Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) Not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

⁴¹ Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) More than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

⁴² Silico-manganese steel is defined as steels containing by weight: (i) Not more than 0.7 percent of carbon; (ii) 0.5 percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, the products subject to these investigations are currently imported under the Harmonized Tariff Schedule of the United States (HTSUS) numbers: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7210.70.3000,⁴³ 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, and 7226.91.8000. The products subject to the investigations may also be imported under the following HTSUS statistical reporting numbers: 7210.90.9000, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7214.91.0015, 7214.91.0060, 7214.91.0090, 7214.99.0060, 7214.99.0075, 7214.99.0090, 7215.90.5000, 7226.99.0180, and 7228.60.6000.

The HTSUS subheadings above are provided for convenience and U.S. Customs purposes only. The written description of the scope of the investigations is dispositive. The column 1-general duty rate on all of these products is free.⁴⁴

THE PRODUCT

Description and applications

Steel is generally defined as a combination of carbon and iron that is usefully malleable as first cast, and in which iron predominates, by weight, over each of the other contained elements and the carbon content is two percent or less, by weight.⁴⁵ Carbon steel includes most common grades of steel and is generally less expensive to produce than the various grades of alloy steels, due primarily to the cost of the alloying elements.

The majority of hot-rolled steel production is consumed internally or transferred to affiliates for downstream processing into cold-rolled and/or galvanized or metallic-coated sheet products, cut-to-length plate, or welded pipe. The remainder is sold commercially to end users,

⁴³ HTS number 7210.70.3000 was excluded from the import statistics used in this report because it is believed to include primarily cold-rolled steel products.

⁴⁴ Decisions on the tariff classification and treatment of imported goods are solely within the authority of U.S. Customs and Border Protection.

⁴⁵ *Harmonized Tariff Schedule of the United States* (2015), chap. 72, note 1(d), Steel: Ferrous materials other than those of heading 7203 which (with the exception of certain types produced in the form of castings) are usefully malleable and which contain by weight 2 percent or less of carbon. However, chromium steels may contain higher proportions of carbon.

service centers, and to processors for conversion into steel pipe and tube products and, in some cases, other downstream steel products, including cold-rolled steel and coated steel.

Common material specifications for hot-rolled steel include ASTM A 1011, which applies to products less than 0.230 inch in thickness, and ASTM A 1018, which applies to material 0.230 inch or greater in thickness. Both specifications cover hot-rolled carbon steel, including commercial steel, drawing quality steel, high-strength low-alloy steel, and ultra-high strength steel sheet and strip, in coils and cut lengths (coils only for A 1018).

Steel may compete against other materials, such as aluminum, plastics, and advanced composites. Hot-rolled steel is used in general structural functional areas where surface finish and light weight are not crucial. Hot-rolled steel is extensively used in automotive applications such as body frames and wheels, tubing, and floor decks in steel construction. Hot-rolled steel is also used in transportation equipment (such as rail cars, ships, and barges), non-residential construction, appliances, heavy machinery, and machine parts. Interstitial-free (“IF”) steel is low-carbon steel having unique deep-drawing ability on stamping presses.⁴⁶ High strength-low alloy (“HSLA”) steels are used in structural applications for the construction, automotive, machinery, and equipment industries where strength and other attributes are important.

Although uses of hot-rolled steel include applications where surface finish and light weight have historically not been crucial, “lightweighting” is becoming increasingly important. As a result, producers are striving to produce higher-strength steel in thinner gauges to substitute for regular-strength hot-rolled or even for cold-rolled steel in thicknesses of 2 mm or less. In the automotive sector, lightweighting is important to meet regulatory requirements such as the U.S. Corporate Average Fuel Economy (CAFE) requirements.⁴⁷ Lightweighting uses advanced high-strength steels (“AHSS”), which can reduce a vehicle’s structural weight by as much as 35 percent,⁴⁸ and substitutes other materials for steel as well.

AHSS combine light weight, great strength, and a high degree of formability, among other characteristics. The increase in steel strength is achieved through alloy additions and controlled rates of cooling from processing temperatures. Specific grades of AHSS are often

⁴⁶ IF steels have very low amounts of interstitial elements (primarily carbon and nitrogen) with small amounts of titanium or niobium added to tie up the remaining interstitial atoms. Without free interstitial elements, these steels are very ductile and soft. American Iron and Steel Institute, “IF (Interstitial-Free Steel),” found at http://www.steel.org/sitecore/content/Autosteel_org/Web%20Root/Research/AHSS%20Data%20Utilization/IF/Content.aspx.

⁴⁷ “First enacted by Congress in 1975, the purpose of CAFE is to reduce energy consumption by increasing the fuel economy of cars and light trucks.” National Highway Traffic Safety Administration, “CAFE – Fuel Economy,” found at <http://www.nhtsa.gov/fuel-economy>. Accessed September 3, 2015.

⁴⁸ World Steel Association, “FutureSteelVehicle Provides Lightweight, Low Carbon Footprint Vehicle Options,” found at <http://www.worldautosteel.org/projects/future-steel-vehicle/phase-2-results/> accessed September 4, 2015.

designated by the acronym “AHSS” followed by a number roughly equal to the steel’s tensile strength measured in megapascals.⁴⁹

Manufacturing processes⁵⁰

Broadly speaking, a producer of hot-rolled steel may be: (1) an integrated mill, producing steel from iron ore and a limited amount of scrap, and with a thick-slab casting and rolling operation;⁵¹ (2) a minimill or electric-arc-furnace (EAF) mill, producing steel from purchased scrap and supplemented with primary iron products (scrap substitutes), usually with a thin slab casting and rolling operation;⁵² or (3) a rolling-only operation, with no on-site steelmaking, using slabs purchased from other steelmakers (usually imported).⁵³ Each of these three types of operations has an inherent cost structure that differs from the other two; an integrated producer typically has the highest fixed costs and the highest value added in its cost structure; a mini-mill generally has higher raw material costs but less value added; and a rolling-only operation has the lowest value added but the highest raw material cost.

The manufacturing processes for hot-rolled steel products are summarized below. In general, the production of hot-rolled steel encompasses three distinct stages: (1) melting and refining, (2) casting molten steel into semi-finished forms, and (3) hot-rolling semi-finished forms into flat-rolled carbon steel mill products.

Melt stage

Steel for the manufacture of hot-rolled steel products is produced from raw materials by either an “integrated” or “nonintegrated” process. In the integrated process, iron ore, the principal iron-containing raw material is smelted in a blast furnace, using coke, usually supplemented with coal, natural gas, or fuel oil, to produce molten pig iron, which is drained into a large ladle and transported to an oxygen steelmaking furnace. The molten pig iron is poured into a steelmaking furnace, together with a lesser amount of steel scrap and flux

⁴⁹ “Megapascal” is the usual International System of Units (SI) unit for steel strength. One thousand megapascals is equivalent to about 145 thousand pounds per square inch.

⁵⁰ Unless otherwise indicated, the source for the information in this section is found in *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, pp. I-26-29.

⁵¹ Companies that are exclusively or predominately integrated include AK Steel, ArcelorMittal USA, and U.S. Steel.

⁵² Mills that exclusively use EAFs to produce steel include NLMK Indiana, North Star, Nucor, SDI, and SSAB.

⁵³ Rolling-only operations include AM/NS Calvert, CSI, EVRAZ, and NLMK Pennsylvania. AM/NS Calvert was designed by its original owner, ThyssenKrupp, to receive and process slabs produced at a sister plant in Brazil. The latter three firms, or their predecessor firms, once had steelmaking facilities, but those have been abandoned and the firms now rely solely on purchased, primarily imported, semifinished steel.

materials such as burnt lime, burnt dolomite, and fluorspar. High-purity oxygen is injected into the furnace and reacts with dissolved carbon and other impurities in the charge materials, raising the temperature to that necessary for further processing. Molten steel is poured from the furnace to a ladle to be transported to a ladle metallurgy station or directly to casting.

The nonintegrated, or scrap-based, process produces molten steel by melting scrap and scrap substitutes in an EAF.⁵⁴ The charge materials are melted by electrical current passing through an arc between an electrode and the material in the furnace. Oxygen is used to burn off impurities, but at a fraction of the amounts used in oxygen steelmaking. After melting, the molten steel is tapped into a ladle for further processing.

Whether integrated or nonintegrated, steelmakers often utilize a secondary steelmaking stage, also called a ladle metallurgy station. Shifting the final refining stages to the ladle metallurgy station allows shorter cycles in the primary steelmaking vessel, effectively raising steelmaking capacity. Special ladle treatments include desulfurization and vacuum degassing, which improve steel cleanliness, formability, surface quality, chemistry, and strength. Steelmakers employ additional techniques to refine the product further into extra-clean or low-carbon steels. These refinements are needed to satisfy stringent surface or internal quality, and mechanical properties.⁵⁵ Steelmakers may adjust the chemical content by adding alloying elements or by lowering the carbon content (decarburization), or adjusting the temperature of the steel for optimum casting. While carbon content may be reduced further by subsequent hydrogen annealing of the coiled steel, the steel's essential characteristics are established prior to the casting stage.

Slab casting stage

Following the production of molten steel with the desired properties, it is cast into a form that can enter the rolling process. Continuous casters convert molten steel into slabs for rolling into finished product and the vast majority of carbon sheet steels produced in the United States are continuously cast.⁵⁶ There are two broad categories of continuous casting used by

⁵⁴ Because scrap is generally considered to be the main raw material for electric-arc steelmaking, primary iron products that reduce the amount of scrap needed are often referred to as “scrap substitutes.” Their use depends upon their prices relative to that of scrap and upon particular end-product-related requirements for material containing smaller amounts of undesirable elements than does scrap.

⁵⁵ The goals of secondary steelmaking include controlling gases (e.g., decreasing the concentration of oxygen, hydrogen, and nitrogen, called “degassing”), reducing sulfur, removing undesirable nonmetallic inclusions such as oxides and sulfides, changing the composition and/or shape of oxides and sulfides that cannot be completely removed, and improving the mechanical properties of the finished steel. American Iron and Steel Institute, “Secondary Refining,” found at http://www.steel.org/~media/Files/AISI/Making%20Steel/Article%20Files/learning_2ndrefining.pdf, retrieved September 3, 2015.

⁵⁶ Continuous slab casting bypasses several steps of the conventional ingot casting process by casting steel directly into semifinished shapes, called slabs, in the desired cross-sectional dimensions. The many
(continued...)

most U.S. and foreign producers of hot-rolled steel products: conventional or thick-slab continuous casters and thin-slab casters. Most U.S. integrated producers use the conventional process, whereas most of the nonintegrated facilities use thin- or thinner-slab casting processes. Thin slab casting eliminates the need for a reheat furnace. Additional differences between thin-slab casting and conventional continuous-strand slab casting include the shape of the casting mold, the thickness of the slab, and the linkage of steel casting with direct hot rolling.

Rolling stage

Hot-rolled carbon steel flat is produced on hot-strip mills. Essential components of a hot-strip mill are a rolling mill, a run-out table for cooling the hot-rolled strip after rolling, and equipment to coil the strip. There are many different configurations of hot-strip mills depending upon the capacity of the operation, the thickness of the slabs entering the mill, and properties of the hot-rolled coil to be produced. When rolling from a thick slab, as described above, there is normally a slab heating furnace, a roughing section consisting of several rolling stands (sets of rollers), typically four or five, that reduce the slab or a single, reversing roughing mill in which the slab is rolled back and forth through the stand, and a finishing train of four to seven stands to further reduce the thickness and impart the desired surface finish to the steel. The steel exits the finishing train onto a runout table where it is cooled by water and/or air. The steel is then coiled. Hot-rolled steel destined for the outside market may either be shipped directly from the hot-rolling operation, or further processed by cleaning in an acid bath and sold as pickled band. These products are used in non-critical surface applications such as automotive frames and wheels, construction products, pipe, off-highway equipment, and guardrails.

“Thin” slabs are typically 2 to 3 inches in thickness, and are transferred directly from the casting operation to the rolling mill. Because thin slabs require fewer rolling passes than thick slabs, a roughing mill may not be required and the finishing mill may be a single, reversing mill rather than a series of in-line mills as described above. The reversing mill could be of the “Steckel” type, in which the strip is coiled between passes in special furnaces on each side of the mill, to reduce heat loss.

A more recent technology, pioneered by Nucor, is a twin-roll strip casting process that produces a solid strip approximately 2 mm thick directly from a pool of molten steel established between two counter-rotating rolls. The strip is fed directly into a hot-rolling mill for reduction to final thickness and then along a cooling table to a coiler. The first of these new facilities

(...continued)

benefits derived from this quicker casting method include increased yield, improved product quality, and decreased energy consumption. American Iron and Steel Institute, “Continuous Casting of Steel: Basic Principles,” found at

<http://www.steel.org/Making%20Steel/How%20Its%20Made/Processes/Processes%20Info/Continuous%20Casting%20of%20Steel%20-%20Basic%20Principles.aspx>, retrieved September 3, 2013. All or

virtually all of the crude steel produced in the subject countries is continuously cast. World Steel Association, *Steel Statistical Yearbook 2014*, table 2.

started up in 2002 and the second, more advanced unit started up in 2009.⁵⁷ Advantages claimed for the twin-roll strip casting process in comparison to conventional thick-slab or thin-slab processing include the capability to economically produce hot-rolled steel 1 to 2 mm in thickness, which can be used in some applications as a substitute for more expensive cold-rolled steel. In addition, a steel plant incorporating the twin-roll strip casting practice may be built at a much lower capital cost, with a lower economic capacity, than a conventional hot-rolling plant.⁵⁸

Subsequent operations

Hot-rolled steel may undergo a number of subsequent processes before being used internally by a steel producer or sold. Processing subsequent to hot-rolling may include a temper pass to improve surface finish, gauge tolerance, and coil tightness; pickling and light oil coating;⁵⁹ and operations that level, slit, or shear hot-strip mill products to width or length. Pickling, oiling, tempering, leveling, slitting, or shearing may take place at the producing mill; alternatively, such operations may be performed by separate firms.

Users of hot-rolled steel generally prefer to purchase coils that are as large as their equipment is able to process. Large coils require fewer welds on continuous processing lines and less time lost between coils on discrete processing lines. Additionally, large coils result in less material wasted at the head and tail ends of the sheet. Coil size is generally expressed in pounds per inch of width (“PIW”). For example, a coil of hot-rolled steel, regardless of the thickness of the sheet, with a width of 60 inches and a weight of 60,000 pounds would be said to have a PIW of 1,000.

Alleged limited availability

In response to assertions by respondents that certain grades or sizes of hot-rolled steel are of limited availability or not offered at all by U.S. producers,⁶⁰ U.S. commercial shipment

⁵⁷ In 1988, BHP Steel of Australia and Ishikawajima-Harima Heavy Industries (“IHI”) of Japan began a collaborative effort to determine the commercial feasibility of twin-roll strip casting of steel. BHP and IHI needed a partner with the ability to commercialize the process (trademarked as “Castrip”) and in 2000 Nucor Corp. joined BHP and IHI to form Castrip LLC. Castrip LLC owns the technology and Nucor has the exclusive license to the process in the United States. For more information on the Castrip® process, see Castrip LLC’s website, found at www.castrip.com.

⁵⁸ Castrip LLC, “The Castrip® Advantage,” found at <http://www.castrip.com/Advantage/advantage.html>, accessed September 4, 2015.

⁵⁹ During the hot-rolling process, exposure to water and air results in the formation of oxides on the surface of the steel. Pickling involves passing the hot-rolled product through a series of acid baths to remove the oxides. The material is then dried and oiled to prevent reformation of oxides, and recoiled.

⁶⁰ Tata UK and Tata Netherlands comments on draft questionnaires, pp. 4-5; Japanese producers’ comments on draft questionnaires, pp. 4-5; Tata Netherlands’ posthearing brief, p. 24; and Japanese producers’ prehearing brief, pp. 22-30.

data were collected for 2015 from U.S. producers and importers on the following steel products:⁶¹

- Grade X-70 hot-rolled coil in thicknesses over 0.625"

API grade X-70 is one of several grades of line pipe covered by API Specification 5L. The product is hot-rolled steel coil with properties suitable for the production of grade X-70 line pipe with a wall thickness of 0.625 inches or greater. The suffix "70" designates minimum yield strength of 70,000 pounds per square inch in tests performed on finished line pipe.⁶² Such heavy-walled line pipe is used in certain sections of high-pressure pipelines that otherwise have a wall thickness of 0.625 inches or less in order to reduce operating stress in sections that involve road or river crossings or are near heavily populated areas.

- High-strength low-alloy steel with minimum 50 ksi yield strength, greater than 72" wide
- High-strength low-alloy grade 70 steel, thin gauge (maximum 0.078") meeting gauge tolerances not greater than 0.004" total through the entire coil (head to tail)

High-strength low-alloy steel contains the strengthening elements columbium (niobium), vanadium, titanium, and molybdenum added singly or in combination.⁶³

- Steel with 100 ksi yield strength, greater than 65" wide and/or greater than 0.375" thickness
- Steel with 100 ksi yield strength, up to and including 0.375" thickness with Charpy impact value of at least 20 ft·lb at minus 40 degrees F in transverse test direction

Steel having yield strength of 100 ksi is considered ultra-high-strength steel (UHSS) and contains alloy additions similar to those in HSLA steel.⁶⁴ The Charpy impact test is a standard test for the property of toughness, which is the ability of a metal to deform and absorb energy before fracturing.⁶⁵

⁶¹ Purchasers were also asked for information regarding these products.

⁶² American Petroleum Institute, Specification for Line Pipe API Specification 5L, p.37.

⁶³ ASTM International, ASTM A 1011, Standard Specification for Steel, Sheet and Strip, Carbon, Structural, High-Strength Low-Alloy, High-Strength Low-Alloy with Improved Formability, and Ultra-High Strength.

⁶⁴ Ibid.

⁶⁵ NDT Resource Center, <https://www.nde-ed.org/EducationResources/CommunityCollege/Materials/Mechanical/Toughness.htm>, Accessed July 20, 2016.

- Hot-rolled coil with a tensile strength of 585 MPa (megapascal) (85 ksi) to 779 MPa (113 ksi), for automotive parts
- Hot-rolled coil with a tensile strength of 780 MPa (113 ksi) or more, used for automotive parts

These steels cover a range of tensile strength that exceeds that of the products covered in ASTM A 1011. They are advanced high-strength steel (AHSS) developed primarily to reduce the mass (weight) of automotive parts.

- Battery quality hot band – hot-rolled, continuously cast steel sheet in coil suitable for further processing and the ultimate manufacture of battery cans. The steel shall be ultra-clean, with individual particles of non-metallic inclusions not greater than 1 micron (0.000039”) and clusters or groups of non-metallics not exceeding 5 microns (0.000197”) in length. Scale shall be completely removable by hydrochloric acid pickling, the resulting surfaces being free of digs, scratches, pits, gouges and slivers.

The steel shall have a low crown, with a symmetrical profile of 0.0020” maximum

Steel for the production of battery cans requires a low level of inclusions and uniformity of thickness. Steel producers undergo a lengthy series of trials to qualify to supply this product.

DOMESTIC LIKE PRODUCT ISSUES

Petitioners contend that the Commission should find a single like domestic product coextensive with the scope.⁶⁶ Respondent Welspun proposed that the Commission should find two domestic like products: the first, hot-rolled steel coil with a thickness of over 0.625 inches with properties suitable for production of American Petroleum Institute (“API”) grade X-70 line pipe (“X-70 over 0.625”);⁶⁷ and the second, all other hot-rolled steel.⁶⁸ X-70 over 0.625” is used to produce large-diameter, spiral-welded line pipe for oil and natural gas pipelines.⁶⁹ Welspun was joined in its arguments for separate like products by Japanese and Korean producers.⁷⁰ Welspun asserted that no domestic producers were capable of producing X-70 over 0.625”. However, three U.S. producers (***) reported producing X-70 over 0.625” between January 2013 and March 2016.⁷¹

⁶⁶ SDI and SSAB’s prehearing brief, pp. 1-10.

⁶⁷ API grade X-70 is one of several grades of line pipe covered by API Specification 5L. The proposed like product is hot-rolled steel coil with properties suitable for the production of grade X-70 line pipe with a wall thickness of 0.625 inches or greater. The suffix “70” designates minimum yield strength of 70,000 pounds per square inch in tests performed on finished line pipe. Such heavy-walled line pipe is used in certain sections of high-pressure pipelines that otherwise have a wall thickness of 0.625 inches or less in order to reduce operating stress in sections that involve road or river crossings or are near heavily populated areas.

⁶⁸ Welspun’s postconference brief, p. 2.

⁶⁹ Ibid.

⁷⁰ Japanese Producers’ postconference brief, p. 3 and Korean Producers’ postconference brief, p. 2.

⁷¹ U.S. producers’ questionnaire response, II-7.

In its preliminary determination, the Commission found that “{t}he record does not indicate a clear dividing line between thick-walled X-70 HRC and other hot-rolled steel products.”⁷² The Commission based its decision on the fact that X-70 over 0.625” shares the same manufacturing facilities, the same channels of distribution, and at least some of the physical characteristics with other types of hot-rolled steel. Despite acknowledging limited interchangeability and differences in prices, the Commission reasoned that the same is true of many other types of hot-rolled steel products that serve a range of applications. Therefore, the Commission defined a single domestic like product corresponding to the scope of these investigations.⁷³

On April 12, 2016 the Commission requested comments from parties on its draft questionnaires. In response to the request for comments, no party requested the collection of data that would allow the Commission to address a separate domestic like product. However, in response to assertions by respondents that certain grades or sizes of hot-rolled steel are of limited availability or not offered at all by U.S. producers, U.S. shipment data were collected for 2015 on these steel products.⁷⁴ These shipment data are presented in table IV-8 of this report. No party has argued that the Commission should consider a separate like product determination in briefs submitted during the final phase of the investigations.

⁷² Certain *Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom*, Inv. Nos. 701-TA-545-547 and 731-TA-1291-1297 (Preliminary), USITC Publication 4570, October 2015, p. 10.

⁷³ Ibid.

⁷⁴ Purchasers were also asked for information regarding these products.

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

U.S. MARKET CHARACTERISTICS

Hot-rolled steel is an input used in a variety of applications including downstream steel products (e.g., cold-rolled and corrosion-resistant steel), pipes and tubes, construction materials, automobiles, and appliances. A large portion of hot-rolled steel is consumed internally or sold to related firms to produce downstream products.

After increasing by more than 10 percent from 2013 to 2014, apparent U.S. merchant market consumption of hot-rolled steel decreased by more than 15 percent from 2014 to 2015. In the first three months of 2016, apparent U.S. consumption was approximately 4 percent lower than in the same period of 2015. Respondents attributed the decline in shipments in 2015 to lower demand as a result of a sharp decline in demand for OCTG and other tubular products and a destocking of inventories.¹ Petitioners stated that the decline in apparent U.S. consumption in 2015 from 2014 does not reflect a decline in demand, but rather is the result of increased importer and customer inventories in 2014.²

Most producers (8 of 10) and importers (44 of 50) stated that there had not been significant changes to the product range, product mix, or marketing of hot-rolled steel since January 1, 2013. Two producers and six importers did note changes, generally describing increases in either demand or supply of heavier-gauge products such as hot-rolled steel greater than 0.625 inches for X-70 line pipe, or some instances of purchaser demand for lighter-weight, higher-strength product.

U.S. PURCHASERS

The Commission received 48 usable questionnaire responses from firms that bought hot-rolled steel since January 1, 2013.³ Purchasers included distributors, tubular products manufacturers (e.g., ***), automotive producers ***, and sheet producers ***. The largest 10 purchasers of hot-rolled steel that submitted questionnaire responses are shown in table II-1.

¹ POSCO and Hyundai's prehearing brief, p. 6.

² Nucor's prehearing brief, p. 2, and U.S. Steel's prehearing brief, p. 7.

³ Of the 48 responding purchasers that reported their volume of purchases, 47 purchased domestic hot-rolled steel, 12 purchased imports of the subject merchandise from Australia, 9 from Brazil, 12 from Japan, 18 from Korea, 8 from the Netherlands, 14 from Turkey, 6 from the United Kingdom, 24 from nonsubject country Canada, and 25 from other nonsubject countries (including China, Germany, Mexico, New Zealand, and Russia). In addition, *** were unable to identify the country of origin of some or of all of their purchases.

Table II-1

Hot-rolled steel: Top 10 largest responding purchasers (regardless the source of purchases), by quantity of purchases, 2013-15

* * * * * * *

Only four purchasers⁴ indicated that they only purchased hot-rolled steel from one country source (always the United States), although more indicated that they purchased only from the United States and Canada, and many more purchased predominantly from a limited number of countries. Reasons cited for purchasing only from one country included lead time, service, and reliable delivery.

Twenty-four purchasers indicated that they did not compete for sales to customers with the manufacturers or importers from which they purchased hot-rolled steel, while eight reported that they did. Of those eight, five reported that there is at least some competition when U.S. producers or importers sell to the same customers as distributors do. Additionally, *** stated that some U.S. hot-rolled steel producers also produce tubular products, and *** stated that it competes with its suppliers in both the ***.

CHANNELS OF DISTRIBUTION

Table II-2 shows the division of U.S. commercial shipments (i.e., excluding transfers and internal consumption)⁵ between sales to distributors/service centers and sales to end users. For hot-rolled steel produced in the United States and imported from most subject countries, there were some years or three-month periods in which the majority of sales were to distributors/service centers, and some years or three-month periods in which the majority of sales were to end users. Overall, however, the majority of commercial shipments of imports from subject countries went to distributors throughout 2013-15 and in both interim periods.

⁴ ***.

⁵ A large share of both U.S. production and U.S. imports is used for transfers or internal consumption. See appendix D for more information.

Table II-2

Hot-rolled steel: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2013-15, January-March 2015, and January-March 2016

Item	Period				
	Calendar year			January-March	
	2013	2014	2015	2015	2016
Share of reported shipments (percent)					
U.S. producers' U.S. commercial shipments of hot-rolled steel:					
Distributors	47.8	48.8	54.5	54.0	56.2
End users	52.2	51.2	45.5	46.0	43.8
U.S. importers' U.S. commercial shipments of hot-rolled steel from Australia:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from Brazil:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from Japan:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from Korea:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from the Netherlands:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from Turkey:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from the United Kingdom:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from subject countries:					
Distributors	77.3	73.7	72.6	67.1	70.6
End users	22.7	26.3	27.4	32.9	29.4
U.S. importers' U.S. commercial shipments of hot-rolled steel from Canada:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from all other countries:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of hot-rolled steel from all nonsubject countries:					
Distributors	57.6	68.5	64.5	67.5	65.6
End users	42.4	31.5	35.5	32.5	34.4

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

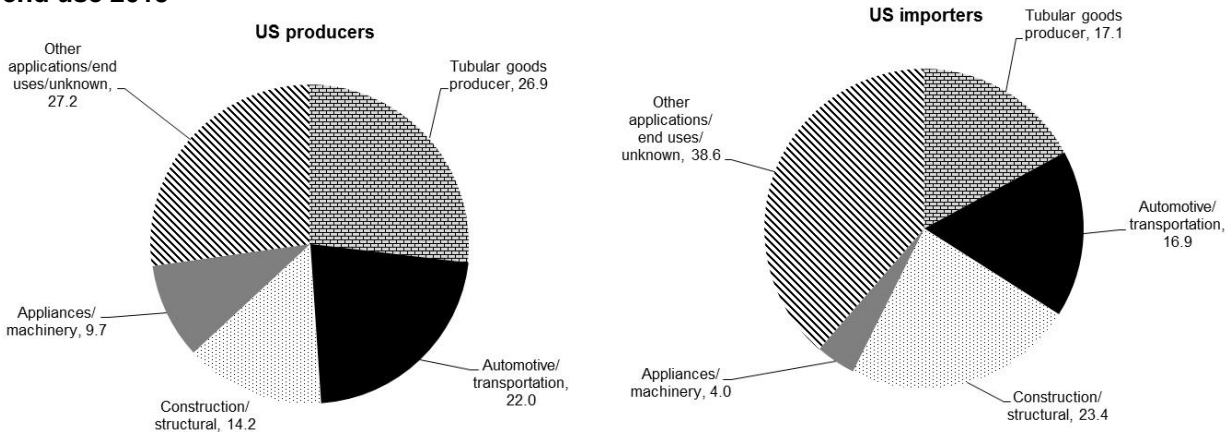
Additionally, U.S. producers and importers were asked to provide a more detailed breakout of their 2015 U.S. commercial shipments by end use application, as summarized in table II-3.

Table II-3
Hot-rolled steel: U.S. producers' and importers' U.S. commercial shipments, by sources and end use application, 2015

* * * * *

Figures II-1 and II-2 show 2015 commercial shipments for U.S. producers and subject imports by end use, based on shipments reported for each end use as well as firms’ estimates of the share of their shipments to distributors/service centers that likely went to three specified categories: automotive/transportation, construction/structural, and other/unknown. The U.S. producers’ largest identified end-use markets for their commercial shipments in 2015 were tubular goods and other end uses/unknown (figure II-1). Subject importers’ largest identified end-use markets were construction and other end uses/unknown.

Figure II-1
Hot-rolled steel: Share of U.S. producers' and subject importers' commercial U.S. shipments by end use 2015



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

Figure II-2 presents the major identified end uses for each subject country in 2015.

Figure II-2
Hot-rolled steel: Share of importers' commercial U.S. shipments by subject country and end use, 2015

* * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers reported selling hot-rolled steel to all regions in the contiguous United States (table II-4). Importers also reported selling to multiple regions, with the Central Southwest (Arkansas, Louisiana, Oklahoma, and Texas) being the most-named destination by

importers of product from Australia,⁶ Brazil, and Korea, and among the most-named for the Netherlands and Turkey. The most-named destination for Japanese product was the Southeast,⁷ and for U.K. product, the Midwest.

For U.S. producers, 43 percent of sales were within 100 miles of their production facility, 52 percent were between 101 and 1,000 miles, and 5 percent were over 1,000 miles. Importers sold 71 percent within 100 miles of their U.S. point of shipment, 26 percent between 101 and 1,000 miles, and 3 percent over 1,000 miles.

Table II-4

Hot-rolled steel: Geographic market areas in the United States served¹ by U.S. producers and importers

Region	U.S. producers	U.S. importers							
		Australia	Brazil	Japan	Korea	The Netherlands	Turkey	United Kingdom	Any subject country
Northeast	9	1	4	0	5	2	4	2	13
Midwest	10	3	6	5	8	2	7	3	21
Southeast	9	2	5	6	7	2	7	2	23
Central Southwest	10	4	11	5	13	2	7	1	29
Mountains	9	1	1	2	3	1	2	0	6
West Coast	9	2	0	5	12	1	2	0	18
Other ²	0	0	0	0	0	0	1	0	1
All regions (except Other)	6	0	0	0	0	1	0	0	1
Reporting firms	10	5	12	10	23	2	13	3	43

¹ U.S. producers and importers were asked to indicate into which geographic areas they had sold product from the United States or import sources since January 1, 2013.

² All other U.S. markets, including AK, HI, PR, and VI.

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

Respondents stated that about half of total subject imports, and the majority of subject imports from Australia, Japan, and Korea, arrived at ports in the Western United States, and that purchasers on the West Coast cannot get adequate supply from U.S. producers.⁸ According to petitioners, U.S. producers ship hot-rolled steel nationwide, all responding U.S. producers reported sales to the West Coast, and U.S. producers' reported shipments at over 1,000 miles

⁶ BlueScope disputed the results of table II-4 on the ground that it has more purchasers on the West Coast than in other regions of the United States. See BlueScope's posthearing brief, answers to Commission questions, pp. 13-15. Table II-4 reports the responses of importers, not purchasers. Importers reporting imports of Australian product in table II-4 include ***.

⁷ Japanese respondents stated that *** percent of Japanese product sold in the United States over January 2013 through March 2016 was sold to customers in the West Coast, and another *** percent was sold to customers on the Gulf Coast. Japanese Mills' prehearing brief, p. 21.

⁸ BlueScope's prehearing brief, pp. 15-17. Respondents state that freight costs and rail car availability limit Midwest mills' abilities to supply the volumes required by purchasers in the West. Conference transcript, p. 155 (Dougan); POSCO and Hyundai's prehearing brief, p. 8.

also indicate an ability to supply customers on the West Coast.⁹ At the hearing, petitioners added that domestic mills on the West Coast have been weakened over the years by competition with Asian supply.¹⁰

U.S. producers were asked if their firm shipped hot-rolled steel to the West Coast (California, Oregon, and/or Washington), and if so, if their firm encountered any difficulties (such as the availability of rail cars) and/or additional costs. Five producers responded that they did ship from their mills to the West Coast, and did not encounter any difficulties or additional costs. (Of these firms, *** stated that the only difficulty it encountered was competition with low-priced imports.) Additionally, *** stated that it did have additional transportation costs for West Coast shipments, and *** stated that it did not ship to the West Coast.¹¹

Thirty-three purchasers reported that they had encountered no difficulties nor additional costs in transporting hot-rolled steel to their facilities, but 15 reported that they had.¹² Those 15 firms mostly cited the increasing costs of rail transportation during the last ten years, but also described difficulties with truck and river transportation.¹³ Additionally, purchasers were asked if they had purchased imported hot-rolled steel due to transport costs or a lack of availability of U.S.-produced hot-rolled steel. Forty-two purchasers answered that they had not, but six purchasers (***) stated that they had, citing rail costs. U.S. purchaser *** elaborated that freight costs were one reason it had ***. However, ***, also indicated that it had not purchased imported product due to transport costs.

⁹ For example, see Nucor's prehearing brief, p. 4, and AK Steel's posthearing brief, answers to Commission questions, pp. 14-15. Nucor stated that it also supplies two of three West Coast purchasers affiliated with foreign producers. Hearing transcript, p. 88. ArcelorMittal USA also indicated that it had 40 customers on the West Coast. Hearing transcript, p. 95 (Brett). It added that it can ***. ArcelorMittal USA's prehearing brief, p. 13. Nucor also stated that it has its own private fleet of rail cars, and Steel Dynamics stated that there was no issue with rail costs since 2013. Hearing transcript, pp. 93-94 (Millett and Blume).

¹⁰ Hearing transcript, pp. 145-146 (Rosenthal).

¹¹ See also Nucor's posthearing brief, p. 3, SSAB and Steel Dynamics' posthearing brief, pp. 4-5 and U.S. Steel's posthearing brief, p. 5.

¹² In their prehearing brief, Korean producers classified *** as having experienced difficulties and/or additional costs, although staff did not do so here. These two firms answered this question with a "no," but did describe additional costs when asked about West Coast purchases specifically. See POSCO and Hyundai's prehearing brief, p. 21, fn 90.

¹³ Purchasers were also asked if, for their West Coast purchases, they had experienced issues with freight costs or logistics. Thirteen answered no, and seven answered yes, although not all responding purchasers were based on the West Coast. *** reported buying primarily from domestic suppliers on the West Coast due to transportation costs from the East Coast. *** reported difficulties with transportation costs from the East Coast. In their prehearing brief, Korean producers described eight of nine West Coast purchasers as having described additional freight or logistics costs. Not all the purchasers in this analysis were in California, Oregon, and Washington. Restricting the analysis to purchasers in those three states, staff calculates that seven of eight such purchasers (***) described such costs, while *** did not. See POSCO and Hyundai's prehearing brief, pp. 21-22.

Staff requested that ***.¹⁴

Suppliers of West Coast purchasers

Eight purchasers were located on the West Coast, defined as California, Oregon, or Washington. Those firms' largest suppliers since January 1, 2013, along with those suppliers' share of 2015 purchases, are presented in table II-5.

Table II-5
Hot-rolled steel: West Coast purchasers' suppliers

* * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of hot-rolled steel have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of hot-rolled steel to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of excess capacity, constrained by very low inventories and export shipments, as well as few production alternatives.¹⁵

Industry capacity

Domestic capacity was mostly unchanged at 80.4 to 80.5 million short tons over 2013-15. Domestic capacity utilization increased slightly from 76.8 percent in 2013 to 77.6 percent in 2014 but fell to 68.0 percent in 2015 (although the interim 2016 level was 74.2 percent compared to 65.3 percent in interim 2015). This moderate level of capacity utilization suggests that U.S. producers may have the ability to increase production of hot-rolled steel in response to an increase in prices.

¹⁴ See email from ***, and staff calculations.

¹⁵ Respondents stated that this assessment overestimates the potential responsiveness of the U.S. industry to changes in prices, and cite both the scarcity of supply during the winter weather in 2014 and the lack of large U.S. production response to the increase in prices in early 2016. For example, see hearing transcript, p. 282 (Malashevich), Tata Netherlands' prehearing brief, p. 43, CSN's posthearing brief, p. 7, and written hearing testimony of Bruce Malashevich, Economic Consulting Services. Staff notes that, to the extent available capacity is lower than reported, the supply responsiveness of the U.S. industry to changes in price would be more constrained.

Alternative markets

U.S. producers' exports, as a share of the quantity of total shipments, remained below 2 percent between 2013 and 2015. The small share of exports indicates that U.S. producers have a very limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories, as a share of U.S. total shipments, increased slightly from 2.7 percent in 2013 to 2.9 percent in 2015. These inventory levels suggest that U.S. producers have a very limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Most (93-95 percent) U.S. producers' production capacity was dedicated to hot-rolled steel production during 2013-15 and the interim periods. Four of 10 responding U.S. producers stated that they could switch production between hot-rolled steel and other products using the same equipment and/or labor. Other products identified by U.S. producers were cut-to-length plate, slab, pipe, galvanized, and cold-rolled steel. However, most U.S. producers expressed a reluctance or inability to make such production switches.

Supply constraints

In the preliminary phase of these investigations, Respondents stated that weather severely impacted Midwest mills' hot-rolled steel supply in the winters of 2014 and 2015.¹⁶ U.S. importers *** and *** reported that their increased shipments to U.S. customers were largely a result of U.S. producer supply constraints resulting from the severe winter in 2014, specifically, transportation issues due to snow and ice, and equipment issues. Additionally, *** reported that it faced supply constraints from ***.¹⁷

Subject imports¹⁸

This section presents information on the subject foreign industries' abilities to supply the U.S. market. Foreign producer questionnaire responses account for a very high share of imports from subject countries. (See table I-1.)

¹⁶ POSCO and Hyundai's prehearing brief, p. 19.

¹⁷ ***. POSCO and Hyundai's prehearing brief, exhibit 7.

¹⁸ For data on the number of responding foreign firms and their share of U.S. imports from each subject country, please refer to Part I, "Summary data and data sources" and Part VII, "Threat considerations and information on nonsubject countries."

Table II-6 provides a summary of supply-related data for subject countries.

Table II-6

Hot-rolled steel: Foreign industry factors that affect ability to increase shipments to the U.S. market

Country	Capacity (millions of short tons)		Capacity utilization (percent)		Inventory levels relative to total shipments (percent)		Able to shift to alternate products	Home market shipments ¹ in 2015	Shipments exported to non-U.S. markets in 2015
	2013	2015	2013	2015	2013	2015	No. of firms reporting "yes"	(percent)	(percent)
Australia	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
The Netherlands	***	***	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***	***	***	***

¹ Includes both commercial shipments and internal consumption.

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

Subject imports from Australia

Based on available information, the Australian producer, BlueScope, has the ability to respond to changes in demand with small changes in the quantity of shipments of hot-rolled steel to the U.S. market. BlueScope is operating at *** capacity utilization, has *** inventories, is *** to switch production to other products, and exports a *** amount of its shipments to non-U.S. markets.

Subject imports from Brazil

Based on available information, Brazilian producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of hot-rolled steel to the U.S. market. Brazilian producers *** capacity, *** inventories, are *** to switch production to other products, and export a *** amount of their shipments to non-U.S. markets.

Subject imports from Japan

Based on available information, Japanese producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of hot-rolled steel to the U.S. market. The main contributing factor to this responsiveness of supply is the large share of shipments to other export markets. Responsiveness is constrained by *** capacity utilization, *** inventories, and an *** to shift production between hot-rolled steel and other products.

Subject imports from Korea

Based on available information, Korean producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of hot-rolled steel to the U.S. market. The main contributing factor to the moderate degree of responsiveness of supply is the shipments to export markets other than the United States, constrained by *** capacity utilization, an *** to switch production to other products, and *** inventory levels.

Subject imports from the Netherlands

Based on available information, Tata Netherlands has the ability to respond to changes in demand with moderate changes in the quantity of shipments of hot-rolled steel to the U.S. market. The main contributing factor to this degree of responsiveness of supply is relatively *** shipments to other export markets constrained by *** capacity utilization, *** inventories, and an *** to switch production to other products.

Subject imports from Turkey

Based on available information, Turkish producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of hot-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are *** capacity utilization rates, *** inventories, and *** sales to other export markets.

Subject imports from the United Kingdom

Based on available information, Tata UK has the ability to respond to changes in demand with large changes in the quantity of shipments of hot-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the *** capacity utilization rate, constrained by *** inventories and *** sales to other markets. Tata UK indicated that ***.

Nonsubject imports

The primary source of nonsubject imports during 2013-15 was Canada, followed by Mexico, and, in 2014, Russia. (See Part IV for more information on these imports.) Canada alone accounted for nearly *** percent of all imports from nonsubject sources in 2015. Petitioners described world production of hot-rolled steel as above world demand, in particular because of production in China.¹⁹

¹⁹ Hearing transcript, pp. 59 (Blume) and 71 (Conway).

New suppliers

Thirty-nine purchasers indicated that they were not aware of any new suppliers that had entered the U.S. market since January 1, 2013. Nine indicated that some new suppliers had entered, mostly citing the new Big River facility in Arkansas (see Part III). Purchasers also indicated that new supplies of hot-rolled steel had begun entering the United States from a variety of other countries, including China, Taiwan, Middle Eastern countries, and South American countries. However, purchaser *** indicated its concern over the increased consolidation in the U.S. hot-rolled steel industry since the sale of Severstal's mill to AK Steel and the sale of ThyssenKrupp's mill to a joint venture controlled by ArcelorMittal.

Supply constraints

Most producers and importers indicated that they had not refused, declined, or been unable to supply hot-rolled steel since January 1, 2013. Nine producers indicated that they had not had any supply constraints, with several adding that they had capacity to spare. *** indicated that if a customer tries to double or triple its historic order volumes, it might not be able to fulfill the entire order, but that other than its regularly-planned annual outages, it can fulfill orders at customers' historic levels. *** stated that while there were no constraints for most of the period, occasional weather-related outages (such as in the first quarter of 2014) may have occurred. ***, an importer of product from *** described the weather-related disruptions of early 2014 as "severe" and, combined with unplanned outages at other U.S. producers, as leading to U.S. purchasers approaching importers like *** for supply.

Among importers, 41 indicated that they had not had any supply constraints. Nine described some constraints. Of these, *** and two were ***. *** stated that it had refused to sell some imported product offered at an unfair price, ***. Additionally, two importers cited supply constraints from U.S. producers, with *** stating that only two U.S. producers can supply hot-rolled steel for X-70 line pipe, and none at thicknesses over 0.625 inches. It added that such a product is only available from POSCO in Korea, JFE in Japan, and ArcelorMittal in Germany. *** stated that ***.

Purchasers were asked if any suppliers had refused, declined, or been unable to supply hot-rolled steel since January 1, 2013. Twenty-five answered that no supplier had done so, but 22 reported such experiences. Some purchasers cited problems in 2014, due to winter weather causing delays. Others cited 2016 allocations or limited availability, including at AK Steel and U.S. Steel. Purchaser *** reported that U.S. Steel halted production in 2014 when the roof at their mill collapsed. Purchaser *** reported that ***.²⁰ *** stated that in 2013 and 2014, ***.

Purchasers were asked if the availability of hot-rolled steel from different sources had changed since January 1, 2013. Twenty-five indicated that the availability of U.S.-produced product had not changed, but 23 indicated that it had, often citing U.S. mills closing, going on allocation, and/or consolidating. Seventeen purchasers reported that the availability of subject

²⁰ ***.

imports had not changed, but 24 stated that it had, citing these investigations or the alleged dumping that preceded them. Twenty-six purchasers stated that there had not been any change in the availability of hot-rolled steel from non-subject countries, but 11 stated that there had been, citing new import sources such as Taiwan and India, and the exit of supply from New Zealand.

Purchasers’ inventories

Purchasers were asked whether their purchases of hot-rolled steel were intended for their general inventory or destined for specific customers. Twelve answered that their purchases were intended for both, while twelve answered that their purchases were intended only for general inventory, and nine responded that their purchases were intended for specific customers.

The Commission collected inventory data in its purchaser questionnaire for all purchasers (both service centers and end users). Data reported by these purchasers indicate that their inventories of domestically produced hot-rolled steel declined overall from 2013 to 2015, while their inventories of imported product from subject countries increased over this period (table II-7).

Table II-7
Hot-rolled steel: End-of-period inventories reported by purchasers,¹ by quantity, 2013-15

* * * * *

According to the Metals Service Center Institute (“MSCI”), service centers’ inventories of carbon flat-rolled products peaked in December 2014 and then generally decreased until June 2016, at which point the decrease had reached 23.2 percent, as shown in figure II-3.²¹ The number of months of inventory on hand also peaked in December 2014 and generally decreased during 2015 and through the middle of 2016, returning to levels from late 2013. MSCI reported that service centers’ shipments were *** in 2013, *** tons in 2014, and *** tons in 2015.

Figure II-3
Carbon flat-rolled products: Service centers’ U.S. shipments to end users, end-of-month inventories, and the number of months of inventory on hand, monthly, January 2013-June 2016

* * * * *

²¹ MSCI collects data on shipments from service centers’ owned inventory (stock shipments) to customer end markets and month-end service center inventories. These shipments include cold-rolled, hot-rolled, and coated flat-rolled steel. MSCI does not break out the data by country of origin.

U.S. demand

Based on available information, the overall demand for hot-rolled steel is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors to the low responsiveness of demand are the low cost share in some final goods and projects (despite the moderate-to-high cost share in intermediate goods), and the limited number of substitutes.

End uses

U.S. demand for hot-rolled steel depends on the demand for downstream products. A large share of hot-rolled steel production is consumed internally or transferred to related firms for downstream processing into cold-rolled and galvanized steel, cut-to-length plate, and welded pipe.²² Major end uses include automotive applications (such as body frames and wheels), pipe and tube, other transportation equipment (such as rail cars, ships, and barges), nonresidential construction, appliances, heavy machinery, and machine parts.²³

About half of U.S. producers' commercial market shipments of hot-rolled steel are shipped directly to end users. According to AISI, for U.S. producers' shipments made in 2015 to industries which AISI members could track, pipe and tube was the largest market for shipments directly from U.S. producers to end users (table II-8), followed by the automotive market and the construction market.

²² Petition, p. 13.

²³ Petition, p. 13. Purchasers were also asked to name the major types of consumers to which they sold hot-rolled steel, and named a wide variety of such users, including cold-rolled and galvanized steel producers, tubular products producers, and a variety of original equipment manufacturers, including those in the appliance, automotive, agricultural equipment, and construction equipment industries.

Table II-8**Hot-rolled steel: Shipments by U.S. producers of hot-rolled steel by market classification, 2015**

End-use market	U.S. shipments (short tons)	Percent of shipments with end use reported
Conversion into pipe and tubes	3,430,643	34.9
Automotive	2,939,835	29.9
Construction and contractors products	1,291,190	13.1
Steel for converting and processing-other than pipe and tubes	1,624,966	16.5
Machinery, industrial equipment, and tools	279,407	2.8
Appliances, utensils, and cutlery	216,402	2.2
Other	60,557	0.6

Note.—Other includes shipments to the following end use-markets: agricultural, other domestic and commercial equipment, containers, packaging and shipping material, rail transportation, electrical equipment, and oil and gas industry. In addition, AISI reported that U.S. producers shipped 11,674,164 short tons to distributors, 1,016,521 short tons as exports and 1,560,851 short tons as non-classified shipments.

Source: American Iron and Steel Institute (AISI), Shipments of Steel Products by Market Classification, Carbon Steel Report AIS16C and Alloy Steel Report AIS16A, 12 months, 2015.

Cost share

The cost share of hot-rolled steel in the products in which it is used varies. Producers and importers were asked to list the end uses for the hot-rolled steel that they manufactured and sold commercially or imported, and the share of the total cost of those end uses accounted for by hot-rolled steel. For automotive applications, the cost share reported by U.S. producers was generally 1 to 2 percent. For pipe applications, including OCTG, U.S. producers usually reported a cost share of 70 to 90 percent, while importers usually reported within a somewhat wider range of 50 to 95 percent. Producers and/or importers also generally reported that hot-rolled steel was a small share (5 to 20 percent) of construction and truck trailer applications, but a larger share (81 to 93 percent) of cut-to-length (CTL) plate, cold-rolled, and steel service center applications.²⁴

Purchasers also indicated that the share of the cost of end-use products accounted for by hot-rolled steel was in similar ranges as reported by U.S. producers and importers. Purchasers generally reported that hot-rolled steel accounted for 54 to 90 percent of pipe and tubular products, 60 to 82 percent of cold-rolled and galvanized products, and 1 to 5 percent of automobiles. Distributor and steel service center purchasers reported that hot-rolled steel was a high share (often 100 percent) of the products they sold.

²⁴ For this paragraph, outlier values have not been included, nor have reported values of “100 percent,” which likely indicate that the questionnaire respondent did not understand the question.

Business cycles

U.S. producers, importers, and purchasers generally described the U.S. hot-rolled steel market as following trends in the U.S. automotive, construction, and oil and gas markets, as well as the national economy. U.S. producers and importers were split over whether the U.S. hot-rolled steel market is subject to business cycles other than general economy-wide conditions. Seven U.S. producers, 21 importers, and 20 purchasers stated that it was, while 3 U.S. producers, 29 importers, and 27 purchasers stated that it was not.

Fifteen purchasers, fourteen importers, and five U.S. producers reported that there were seasonal business cycles in the U.S. hot-rolled steel market. Some of these firms described demand changes due to seasonal fluctuations in the automotive, construction, and oil and gas markets, such as those due to winter work reductions or annual plant outages. Purchaser *** described the tinplate steel market (an end use for hot-rolled steel) as subject to extreme seasonality (with stronger demand in the summer) while the galvanized steel market (another end use) had less severe seasonality. Nine importers, five U.S. producers, and nine purchasers indicated that there were other distinctive conditions of competition, citing either trends in the oil and gas market, oversupply of subject imports (cited by some U.S. producers), or U.S. producers' inability to supply particular products (cited by some importers).

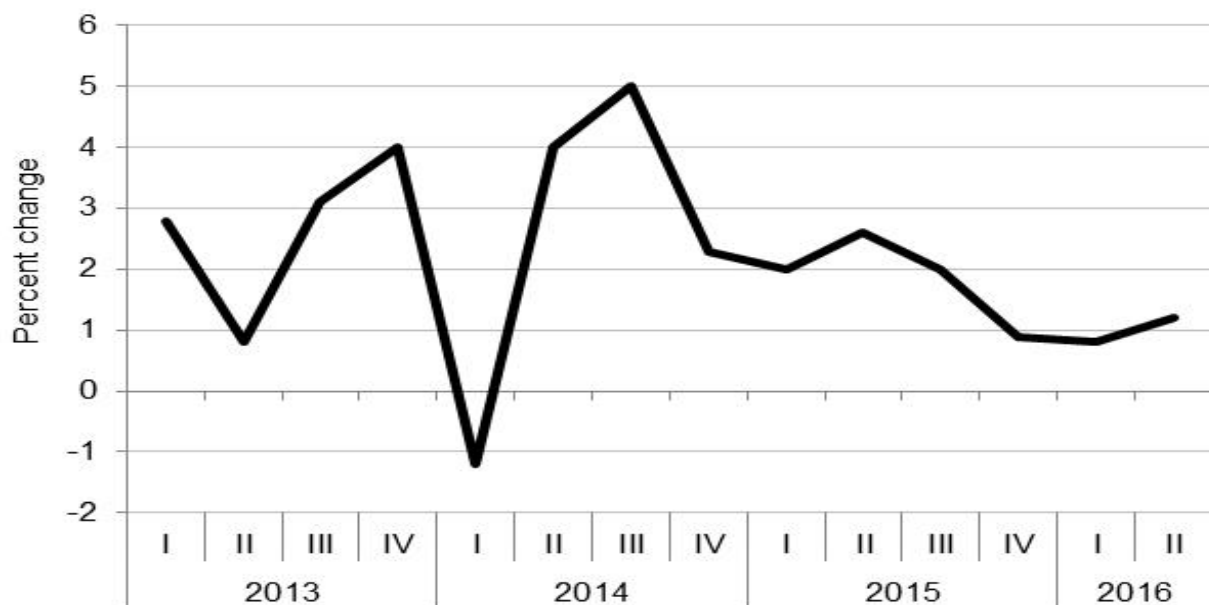
Among purchasers describing conditions of competition other than general economic trends, *** described a cycle in which domestic producers take advantage of import restrictions to raise prices and lead times until imports re-enter the market, lowering both. Purchaser *** stated that ***. Purchaser *** stated that domestic firms are not yet able to supply hot-rolled steel for X-70 line pipe in thicker gauges that meet its specifications. Purchaser *** stated that hot-rolled steel is among the least-profitable products made by U.S. producers, so that when prices of cold-rolled or galvanized steel rise, U.S. producers move production to those products, reducing the supply of hot-rolled steel.

Six of seven responding U.S. producers, 11 of 23 responding importers, and 18 of 30 responding purchasers reported changes in the business cycle and/or conditions of competition for hot-rolled steel since January 1, 2013. Reported changes included declining hot-rolled steel demand in the United States, Europe, and other markets. Firms also reported changes in demand in certain applications, including declining demand in the energy sector and increased demand for capital goods, infrastructure, construction, automobiles, and appliances. Purchaser *** reported that lower demand as having forced the exit of Severstal and ThyssenKrupp from U.S. production. Several purchasers cited the increased availability of foreign steel products, including in downstream markets, and purchaser *** stated that prices of hot-rolled steel had begun to recover, with prices and lead times rising.

Demand trends

U.S. demand for hot-rolled steel is affected by changes in overall U.S. economic activity.²⁵ The aggregate U.S. economy, as measured by percentage changes in the gross domestic product, fluctuated from January 2013 through June 2014, and has shown low levels of growth since then (figure II-4). The August 2016 Blue Chip consensus forecasts for U.S. real GDP growth were *** percent for 2016 and *** percent for 2017.²⁶

Figure II-4
Real U.S. GDP growth: Percentage change from the previous quarter, quarterly, January 2013-June 2016



Source: National Income and Product Accounts-Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product, Bureau of Economic Analysis, http://www.bea.gov/iTable/index_nipa.cfm, retrieved June 2, 2016.

Demand for hot-rolled steel is mainly driven by demand in the automotive, construction, and pipe and tube sectors. Both the U.S. automotive and construction industries have seen substantial growth since 2012. U.S. sales of light trucks and automobiles increased by 8.4 percent during January 2013-June 2016, from 15.4 million units to 16.7 million units (figure II-5). Total U.S. construction increased by 32.3 percent from January 2013 to June 2016 (figure II-6). As shown in figure II-7, in the pipe and tube sector, U.S. welded OCTG production reached a peak of 211 thousand short tons in December 2014 and then fell to only 49 thousand short

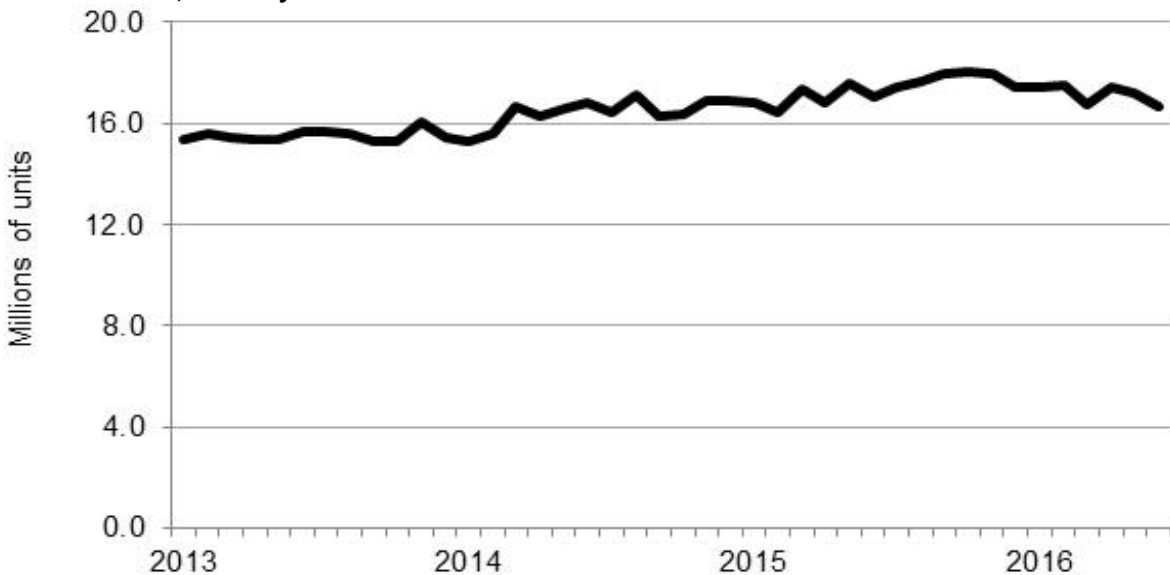
²⁵ For example, multiple purchasers described demand for hot-rolled steel as responsive to general U.S. economic trends and/or gross domestic product.

²⁶ *Blue Chip Economic Indicators*, Vol. 41, No. 8, August 10, 2016.

tons in April 2015. Despite some fluctuations since then, in June 2016, U.S. welded OCTG production was only 33 thousand short tons.

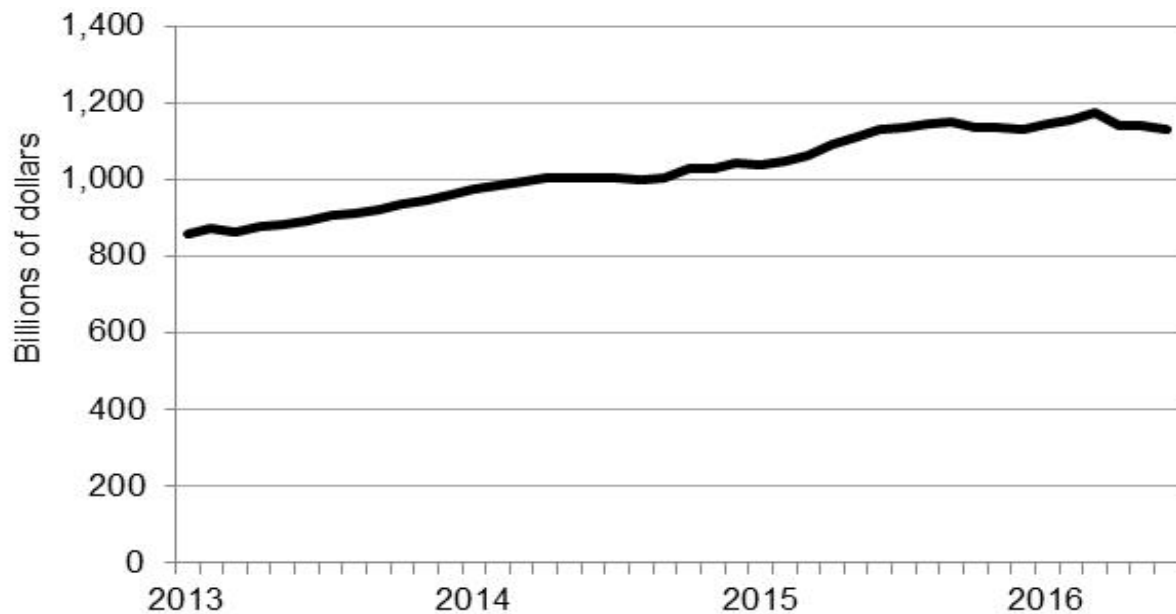
Figure II-5

U.S. automotive sales: Automobile and light truck retail unit sales, monthly, seasonally adjusted at annual rates, January 2013-June 2016



Source: BEA, Motor Vehicle Unit Retail Sales, table 6, Light Vehicle and Total Vehicle Sales, www.bea.gov/national/xls/gap_hist.xlsx, retrieved August 11, 2016.

Figure II-6
U.S. construction activity: Total value of construction put in place, monthly, seasonally adjusted at annual rates, January 2013-June 2016



Source: U.S. Census Bureau, http://www.census.gov/construction/c30/historical_data.html, retrieved August 11, 2016.

Figure II-7
OCTG: U.S. production of welded OCTG pipe, monthly, January 2013-June 2016



Source: Preston Pipe & Tube Report, various issues.

A plurality of all types of firms reported that U.S. demand for hot-rolled steel has fluctuated since January 1, 2013 (table II-9), although a large number of firms also reported increases or decreases in demand. Regardless of how they described demand, U.S. producers, importers, and purchasers generally described increased demand from the automotive, appliance, and construction industries, as well as overall economic recovery. Similarly, producers, importers, and purchasers generally described demand from the OCTG and other energy-related sectors as having declined substantially, with some purchasers noting a recovery in demand more recently. Purchasers also ascribed some lower pipe and tube demand to the effects of downstream import competition, and also described lower demand in the cold-rolled and galvanized steel markets.

Importers generally described similar reasons for the trends in demand outside the U.S. market as for those in the U.S. market, although several U.S. producers described Chinese and European demand as particularly weak. Responding purchasers stated that demand in the Chinese market is slowing and that the Chinese market is oversupplied, that Middle Eastern demand is slowing, and that Mexican demand has increased.

Table II-9
Hot-rolled steel: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	3	0	2	4
Importers	9	5	12	23
Purchasers	12	1	12	19
Demand outside the United States				
U.S. producers	0	1	3	3
Importers	7	3	6	22
Purchasers	5	1	7	10

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

Separately, U.S. producers, importers, and purchasers were asked how changes in the demand for OCTG had affected U.S. demand for hot-rolled steel since January 1, 2013. Most responding firms indicated that demand for OCTG had fallen sharply, attributing the fall to lower oil and gas prices and the concomitant reduction in oil and gas exploration. However, U.S. producers often qualified the answer by noting that other hot-rolled steel demand segments had remained steady or increased, and added that imports had a more negative effect on their sales than the fall in OCTG demand. Among importers, *** stated that while OCTG demand had fallen because of declining prices of oil and gas, line pipe demand had not fallen as much, since oil and gas still needs to be transmitted (regardless of price). *** added that demand for high quality hot-rolled steel for improved pipe wall efficiency has been strong. Several purchasers also attributed the fall in OCTG demand to increased imports of OCTG, in addition to lower prices for oil and gas.

U.S. producers, importers, and purchasers were also asked how changes in the demand for other downstream products had affected U.S. demand for hot-rolled steel since January 1,

2013. Nucor described global economic demand as “anemic,”²⁷ and most producers and purchasers indicated that demand had decreased or fluctuated. A majority of responding importers generally reported that global demand had fluctuated. Most responding firms described automotive and construction demand as steady to increasing, although mining, heavy equipment, and agricultural demand was described as weak. Several purchasers stated that non-OCTG demand for hot-rolled steel is tied more closely to GDP, and noted weakness in other sectors also tied to oil and gas or other commodities, such as line pipe and agricultural equipment.

Purchasers were asked how demand for their firm’s final products incorporating hot-rolled steel had changed since January 1, 2013. Seven answered that it had increased, 3 indicated that it had not changed, 10 indicated that it had decreased, and 16 indicated that it had fluctuated. Thirty-one purchasers indicated that these changes had affected their demand for hot-rolled steel (while four indicated that they had not). Six purchasers that manufactured tubular products reported that decreased demand for tubular products due to lower oil and gas prices had led to their own decreased demand for hot-rolled steel, with *** adding that imports of Korean pipe had hurt demand for their pipe. Purchasers *** described increased import competition for their products (without citing decreased demand) as having reduced their demand for hot-rolled steel. Among automotive producers, two indicated that increased demand for vehicles had led to their own increased demand for hot-rolled steel, but *** stated that *** demand for hot-rolled steel had not increased despite increased vehicle demand because *** product mix had changed.

Substitute products

Most responding U.S. producers (6 of 8) but a minority of responding importers (8 of 45) and purchasers (6 of 47) reported that there were substitutes for hot-rolled steel. Substitutes reported include: cold-rolled steel for stamping, building components, auto parts, steel racking, and light gauge tubing applications; aluminum for automotive,²⁸ wheel, cut-to-length, and tubular applications; steel plate for heavy gauge equipment, structural, and some construction applications; plastic for pipes, tubes, and culverts; and forgings for machinery and automobiles. Two producers, 37 importers, and 41 purchasers reported that there were no substitutes.

Producers, importers, and purchasers were all unlikely to report that the price of substitute products had an effect on the price of hot-rolled steel, with *** accounting for most of the importers stating that changes in the price of substitutes had affected the price of hot-rolled steel. Most of the producers naming substitutes stated that either cold-rolled steel was more expensive than hot-rolled steel and thus did not affect the price of hot-rolled steel, or

²⁷ Hearing transcript, p. 136 (Blume).

²⁸ Petitioners described aluminum as the latest in a series of products that have competed with hot-rolled steel in automotive end uses, adding that the steel industry is competing with lightweight steels, and that even some vehicles marketed as having aluminum parts still use hot-rolled steel as well. Hearing transcript, pp. 100-103 (Blume, Kopf, Matthews, and Newport), and AK Steel’s posthearing brief, answers to Commission questions, pp. 6-7.

that aluminum was rarely used as a substitute and thus did not affect the price of hot-rolled steel. Two purchasers reported that the price of steel plate had been low enough to affect the price of hot-rolled steel, but six others indicated that the prices of substitute products had not affected the price of hot-rolled steel.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported hot-rolled steel depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically-produced hot-rolled steel and hot-rolled steel imported from subject sources, with the possible exception of some particular products for which U.S. or subject-country producers are specialized suppliers.

Lead times

Hot-rolled steel is primarily produced-to-order. U.S. producers and importers reported that 94 and 83 percent, respectively, of their commercial shipments were produced-to-order (table II-10). U.S. producers' reported lead times for produced-to-order product usually ranged from 10 to 50 days.²⁹ Importers reported lead times for produced-to-order product usually ranging from 60 to 120 days.³⁰

Table II-10
Hot-rolled steel: U.S. producers' and importers' share of product sold from inventories and produced to order

Manner order met	U.S. producers	Subject U.S. importers
	Share of commercial shipments (percent)	
Produced to order	***	***
From U.S. inventories	***	***
From foreign inventories		***

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

Knowledge of country sources

Forty-seven purchasers indicated they had marketing/pricing knowledge of domestic product (or had purchased it), 11 of product from Australia, 10 of product from Brazil, 17 of product from Japan, 18 of product from Korea, 7 of product from the Netherlands, 10 of

²⁹ U.S. producers' reported lead times from inventories usually ranged from 3 to 7 days, although two producers reported substantially higher possible lead times.

³⁰ Importers reported lead times from inventories in the United States as usually ranging from 5 to 10 days. Importers reported that lead time from inventories outside the United States ranged from 30 to 182 days.

product from Turkey, 4 of product from the United Kingdom, and 21 of product from other countries, including product of Canada (named by 11 purchasers), Mexico (named by 8 purchasers), China, France, Germany, New Zealand, and Russia.

As shown in table II-11, most purchasers sometimes or never make purchasing decisions based on the producer of the hot-rolled steel, although a large minority does. Purchasers were not likely to make such decisions based on country of origin. Purchasers also reported that their customers are less likely to make decisions about the hot-rolled steel they purchase based on the producer or country-of-origin. As reasons that they or their customers make decisions based on producer, purchasers cited familiarity with a particular producer, specifications that could only be made by particular producers, price, delivery, production process, preference for domestic product, and quality. As reasons that they or their customers make decisions based on country-of-origin, purchasers cited domestic requirements or preferences, capabilities that domestic firms allegedly do not have, price, quality, technical assistance, and logistics.

Table II-11
Hot-rolled steel: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	17	7	18	6
Purchaser's customers make decision based on producer	6	2	23	13
Purchaser makes decision based on country	10	3	19	15
Purchaser's customers make decision based on country	2	2	29	9

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

Factors affecting purchasing decisions

The four most often cited firms consider in their purchasing decisions for hot-rolled steel were quality³¹ (41 firms), price (40 firms), lead times/availability/delivery (31 firms), and ability to meet specifications (8 firms), as shown in table II-12.³²

³¹ When asked what characteristics they used to determine the quality of hot-rolled steel, purchasers listed numerous characteristics including meeting specifications, yield and rejection rates, gauge consistency, surface cleanliness, chemical properties, surface quality, tight dimensional tolerances, and shape/flatness.

³² Responding purchasers often mixed descriptions of their most important factors. Additionally, ***.

Table II-12

Hot-rolled steel: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	18	15	8	41
Price	13	14	13	40
Ability to meet specifications/standards/technical capabilities	7	0	1	8
Lead time/delivery	2	5	9	16
Availability	0	10	5	15
Contracts	3	0	0	3
Product range/offerings	1	1	1	3
Location	1	1	0	2
Payment terms	1	0	1	2
Ease of doing business	1	0	0	1
Sustained ability to supply	1	0	0	1
Reliability/consistency	0	1	1	2
Traditional supplier	0	0	3	3
Technical support	0	0	3	3

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

Purchasers were asked how often they purchase the lowest-priced hot-rolled steel for their purchases. Five answered “always,” 22 answered “usually,” 18 answered “sometimes,” and 3 answered “never.”

Purchasers were also asked if they or their customers ever specifically ordered hot-rolled steel from one country in particular over other sources of supply. Twenty-nine purchasers answered that they did not, but 18 responded that they did. Among those 18, eight cited a preference for domestic steel, sometimes driven by customer preference. Four cited hot-rolled steel from the Netherlands, two cited product from Korea, and one cited product from the United Kingdom, in all cases usually citing quality or an inability to secure specific products elsewhere. Additionally, purchaser *** stated that it is contractually obligated to purchase a certain amount of product from ***.³³ Purchaser *** indicated a preference for Mexican product for reasons of price, quality, and availability.

When asked if they purchased hot-rolled steel from one source although a comparable product was available at a lower price from another source, twenty purchasers reported doing so, for reasons including lead times, delivery, quality, domestic purchase requirements, and availability.

Importance of purchasing domestic product

Thirty-one purchasers reported that at least 85 percent of their 2015 purchases did not require domestic product, and another eight reported that 50 to 80 percent of their purchases did not. While 22 purchasers indicated that at least some of their purchases were domestic product as required by law, 16 of these added that such purchases were 5 percent or less of

³³ ***.

their total 2015 purchases. Twenty-nine purchasers indicated that their customers may require domestic product, with 14 of those indicating that such purchases represented less than 10 percent of their 2015 purchases and 11 indicating that such purchases represented 10 to 35 percent of their 2015 purchases.

Twenty-six purchasers stated that they were not willing to pay more for U.S.-produced hot-rolled steel than for hot-rolled steel imported from subject countries, but 20 responded that they were. Those 20 cited shorter lead times for domestic product, quality, and customers' domestic-only requirements. Several purchasers stated that they would have a preference for domestic product if it were available in the grades they require.

Specific products

Purchasers were asked if certain grades, types, and/or sizes of hot-rolled steel were only available from a single country source. Thirty-one purchasers stated that there were no such issues. Sixteen stated that there were, although some did not specify a country. *** stated that API-grade material is not available from all countries, and that it uses product from ***. *** stated that some types of heavy-gauge hot-rolled steel for X-70 line pipe are not available from U.S. producers, and are ***. Other purchasers named products from Japan, Korea, Canada, France, and unspecified foreign manufacturers.

In addition, various respondents have alleged that certain specific hot-rolled steel products are not manufactured by U.S. producers.³⁴ The Commission asked purchasers whether they had purchased any of eight specific products from a foreign supplier when U.S. suppliers had not offered the product to them. The eight products are:

1. Grade X-70 hot-rolled coil in thicknesses over 0.625"
2. High-tensile hot-rolled coil, with a tensile strength of 585 megapascal to 779 megapascal, used for automotive parts
3. High-tensile hot-rolled coil, with a tensile strength of 780 megapascal or more, used for automotive parts
4. High Strength Low Alloy Steel with minimum 50 ksi yield strength, greater than 0.500 inches in thickness and/or greater than 72 inches wide
5. Steel with 100 ksi yield strength, greater than 65 inches wide and/or greater than 0.375 inches thickness

³⁴ See Comments of Tata Steel UK, Ltd. ("TSUK") and Tata Steel IJmuiden BV ("TSIJ") on Draft Questionnaires, April 19, 2016, and comments of Japanese respondents on Draft Questionnaires, April 19, 2016.

6. Steel with 100 ksi yield strength, up to and including 0.375 inches thickness with Charpy impact value of at least 20 ft·lb at minus 40 degrees F in transverse test direction
7. High Strength Low Alloy grade 70 steel, thin gauge (maximum 0.078 inches) meeting gauge tolerances not greater than 0.004 inches total through the entire coil (head to tail)
8. Battery Quality Hot Band – Hot-rolled, continuously cast steel sheet in coil suitable for further processing and the ultimate manufacture of battery cans. The steel shall be ultra-clean, with individual particles of non-metallic inclusions not greater than 1 micron (0.000039 inches) and clusters or groups of non-metallics not exceeding 5 microns (0.000197 inches) in length. Scale shall be completely removable by hydrochloric acid pickling, the resulting surfaces being free of digs, scratches, pits, gouges and slivers. The steel shall have a low crown, with a symmetrical profile of 0.0020 inches maximum.

Twenty-eight purchasers indicated that they had not purchased any of the above products since January 1, 2013. Eleven purchasers indicated that they had purchased one or more such products from domestic producers since January 1, 2013. Those 11 purchasers, in aggregate, indicated having purchased each product above from domestic producers. Five purchasers indicated that they had purchased at least one of the above products from foreign sources although the products were also available from domestic sources. In aggregate, those five purchasers purchased products 2, 3, 4, and 5 above.³⁵

In addition, there were 13 instances of purchasers reporting that they purchased at least one of the above products from foreign sources since January 1, 2013, because the product(s) was/were not available from domestic sources. Most products were named by one such purchaser, but products 2 and 6 were named by three purchasers, and product 4 by two purchasers.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-13). The factors most often rated as “very important” included availability, price, quality meeting industry standards, and reliability of supply.

³⁵ In further correspondence, ***, which indicated that *** was available from domestic producers, added that ***. See email from ***.

Table II-13**Hot-rolled steel: Importance of purchase factors, as reported by U.S. purchasers, by factor**

Factor	Very important	Somewhat important	Not important
Availability	43	5	0
Delivery terms	17	29	2
Delivery time	37	10	1
Discounts offered	17	22	9
Extension of credit	9	19	21
Minimum quantity requirements	6	31	11
Packaging	7	30	11
Price	42	4	1
Prior experience with supplier	28	19	1
Product consistency	41	6	1
Product range	24	22	2
Quality meets industry standards	44	5	0
Quality exceeds industry standards	25	19	4
Reliability of supply	43	5	0
Supplier certification	22	20	6
Technical support/service	25	19	4
U.S. transportation costs	26	21	1

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

Supplier certification

Thirty-two of 47 responding purchasers require their suppliers to become certified or qualified to sell hot-rolled steel to their firm. Seventeen of those purchasers reported that the time to qualify a new supplier ranged from two to six months, although other purchasers reported ranges that were both shorter and longer. Certification can involve trial orders, meeting outside (e.g., ASTM or ASME) or company specifications, and/or site visits. Forty-three purchasers reported that no domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since 2013. Four did, with ***.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since January 1, 2013 (table II-14). Few purchasers described increased purchases of U.S. product, and instead were most likely to indicate that their purchases of U.S. product were constant or had fluctuated. Most purchasers had not purchased from any single import source, but a majority of those that had described increased purchases from Korea, Japan, and the United Kingdom and fluctuating purchases from the Netherlands and Turkey. Reasons cited for changing purchasing patterns included changing demand due to oil and gas extraction activity and/or competition with import competition in downstream markets, changing demand due to automotive demand or changing vehicle mix, trial orders, price (for most subject countries), and availability.

Table II-14**Hot-rolled steel: Changes in purchase patterns from U.S., subject, and nonsubject countries**

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	11	8	15	13
Australia	32	1	3	1	4
Brazil	29	2	4	1	4
Japan	28	3	6	2	2
Korea	22	2	11	3	6
The Netherlands	32	1	4	0	5
Turkey	28	0	3	2	9
United Kingdom	33	0	6	0	1
Canada	23	5	5	3	9
All other	18	5	3	6	12
Sources unknown	23	0	3	2	5

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

Twenty-five purchasers stated that they had switched suppliers since January 1, 2013, while 23 stated that they had not. Those that changed suppliers cited price, tariffs imposed in these investigations and others, availability, new products, changes in demand, and constant review of best supply options.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing hot-rolled steel produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-15) for which they were asked to rate the importance. Pluralities or majorities of responding purchasers reported that U.S., subject, and nonsubject product were comparable on most factors. However, majorities of responding purchasers reported that U.S. product was superior to product from all subject countries on delivery time, and pluralities reported that U.S. product was inferior on price to product from Australia, Korea, the Netherlands, and Turkey.

Table II-15**Hot-rolled steel: Purchasers' comparisons between U.S.-produced and imported product**

Factor	U.S. vs. Australia			U.S. vs. Brazil			U.S. vs. Japan		
	S	C	I	S	C	I	S	C	I
Availability	4	9	2	4	7	4	2	14	6
Delivery terms	3	10	2	5	7	3	2	14	5
Delivery time	9	4	2	9	2	4	13	7	2
Discounts offered	1	10	3	3	8	3	3	14	2
Extension of credit	1	13	0	5	9	0	1	18	0
Minimum quantity requirements	4	9	1	4	9	1	5	15	1
Packaging	0	15	0	0	14	1	1	17	3
Price ¹	2	4	9	1	8	6	3	13	6
Prior experience with supplier	3	11	0	4	10	0	4	13	3
Product consistency	1	14	0	2	13	0	1	17	4
Product range	2	12	1	4	11	0	1	15	6
Quality meets industry standards	2	13	0	0	15	0	1	18	3
Quality exceeds industry standards	1	14	0	1	14	0	1	15	5
Reliability of supply	2	10	3	5	6	4	2	14	6
Supplier certification	0	15	0	1	13	1	0	22	0
Technical support/service	4	10	1	6	6	3	4	15	3
U.S. transportation costs ¹	6	5	4	6	7	2	4	13	5
Factor	U.S. vs. Korea			U.S. vs. The Netherlands			U.S. vs. Turkey		
	S	C	I	S	C	I	S	C	I
Availability	6	12	6	2	7	3	7	7	3
Delivery terms	5	14	5	2	8	2	5	8	3
Delivery time	15	6	3	7	4	1	14	1	2
Discounts offered	4	14	5	1	8	2	1	12	3
Extension of credit	2	21	0	0	11	0	3	12	1
Minimum quantity requirements	8	14	1	4	5	2	6	10	0
Packaging	3	20	1	1	9	2	0	17	0
Price ¹	3	9	12	1	5	6	2	6	9
Prior experience with supplier	6	14	2	2	7	2	5	11	0
Product consistency	3	17	5	1	10	1	1	16	0
Product range	4	15	5	2	7	3	5	10	2
Quality meets industry standards	2	19	2	2	10	0	0	17	0
Quality exceeds industry standards	2	18	3	2	9	1	2	15	0
Reliability of supply	6	11	6	4	4	4	5	9	3
Supplier certification	1	21	1	1	11	0	1	15	1
Technical support/service	7	14	2	4	5	3	8	7	2
U.S. transportation costs ¹	6	11	6	5	4	3	6	6	5

Table continued on next page.

Table II-15--Continued

Hot-rolled steel: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. United Kingdom			U.S. vs. Canada			U.S. vs. Other nonsubject countries		
	S	C	I	S	C	I	S	C	I
Availability	1	7	1	5	21	0	4	12	2
Delivery terms	1	8	0	4	21	0	3	15	0
Delivery time	6	3	1	10	16	0	11	7	1
Discounts offered	1	7	0	1	23	0	1	12	3
Extension of credit	1	7	0	1	23	0	3	13	0
Minimum quantity requirements	0	7	1	0	25	0	0	16	1
Packaging	0	8	1	0	26	0	0	17	1
Price ¹	1	6	2	0	22	3	1	9	8
Prior experience with supplier	2	6	0	5	19	0	0	16	1
Product consistency	0	9	0	0	26	0	0	16	2
Product range	0	9	0	0	25	1	2	14	2
Quality meets industry standards	0	9	0	0	26	0	0	17	1
Quality exceeds industry standards	0	9	0	1	24	0	0	16	2
Reliability of supply	0	9	0	2	24	0	2	15	1
Supplier certification	0	9	0	0	26	0	0	18	0
Technical support/service	1	7	1	2	24	0	6	10	3
U.S. transportation costs ¹	3	6	0	10	15	1	5	11	2

¹ A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

Comparison of U.S.-produced and imported product

In order to determine whether U.S.-produced hot-rolled steel can generally be used in the same applications as imports from subject countries, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-16, for all comparisons, a majority of all types of firms reported that the products were "always" or "frequently" interchangeable.

Table II-16

Hot-rolled steel: Interchangeability between hot-rolled steel produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. Australia	9	0	0	0	5	9	2	1	8	5	2	1
United States vs. Brazil	9	0	0	0	8	10	3	1	5	8	5	1
United States vs. Japan	9	0	0	0	7	11	5	3	8	5	7	3
United States vs. Korea	9	0	0	0	8	16	9	2	11	10	4	2
United States vs. Netherlands	9	0	0	0	5	10	1	0	6	5	2	3
United States vs. Turkey	8	0	1	0	7	13	5	0	9	7	4	1
United States vs. U.K.	9	0	0	0	6	9	2	0	4	5	3	1
Australia vs. Brazil	9	0	0	0	3	8	0	0	4	5	1	1
Australia vs. Japan	9	0	0	0	3	6	2	0	5	3	2	1
Australia vs. Korea	9	0	0	0	3	9	4	0	7	4	2	1
Australia vs. Netherlands	9	0	0	0	3	7	2	0	5	4	1	1
Australia vs. Turkey	8	0	1	0	4	7	2	0	5	4	2	1
Australia vs. U.K.	9	0	0	0	4	6	3	0	4	3	1	1
Brazil vs. Japan	9	0	0	0	3	7	2	0	4	4	1	1
Brazil vs. Korea	9	0	0	0	3	10	4	0	5	5	1	1
Brazil vs. Netherlands	9	0	0	0	3	8	2	0	4	5	1	1
Brazil vs. Turkey	8	0	1	0	6	8	2	0	5	5	1	1
Brazil vs. U.K.	9	0	0	0	4	7	3	0	4	4	1	1
Japan vs. Korea	9	0	0	0	3	11	4	0	7	5	3	1
Japan vs. Netherlands	9	0	0	0	3	9	1	0	5	3	1	1
Japan vs. Turkey	8	0	1	0	3	7	3	0	6	3	2	1
Japan vs. U.K.	9	0	0	0	3	8	3	0	4	3	1	1
Korea vs. Netherlands	9	0	0	0	3	10	2	0	6	5	1	1
Korea vs. Turkey	8	0	1	0	3	10	4	0	7	5	2	1
Korea vs. U.K.	9	0	0	0	3	9	4	0	4	5	1	1
Netherlands vs. Turkey	8	0	1	0	3	7	3	0	5	5	1	1
Netherlands vs. U.K.	9	0	0	0	3	9	2	0	4	4	1	1
Turkey vs. U.K.	9	0	0	0	3	7	4	0	4	4	1	1
United States vs. Canada	9	0	0	0	9	10	3	0	11	10	3	1
United States vs. Other	8	0	0	0	5	14	3	0	9	6	5	2
Australia vs. Canada	9	0	0	0	6	7	0	0	5	4	1	1
Australia vs. Other	8	0	0	0	3	8	1	0	5	3	1	1
Brazil vs. Canada	9	0	0	0	6	8	1	0	4	5	1	1
Brazil vs. Other	8	0	0	0	4	10	1	0	4	4	1	1
Japan vs. Canada	9	0	0	0	5	9	0	0	5	4	1	1
Japan vs. Other	8	0	0	0	3	9	1	0	6	4	2	1
Korea vs. Canada	9	0	0	0	5	10	1	0	7	5	1	1
Korea vs. Other	8	0	0	0	3	12	2	0	7	5	2	1

Table continued on next page.

Table II-16—Continued**Hot-rolled steel: Interchangeability between hot-rolled steel produced in the United States and in other countries, by country pairs**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
Netherlands vs. Canada	9	0	0	0	5	9	0	0	5	5	1	1
Netherlands vs. Other	8	0	0	0	3	10	0	0	5	4	1	1
Turkey vs. Canada	9	0	0	0	5	9	1	0	5	5	1	1
Turkey vs. Other	8	0	0	0	4	10	1	0	4	4	1	1
U.K. vs. Canada	9	0	0	0	5	9	0	0	4	5	1	1
U.K. vs. Other	8	0	0	0	3	8	1	0	4	3	1	1
Canada vs. Other	8	0	0	0	4	9	1	0	6	5	1	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

In additional comments, U.S. producer *** stated that hot-rolled steel produced to equivalent specifications is always interchangeable. Some factors that importers reported limit interchangeability include differences in quality, availability, and ability to meet specifications. *** stated that it has not qualified a U.S. supplier for the hot-rolled steel that it imports from ***. *** stated that they could usually only get particular products imported from ***. *** stated that the hot-rolled steel it imports from *** is sold prior to shipment, and does not go into inventory.

Among purchasers, *** stated that not all world steel mills can meet the rigorous requirements (both general and firm-specific) for the hot-rolled steel used to produce certain pipe (such as X-70 line pipe) for oil and gas pipelines. Similarly, *** stated that among U.S. producers, only *** can supply X-70 and none can supply it in thicknesses over 0.625 inches. *** added that the quality of U.S.-produced X-70 is lower (resulting in a higher rejection rate) than that of Japanese and Korean-produced X-70. *** stated that U.S. mills cannot match the technical capabilities of other countries, and that it had not attempted to purchase ***. *** noted that all the hot-rolled steel that they used must meet their qualifications. *** added that while its qualification process is exacting, most of its hot-rolled steel suppliers have been qualified for a long time. It added that meeting technical specifications, providing technical support, and having a location that allows for short lead times are more important in qualification than price. *** stated that no U.S. producers can meet the requirements for ***.

As can be seen from table II-17, most responding purchasers reported that domestically-produced and imported product “always” or “usually” met minimum quality specifications.

Table II-17**Hot-rolled steel: Ability to meet minimum quality specifications, by source**

Source	Always	Usually	Sometimes	Rarely or never
United States	23	18	2	1
Australia	9	7	0	0
Brazil	6	10	0	0
Japan	15	8	0	0
Korea	11	13	0	0
The Netherlands	6	8	0	0
Turkey	7	8	1	1
United Kingdom	4	5	0	0
Canada	10	15	0	0
Other ¹	8	12	1	0

¹ Other includes China, France, Germany, Mexico, and Russia.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of hot-rolled steel from the United States, subject, or nonsubject countries. As seen in table II-18, a majority of all types of firms described most product differences other than prices as “sometimes” or “never” significant. In several comparisons involving Korea product, however, the majority described differences other than price as “always” or “frequently” significant.

Table II-18

Hot-rolled steel: Significance of differences other than price between hot-rolled steel produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. Australia	0	0	2	7	1	3	7	6	4	3	3	5
United States vs. Brazil	0	0	2	7	3	2	10	6	3	2	5	6
United States vs. Japan	0	0	2	7	5	5	7	7	10	5	2	5
United States vs. Korea	0	0	2	7	4	11	10	7	8	5	6	6
United States vs. Netherlands	0	0	2	7	2	3	4	6	5	2	2	4
United States vs. Turkey	0	1	1	7	3	3	10	7	4	3	6	6
United States vs. U.K.	0	0	2	7	1	3	6	6	1	4	1	4
Australia vs. Brazil	0	0	2	7	1	2	3	3	0	1	2	5
Australia vs. Japan	0	0	2	7	1	1	4	3	2	2	0	5
Australia vs. Korea	0	0	2	7	2	7	2	3	3	2	2	5
Australia vs. Netherlands	0	0	2	7	1	2	3	3	1	1	1	5
Australia vs. Turkey	0	1	1	7	1	1	5	3	2	2	1	5
Australia vs. U.K.	0	0	3	6	1	1	4	3	0	1	0	5
Brazil vs. Japan	0	0	2	7	1	1	5	3	1	1	1	5
Brazil vs. Korea	0	0	2	7	2	6	4	3	1	1	2	6
Brazil vs. Netherlands	0	0	2	7	1	2	4	3	0	1	2	5
Brazil vs. Turkey	0	1	1	7	2	3	5	4	0	1	2	6
Brazil vs. U.K.	0	0	2	7	1	2	4	3	0	1	1	5
Japan vs. Korea	0	0	2	7	3	5	4	3	3	2	4	5
Japan vs. Netherlands	0	0	2	7	1	3	4	3	1	1	0	5
Japan vs. Turkey	0	1	1	7	1	2	6	3	2	2	1	5
Japan vs. U.K.	0	0	2	7	1	3	4	3	0	1	0	5
Korea vs. Netherlands	0	0	2	7	1	5	3	3	1	1	2	5
Korea vs. Turkey	0	1	1	7	1	5	6	3	2	2	3	6
Korea vs. U.K.	0	0	2	7	1	6	2	3	0	2	1	5
Netherlands vs. Turkey	0	1	1	7	1	1	6	3	1	1	2	5
Netherlands vs. U.K.	0	0	2	7	1	3	4	3	0	1	1	5
Turkey vs. U.K.	0	0	2	7	1	1	5	3	0	1	1	5
United States vs. Canada	0	0	2	7	1	4	6	9	6	5	4	9
United States vs. Other	0	0	1	7	2	4	7	6	7	4	2	7
Australia vs. Canada	0	0	2	7	1	3	3	5	1	1	2	5
Australia vs. Other	0	0	1	7	1	2	4	3	1	1	2	5
Brazil vs. Canada	0	0	2	7	1	2	4	6	0	1	2	5
Brazil vs. Other	0	0	1	7	2	2	5	4	0	1	2	5
Japan vs. Canada	0	0	2	7	1	3	4	5	1	2	1	5
Japan vs. Other	0	0	1	7	1	2	5	3	2	2	2	5

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Table continued on next page.

Table II-18—Continued

Hot-rolled steel: Significance of differences other than price between hot-rolled steel produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
Korea vs. Canada	0	0	2	7	1	5	3	5	1	1	4	5
Korea vs. Other	0	0	1	7	1	6	4	3	1	1	5	5
Netherlands vs. Canada	0	0	2	7	1	3	3	5	0	1	2	5
Netherlands vs. Other	0	0	2	6	1	2	4	3	0	1	2	5
Turkey vs. Canada	0	0	2	7	1	2	4	6	1	1	2	5
Turkey vs. Other	0	0	1	7	2	3	5	4	1	1	2	5
U.K. vs. Canada	0	0	2	7	1	2	4	5	0	1	2	5
U.K. vs. Other	0	0	1	7	1	1	5	3	0	1	1	5
Canada vs. Other	0	0	1	7	1	1	5	5	1	2	3	5

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Among producers, only *** offered any additional comment, stating that any perceived advantages that it has over subject imports are negated by the lower prices of subject imports. Importers cited numerous alleged significant factors other than price. Importers with affiliates in Japan and Korea, such as *** described Japanese and/or Korean producers as making grades of hot-rolled steel that U.S. and other producers either did not or could not make to the same quality levels. (*** also stated that Japanese and Korean product had lower rejection rates than U.S. product and had particular products available that were not available from U.S. producers.) Other importers cited quality, lead times, technical support, and/or ocean freight as significant factors other than price, usually to the advantage of U.S. producers (if specified). However, importer *** stated that most subject sources offer similar quality, lead times, and product range, so that price is the most important factor.

Among purchasers, *** stated that U.S. product is available in smaller quantities, with shorter lead times, with fewer rejections, and with better customer service and technical support. *** reiterated comments made with respect to interchangeability (see above), i.e., that not all producers could meet specifications for product used in some tubular or *** applications, and/or that U.S. producers in particular could not meet all such specifications. Several purchasers noted that all of their purchases are subject to qualification of the supplier, with *** adding that among qualified products, price and availability become the most important factors. *** stated that product development and technical support are also important factors.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates. Respondents did so, as noted earlier and below.

U.S. supply elasticity

The domestic supply elasticity³⁶ for hot-rolled steel measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of hot-rolled steel. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced hot-rolled steel. Analysis of these factors earlier indicates that the U.S. industry has the ability to increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 5 is suggested.³⁷

U.S. demand elasticity

The U.S. demand elasticity for hot-rolled steel measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of hot-rolled steel. 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 hot-rolled steel in the production of any downstream products. Based on the available information, the aggregate demand for hot-rolled steel is likely to be somewhat inelastic; a range of -0.1 to -0.3 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.³⁸ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced hot-rolled steel and imported hot-rolled steel is likely to be in the range of 3 to 6.

³⁶ A supply function is not defined in the case of a non-competitive market.

³⁷ As noted earlier, respondents stated that the lack of response of domestic shipments to the price increases in 2016 indicates that these estimates are too high. See written hearing testimony of Bruce Malashevich, Economic Consulting Services.

³⁸ 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.

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 subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part 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 10 firms that accounted for all known U.S. production of hot-rolled steel during 2015.¹

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 11 firms, including the 10 that provided responses in the preliminary phase investigations and one start-up venture.² Table III-1 lists U.S. producers of hot-rolled steel, their production locations, positions on the petitions, and shares of total production. Figure III-1 presents locations of hot-rolled steel production in the United States. Finally, the tabulation below lists known U.S. producers of hot-rolled steel and the types of production activities in which their facilities are involved.

¹ According to an industry publication, these 10 firms account for all U.S. capacity for hot-rolled steel production in 2015. ***. During the preliminary phase of these investigations, a completed U.S. producer questionnaire was submitted by USS-POSCO Industries ("UPI"), a 50/50 joint venture company owned by Pitcal, Inc. (a direct wholly owned subsidiary of domestic hot-rolled steel producer U.S. Steel) and POSCO-California Corp. (a direct wholly owned subsidiary of Korean hot-rolled steel producer POSCO). UPI's information was not included in the aggregate data presented throughout the preliminary report because (1) it does not maintain domestic hot-rolling facilities (rather it maintains surface treatment processes), (2) it is not generally considered a hot-rolled steel producer by industry sources, and (3) to do so would create double-counting issues. UPI is a steel processing facility located in Pittsburg, California, that purchases hot-rolled steel and performs pickling/oiling operations on the purchased items. Downstream surface treatment process involves (1) the removal of any scale formation on the hot-rolled steel through an acid bath (pickling) and (2) the application of a rust preventative afterward (oiling). There are believed to be dozens of domestic service centers that pickle and oil product, but do not hot roll steel. Conference transcript, pp. 59-64 (Blume, Matthews, Mull, Price, and Kopf). UPI has not submitted a U.S. producers' questionnaire response and has not repeated its earlier position in the final phase of the investigations.

² *** provided a questionnaire response, dated May 26, 2016 that indicated that it was not yet producing hot-rolled steel. According to a company executive, Big River Steel planned to begin finishing operations in March 2016. American Metal Market, *Big River Steel Set to Kick Off Finishing Operations in March*, December 29, 2015. Big River Steel expects to commission its electric arc furnace in the fourth quarter of 2016 and expects to have its hot mill and caster operational by the first quarter of 2017. *Big River to strike arc by year-end, Bula says*, American Metal Market, June 15, 2016.

Type of production activity	Firm
Blast furnace/oxygen furnace steelmaking	AK Steel ArcelorMittal USA U.S. Steel
Electric arc furnace steelmaking	Big River Steel (not yet producing hot-rolled steel) NLMK (Top Gun) (Indiana facility) North Star BlueScope Nucor SDI SSAB
Hot rolling of purchased/imported slabs	ArcelorMittal USA (Calvert facility only) California Steel EVRAZ NLMK (Top Gun) (Pennsylvania facilities)

Table III-1

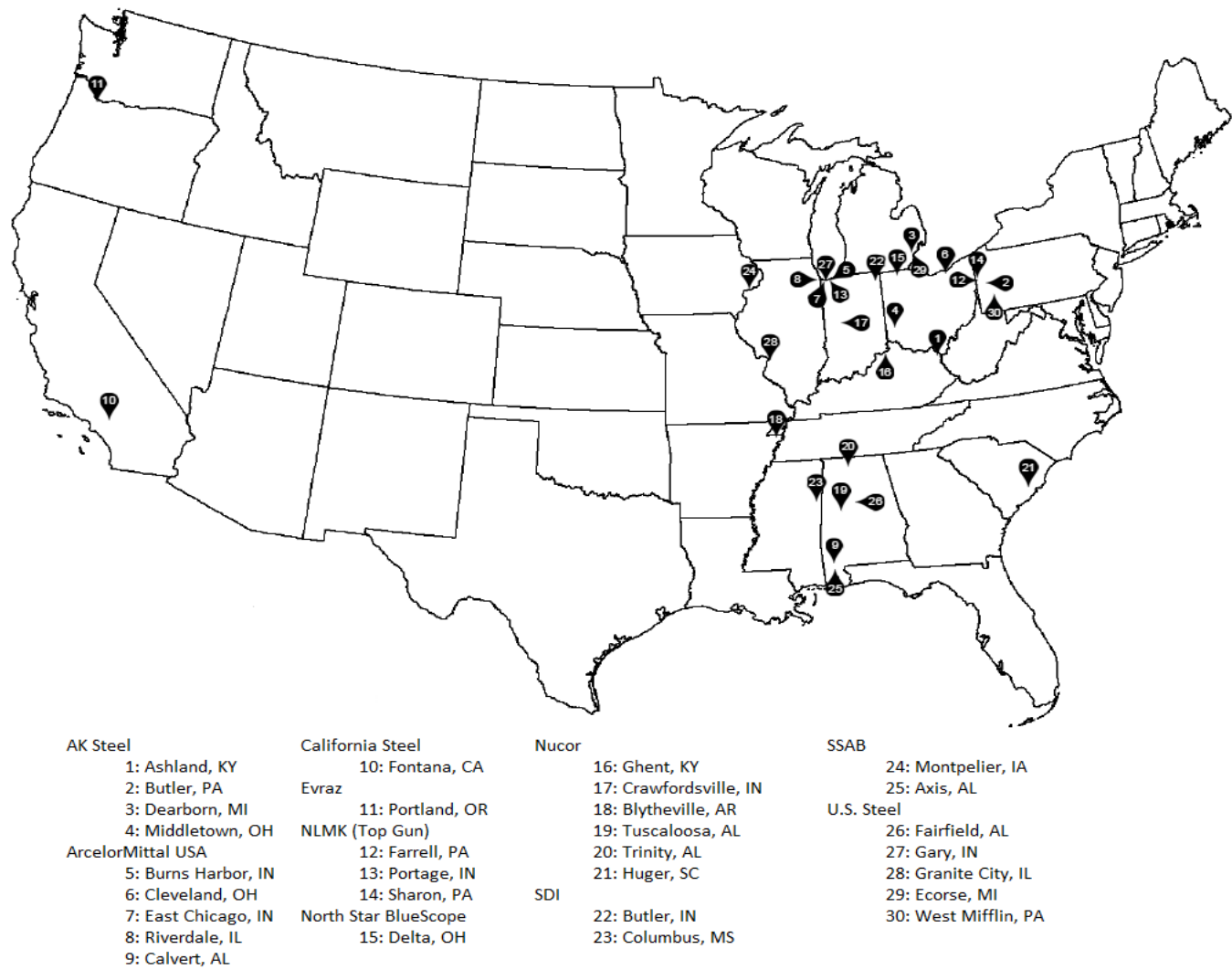
Hot-rolled steel: U.S. producers of hot-rolled steel, their positions on the petition, production locations, and shares of reported production, 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
AK Steel	Support	Ashland, KY Butler, PA Dearborn, MI Middletown, OH	***
ArcelorMittal USA	Support	Burns Harbor, IN Cleveland, OH East Chicago, IN Riverdale, IL Calvert, AL	***
California Steel	*** ¹	Fontana, CA	***
EVRAZ	***	Portland, OR	***
NLMK (Top Gun)	***	Farrell, PA Portage, IN Sharon, PA	***
North Star BlueScope	***	Delta, OH	***
Nucor	Support	Ghent, KY Crawfordsville, IN Blytheville, AR Tuscaloosa, AL Trinity, AL Huger, SC	***
SDI	Support	Butler, IN Columbus, MS	***
SSAB	Support	Montpelier, IA Axis, AL	***
US Steel	Support	Fairfield, AL Gary, IN Granite City, IL Ecorse, MI West Mifflin, PA	***
Total			***

¹ ***.

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

Figure III-1
Hot-rolled steel: Facilities engaged in production in the United States



Note.—Ashland, KY (1) and Sharon, PA (14) have melting operations but no hot-rolling operations.
Source: Compiled from data submitted in response to Commission questionnaires.

Table III-2 presents information on U.S. producers’ ownership, related and/or affiliated firms.

Table III-2
Hot-rolled steel: U.S. producers’ ownership, related and/or affiliated firms

* * * * *

As indicated in table III-2, U.S. producers *** are related to foreign producers of the subject merchandise and *** are related to U.S. importers of the subject merchandise.³ In addition, as discussed in greater detail below, two U.S. producers directly imported hot-rolled steel from subject countries and three U.S. producers imported directly from nonsubject sources. Two U.S. producers reported purchasing hot-rolled steel from other U.S. producers and two reported purchasing from U.S. importers.

Tolling operations and joint ventures

Of all responding U.S. producers, only *** reported tolling operations in its questionnaire response. ***.⁴

Changes in operations

Table III-3 summarizes recent important events that have taken place in the United States since January 1, 2013.⁵ In addition to the events listed in table III-3, there is an expected new entrant in the industry—the Big River Steel mill located in Osceola, Arkansas. Once the mill is fully operational, it is expected to produce about 1.6 million short tons of steel products annually, including 615,500 short tons of hot-rolled steel, 475,500 short tons of hot-rolled black steel products, and 140,000 short tons of pickled and oiled hot-rolled steel.⁶ The mill is currently toll processing full-hard cold-rolled coils through its batch anneal furnace and temper mill and is expected to commission its electric arc furnace in the fourth quarter of 2016 and expects to have its hot mill and caster operational by the first quarter of 2017.⁷ Big River Steel claims that its Flex Mill™ “provides the widest and thickest steel material ever produced by electric arc furnace/compact strip production (EAF/CSP) as well as the widest and lightest products. With hot-rolled sizes ranging from .054 to 1.0” thickness and 36” to 78” width, our hot mill technology is able to achieve grades previously only available from integrated mills”⁸ According to Big River Steel’s Chief Commercial Officer Mark Bula, the current project is valued at \$1.5 billion.⁹ Ultimately, Big River Steel expects to operate its Osceola facility with 425 employees.¹⁰

³ ***.

⁴ *** U.S. producer questionnaire response, question II-4.

⁵ RG Steel idled all steelmaking operations after it filed for Chapter 11 bankruptcy protection in May 2012. Its hot-rolling mills in Sparrows Point, Maryland; Warren, Ohio were all sold after the bankruptcy. TribLive, “RG Steel Files for Chapter 11 Bankruptcy Protection,” May 31, 2012, TribLive, “Allenport Plant Sold,” http://triblive.com/x/pittsburghtrib/news/regional/s_785448.html, March 8, 2012.

⁶ *Big River Steel and Its New Take on Steelmaking*, Iron & Steel Technology, April 2015, p. 5.

⁷ *Big River to strike arc by year-end, Bula says*, American Metal Market, June 15, 2016.

⁸ Big River Steel web site, retrieved June 1, 2016 at <http://bigriversteel.com/products/hot-rolled/>

⁹ *Ferrous scrap pricing finally shows some strength*, Recycling Today Global, May 6, 2016, <http://www.recyclingtodayglobal.com/article/springing-forward/>, retrieved July 19, 2016.

¹⁰ *Big River Steel Commissions First Equipment at Osceola Flex Mill*, Steel Market Update, March 18, 2016, <https://www.steelmarketupdate.com/news/8527-big-river-steel-commissions-first-equipment-at-osceola-flex-mill>.

Table III-3
Hot-rolled steel: Important industry events since January 1, 2013

Date		Company	Action
Year	Month		
2014	February	ArcelorMittal USA	Acquired, in a joint venture with Nippon Steel & Sumitomo Metal Corp., ThyssenKrupp Steel USA, which is a steel processing plant in Calvert, Alabama. The Calvert, Alabama plant produces hot-rolled, cold-rolled, and coated steel.
2014	July	AK Steel	Acquired the former Severstal plant in Dearborn, Michigan. The Dearborn Works is an integrated steelmaking facility that produces flat-rolled products including hot- and cold-rolled steel, galvanized steel, as well as other products and was active when acquired by AK Steel.
2014	September	Steel Dynamics	Acquired the former Severstal steel mill in Columbus, Mississippi for \$1.6 billion. The Columbus plant produced a range of flat-rolled products including hot-rolled, cold-rolled, and coated steel and was active when acquired by Steel Dynamics.
2014	October	Nucor	Acquired, in a cash transaction, Gallatin Steel Co., Ghent Kentucky. Renamed Nucor Steel Gallatin, it has an annual capacity of about 1.8 million tons of hot-rolled steel and was a 50-50 joint venture between ArcelorMittal SA and Brazil-based Gerdau SA.
2014	October	U.S. Steel	Announced its intent to install an electric arc furnace at its Fairfield Works in Alabama with a projected start date in 2017. The plan is to replace the blast furnace at Fairfield with an electric arc furnace.
2014	December	Nucor	A new mill capable of producing 72-inch wide sheet began production at the Berkeley County, South Carolina plant.
2015	March	U.S. Steel	Announced plans to begin construction of an electric arc furnace at its Fairfield, Alabama facility in the second quarter of 2015 with a projected completion date of third quarter of 2016. The electric arc furnace represents an investment of \$230 million. The company planned to continue steelmaking and finishing operations during the construction to serve both the tubular and flat-rolled industry segments.
2015	August	U.S. Steel	Announced the intent to permanently close the blast furnace, the hot strip mill, the pickle line, the cold mill, annealing facility and stretch and temper line (in other words, all equipment to make flat-rolled products including hot-rolled steel) at its Fairfield Works in Fairfield, Alabama, on or after November 17, 2015. The decision does not impact Fairfield Tubular Operations or the electric arc furnace construction project.
2015	October	North Star BlueScope	Purchased remaining 50 percent stake of North Star from Cargill Inc. The deal gives full ownership of the Delta, Ohio mini-mill to the Australian steel maker. The Delta, Ohio plant was built in the mid-1990s, making it one of the newest mills in North America. <i>BlueScope Buys remaining stake in Ohio mini-mill</i> , American Metal Markets, October 26, 2015
2015	December	U.S. Steel	The steelmaking and finishing operations at the Granite City Works in Illinois are idled.
2015	December	AK Steel	Blast furnace and steelmaking operations idled at Ashland, KY.
2015	December	U.S. Steel	Announced the postponement of construction of its electric arc furnace at its Fairfield Works in Birmingham, Alabama due to continued challenging market conditions in both the oil and gas and steel industries.

Source: Compiled from information obtained from various news articles, press releases, and company websites.

Seven domestic producers reported changes in their operations related to the production of hot-rolled steel since January 1, 2013. Such changes are presented in table III-4.

Table III-4
Hot-rolled steel: Reported changes in operations by U.S. producers

* * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-5 and figure III-2 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' aggregate capacity was little changed from 2013 to 2015, increasing by less than 0.1 percent. Domestic producers' reported production was 11.4 percent lower in 2015 than in 2013 and capacity utilization was 8.8 percentage points lower during the same period. Though reported capacity was 2.4 percent lower during January-March 2016 than it was in January-March 2015, production was 11.1 percent higher and capacity utilization was 8.9 percentage points higher during January-March 2016 than it was in January-March 2015. Greater production during 2016 is consistent with higher shipments for internal consumption (807,778 short tons); higher transfers to related firms (37,336 short tons); and higher commercial shipments (367,969 short tons).¹¹

Table III-5
Hot-rolled steel: Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization, 2013-15, January to March 2015, and January to March 2016

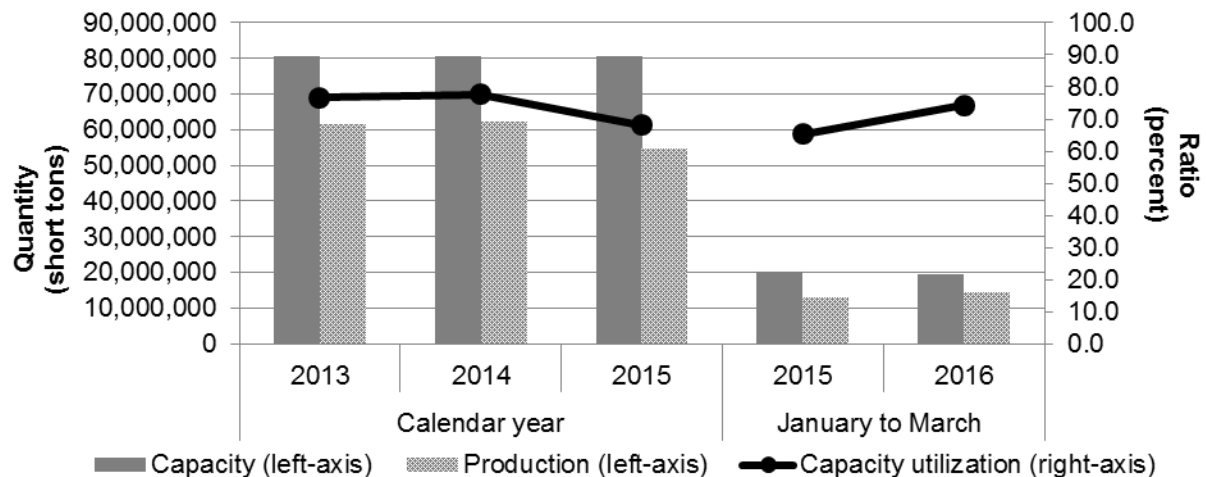
Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Capacity	80,446,610	80,452,921	80,466,076	20,126,372	19,652,301
Production	61,752,475	62,434,819	54,731,937	13,134,389	14,586,269
	Ratio (percent)				
Capacity utilization	76.8	77.6	68.0	65.3	74.2

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

¹¹ See table III-7. According to table III-9, *** percent of U.S. producers' internal consumption and transfers of hot-rolled steel in 2015 was used in the production of cold-rolled and corrosion-resistant steel products.

Figure III-2

Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization, 2013-15, January to March 2015, and January to March 2016



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

Alternative products

As shown in table III-6, nearly all production on the same equipment as subject production was hot-rolled steel. Hot-rolled steel accounted for at least 93.6 percent of annual production from 2013 to 2015. The majority of U.S. producers indicated in their questionnaire responses that they did not produce other products on the same equipment, but those that did reported either ***.¹²

¹² ***. U.S. producers' questionnaire responses, question II-3a.

Table III-6

Hot-rolled steel: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Overall capacity	85,477,906	85,547,744	85,560,899	21,400,077	20,926,006
Production:					
Hot-rolled steel	61,752,475	62,434,819	54,731,937	13,134,389	14,586,269
Other products	3,752,820	4,260,642	3,535,747	960,976	822,360
Total production on same machinery	65,505,295	66,695,461	58,267,684	14,095,365	15,408,629
	Ratios and shares (percent)				
Overall capacity utilization	76.6	78.0	68.1	65.9	73.6
Share of production:					
Hot-rolled steel	94.3	93.6	93.9	93.2	94.7
Other products	5.7	6.4	6.1	6.8	5.3
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments. These data show that the majority of U.S. producers' shipments are internally consumed or transferred to related firms. In 2015, 57.9 percent of U.S. producers' total shipments of hot-rolled steel was internally consumed and 1.9 percent was transferred to related firms. Domestic commercial shipments accounted for 38.9 percent of U.S. producers' total hot-rolled steel shipments, while 1.3 percent was exported in 2015.

U.S. producers' aggregate internal consumption decreased by 7.1 percent (2.4 million short tons) from 2013 to 2015, but was 10.5 percent (0.8 million short tons) higher during January-March 2016 than in January-March 2015.¹³ U.S. producers' aggregate commercial shipments decreased by 15.6 percent (4.0 million short tons) from 2013 to 2015, but were 7.1 percent (0.4 million short tons) higher in January-March 2016 than in January-March 2015.¹⁴ U.S. producers' commercial shipment unit values fell from \$627 per short ton in 2013 to \$504 in 2015. Unit values of U.S. commercial shipments continued to fall during January to March 2016, reaching \$414 per short ton.

All responding domestic producers except *** reported export shipments of the hot-rolled steel they produced. U.S. producers' aggregate exports have decreased 34.8 percent from 2013 to 2015, though exports have increased by 49.0 percent from January-March 2015 to

¹³ ***. U.S. Steel's U.S. producers' questionnaire response, II-7 and II-12.

¹⁴ ***.

January-March 2016. Export unit values decreased from \$656 per short ton to \$599 per short ton from 2013 to 2015 and were \$552 per short ton in January-March 2016 compared to \$664 in January-March 2015. Principal export markets identified were ***.

Table III-7

Hot-rolled steel: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2013-15, January to March 2015 and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Quantity (short tons)					
Commercial U.S. shipments	25,330,519	25,720,170	21,369,492	5,208,179	5,576,148
Internal consumption	34,263,210	34,462,095	31,841,287	7,729,540	8,537,318
Transfers to related firms	1,024,227	1,143,677	1,020,247	223,452	260,788
Subtotal, U.S. shipments	60,617,956	61,325,942	54,231,026	13,161,171	14,374,254
Export shipments	1,101,258	975,674	718,169	144,322	215,013
Total shipments	61,719,214	62,301,616	54,949,195	13,305,493	14,589,267
Value (1,000 dollars)					
Commercial U.S. shipments	15,887,483	17,049,301	10,773,891	3,090,410	2,309,544
Internal consumption	21,122,075	22,295,543	16,160,352	4,546,238	3,652,675
Transfers to related firms	665,145	776,478	512,718	142,236	108,391
Subtotal, U.S. shipments	37,674,703	40,121,322	27,446,961	7,778,884	6,070,610
Export shipments	722,701	694,426	430,057	95,846	118,745
Total shipments	38,397,404	40,815,748	27,877,018	7,874,730	6,189,355
Unit value (dollars per short ton)					
Commercial U.S. shipments	627	663	504	593	414
Internal consumption	616	647	508	588	428
Transfers to related firms	649	679	503	637	416
Subtotal, U.S. shipments	622	654	506	591	422
Export shipments	656	712	599	664	552
Total shipments	622	655	507	592	424
Share of quantity (percent)					
Commercial U.S. shipments	41.0	41.3	38.9	39.1	38.2
Internal consumption	55.5	55.3	57.9	58.1	58.5
Transfers to related firms	1.7	1.8	1.9	1.7	1.8
Subtotal, U.S. shipments	98.2	98.4	98.7	98.9	98.5
Export shipments	1.8	1.6	1.3	1.1	1.5
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Commercial U.S. shipments	41.4	41.8	38.6	39.2	37.3
Internal consumption	55.0	54.6	58.0	57.7	59.0
Transfers to related firms	1.7	1.9	1.8	1.8	1.8
Subtotal, U.S. shipments	98.1	98.3	98.5	98.8	98.1
Export shipments	1.9	1.7	1.5	1.2	1.9
Total shipments	100.0	100.0	100.0	100.0	100.0

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

Table III-8 presents U.S. producers' U.S. commercial shipments, by channels of distribution and end use during 2015.

Table III-8

Hot-rolled steel: U.S. producers' U.S. commercial shipments, by channels of distribution and end use, 2015

Item	Commercial U.S. shipments		
	To distributors	To end users	Total
	Quantity (short tons)		
Tubular goods producer	***	***	5,742,472
Automotive/transportation	***	***	4,711,349
Construction/structural	***	***	3,027,683
Appliances/machinery	***	***	2,077,563
Other applications/end uses/unknown	***	***	5,810,424
Total	***	***	21,369,491
	End uses' shares within channel groups (percent down)		
Tubular goods producer	***	***	26.9
Automotive/transportation	***	***	22.0
Construction/structural	***	***	14.2
Appliances/machinery	***	***	9.7
Other applications/end uses/unknown	***	***	27.2
Total	***	***	100.0
	Channels' shares within end use groups (percent across)		
Tubular goods producer	***	***	100.0
Automotive/transportation	***	***	100.0
Construction/structural	***	***	100.0
Appliances/machinery	***	***	100.0
Other applications/end uses/unknown	***	***	100.0
Total	***	***	100.0

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

CAPTIVE CONSUMPTION

Section 771(7)(C)(iv) of the Act states that—¹⁵

If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that—

- (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,*
- (II) the domestic like product is the predominant material input in the production of that downstream article, and*

then the Commission, in determining market share and the factors affecting financial performance . . . , shall focus primarily on the merchant market for the domestic like product.

Internal transfers and merchant market sales

Internal consumption accounted for 58.7 percent of U.S. producers' U.S. shipments of hot-rolled steel during 2015. Transfers to related firms accounted for an additional 1.9 percent and commercial shipments accounted for 39.4 percent of U.S. shipments of hot-rolled steel.

First statutory criterion in captive consumption

The first requirement for application of the captive consumption provision is that the domestic like product that is internally transferred for processing into that downstream article not enter the merchant market for the domestic like product. Table III-9 presents the U.S. producers' share of internal consumption and transfers to related firms by end-use in 2015. U.S. producers reported internal consumption of hot-rolled steel for the production of mostly cold-rolled¹⁶ and coated steel products,¹⁷ as well as smaller shares of tin mill, plate, pipe and tubular,

¹⁵ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

¹⁶ The Commission reached affirmative injury determinations with respect to dumped and subsidized imports of cold-rolled steel flat products from China and Japan on July 7, 2016 (81 FR 45305, July 13, 2016) and is scheduled to make its determinations with respect to cold-rolled steel from Brazil, India, Korea, Russia, and the United Kingdom on September 12, 2016. Commerce determined the following dumping margins for imports of cold-rolled steel: China at 265.79 percent (81 FR 32726, May 24, 2016); and Japan at 71.35 percent (81 FR 32722, May 24, 2016). Commerce determined a subsidy rate of 256.44 percent for all cold-rolled steel from China.

and other downstream steel products. No U.S. producer reported diverting hot-rolled steel intended for internal consumption to the merchant market, though some transfers to related firms resulted in the sale of that hot-rolled steel on the merchant market (***). While the hot-rolled steel sold on the merchant market accounted for *** percent of transfers to related firms, it only accounts for *** percent of U.S. producers' aggregate internal consumption and transfers to related firms.

Table III-9

Hot rolled steel: U.S. producers' share of internal consumption and transfers to related firms by end-use, 2015

* * * * *

Second statutory criterion in captive consumption

The second criterion of the captive consumption provision concerns whether the domestic like product is the predominant material input in the production of the downstream article that is captively produced. The Commission's questionnaire asked each U.S. producer to report for the hot-rolled steel that it consumes internally or transfers to related firms and the share of the total cost of the end use products accounted for by hot-rolled steel. The producer questionnaire responses indicate that, in almost every instance, hot-rolled steel is the predominant material input in the production of downstream articles made from hot-rolled steel, accounting for 60 percent or more of the material cost of the downstream product. With respect to hot-rolled plate (cut-to-length plate from coil 4.75 mm and greater in thickness) produced from captive hot-rolled production, hot-rolled steel accounts for 85 percent or more of the total cost of the downstream product. With respect to cold-rolled steel and pipe and tubular products, all but one U.S. producer reported that hot-rolled steel accounted 70 percent or more of the total cost of the downstream products.¹⁸ With respect to coated products, all

(...continued)

¹⁷ The Commission reached affirmative injury determinations with respect to dumped and/or subsidized imports of certain corrosion-resistant steel products from China, India, Italy, Korea, and Taiwan on July 15, 2016 (81 FR 47177, July 20, 2016). Commerce determined the following dumping margins with respect to imports of certain corrosion-resistant steel products: Korea between 8.75 and 47.80 percent (81 FR 35304, June 2, 2016); Taiwan at 3.77 percent (81 FR 35314, June 2, 2016); China at 209.97 percent (81 FR 35318, June 2, 2016); Italy between 12.63 and 92.12 percent (81 FR 35321, June 2, 2016); India between 3.05 and 4.44 percent (81 FR 35330, June 2, 2016). The following subsidy margins were determined by Commerce: Korea between 0.72 and 1.19 percent (81 FR 35311-12, June 2, 2016); China between 39.05 and 241.07 percent (81 FR 35309, June 2, 2016); India between 8.00 and 29.46 percent (81 FR 35324, June 2, 2016); Italy between 0.07 and 38.51 percent (81 FR 35328, June 2, 2016). Commerce made a negative countervailing duty determination with respect to imports from Taiwan (81 FR 35299, June 2, 2016).

¹⁸ ***.

responding U.S. producers reported that hot-rolled steel accounted for between 65 and 75 percent of the total cost of the downstream product. ***.¹⁹

U.S. PRODUCERS' INVENTORIES

Table III-10 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. These data show that inventories were 5.6 percent lower in 2015, than in 2013 and 3.0 percent lower in January-March 2016 than in January-March 2015. U.S. producers' inventories were equivalent to between 2.7 and 2.9 percent of U.S. producers' U.S. production and total shipments, and between 2.8 and 2.9 percent of U.S. shipments from 2013 to 2015.

Table III-10

Hot-rolled steel: U.S. producers' inventories, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. producers' end-of-period inventories	1,681,909	1,805,537	1,588,277	1,634,432	1,585,280
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	2.7	2.9	2.9	3.1	2.7
U.S. shipments	2.8	2.9	2.9	3.1	2.8
Total shipments	2.7	2.9	2.9	3.1	2.7

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of hot-rolled steel are presented in table III-11. Two U.S. producers (***)²⁰ and (***)²¹ reported direct imports of hot-rolled steel from subject countries. Three U.S. producers (***,²² ***,²³ and (***)²⁴) reported direct imports of hot-rolled steel from nonsubject countries. Five U.S. producers (***) reported domestic purchases of hot-rolled steel, none of which were identified as hot-rolled steel imported from subject countries. ***²⁵ ***²⁶ and *** are related to U.S. importers of hot-rolled steel.

¹⁹ U.S. producers' questionnaire responses at IV-11(b).

²⁰ ***.

²¹ ***.

²² ***.

²³ ***.

²⁴ ***.

²⁵ ***.

²⁶ ***.

Table III-11

Hot-rolled steel: U.S. producers' U.S. production, imports and purchases, 2013-15, January to March 2015, and January to March 2016

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' employment-related data are presented in table III-12. The average number of production and related workers increased by 2.6 percent from 2013 to 2015 but was 13.6 percent lower during January-March 2016 than January-March 2015.²⁷

The recent decline in production and related workers can be attributed, in part, to a number of plant closures and curtailments in 2015. U.S. Steel permanently closed its blast furnace operations at Fairfield, Alabama in 2015.²⁸ AK Steel's idlement of operations at its Ashland, Kentucky plant resulted in 600 layoffs in December 2015.³⁰ Several U.S. producers also testified that they either have "no layoff" or "layoff minimization" policies. They explained that during production downturns they typically first take other actions, such as reducing work hours, before layoffs begin. In addition, firms noted that regular employees may also be assigned to maintenance, repair, or general painting/cleaning activities during production downturns, so that the workers are available when the facility returns to normal production levels. Several firms noted that they employ "pay for performance" a policy in which as much as two-thirds of their workers' pay is based on bonuses based on production levels.³¹ A representative of Nucor noted that profit sharing contributions to employee retirement accounts are also impacted by the company's performance.³²

²⁷ Most of the apparent job losses in January-March 2016 were reported by ***. U.S. Steel also noted numerous plant shutdowns and production curtailments in table III-4 of this report.

²⁸ U.S. Steel's prehearing brief, p. 50 and exh. 7.

²⁹ Work began on a new electric arc furnace and tubular operations at the Fairfield Plant in 2015, however, at the end of 2015, U.S. Steel announced that had postponed the project until market conditions improve. *USS to shut most Fairfield flat operations*, American Metal Markets, August 2015. *U.S. Steel to postpone work on new Fairfield Works furnace*, Birmingham Business Journal, <http://www.bizjournals.com/birmingham/news/2015/12/22/u-s-steel-to-postpone-work-on-new-fairfield-works.html>, retrieved August 10, 2016.

³⁰ AK Steel's prehearing brief, exh. 4 and hearing transcript, p. 54 (Newport).

³¹ Hearing transcript, pp. 61-62, 70 (Blume and Conway); Conference transcript, pp. 143-149 (Blume, Price, Matthew, Moskaluk, Pushis, Lauschke, and Mull).

³² Hearing transcript, p. 61 (Blume).

Table III-12

Hot-rolled steel: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Production and related workers (PRWs) (number)	17,937	18,456	18,408	18,466	15,960
Total hours worked (1,000 hours)	41,576	42,878	41,372	10,973	9,191
Hours worked per PRW (hours)	2,318	2,323	2,248	594	576
Wages paid (\$1,000)	1,538,353	1,644,360	1,606,038	415,769	366,910
Hourly wages (dollars per hour)	\$37.00	\$38.35	\$38.82	\$37.89	\$39.92
Productivity (short tons per hour)	1.5	1.5	1.3	1.2	1.6
Unit labor costs (dollars per short tons)	\$24.91	\$26.34	\$29.34	\$31.65	\$25.15

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to more than 100 firms believed to be importers of hot-rolled steel, as well as to all U.S. producers of hot-rolled steel.¹ Usable questionnaire responses were received from 56 companies.^{2 3} Table IV-1 lists all responding U.S. importers of hot-rolled steel, their headquarters, and their shares of U.S. imports, in 2015.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by ***, may have accounted for more than one percent of total imports under HTS statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7226.91.7000, and 7226.91.8000 from all sources or subject sources.

² For discussion of coverage please refer to Part I, “Summary Data and Data Sources.”

³ The following companies certified that they have not imported hot-rolled steel since January 1, 2013: ***.

Essar provided an incomplete U.S. importers’ questionnaire response on August 5, 2016. Novex Trading Swiss SA (“Novex”) did not provide a response. Both companies *** that responded to the Commission’s questionnaire during the preliminary phase of these investigations.

Table IV-1**Hot-rolled steel: U.S. importers, their headquarters, and share of total imports by source, 2015**

Firm	Headquarters	Share of imports by source (percent)					
		Australia	Brazil	Japan	Korea	Netherlands	Turkey
ArcelorMittal Dofasco	Hamilton, Ontario	***	***	***	***	***	***
ArcelorMittal International	Chicago, IL	***	***	***	***	***	***
Berg Spiral Pipe	Mobile, AL	***	***	***	***	***	***
BlueScope Americas	Long Beach, CA	***	***	***	***	***	***
Borusan Mannesmann	Istanbul, Turkey	***	***	***	***	***	***
C&F International	Houston, TX	***	***	***	***	***	***
California Steel	Fontana, CA	***	***	***	***	***	***
Cargill Metals	The Woodlands, TX	***	***	***	***	***	***
Commercial Metals	Irving, TX	***	***	***	***	***	***
CSN	Terre Haute, IN	***	***	***	***	***	***
Cotia	New York, NY	***	***	***	***	***	***
Dongbu USA	Torrance, CA	***	***	***	***	***	***
Duferco	Matawan, NJ	***	***	***	***	***	***
Empire Resources	Fort Lee, NJ	***	***	***	***	***	***
EVRAZ	Chicago, IL	***	***	***	***	***	***
GS Global	Cerritos, CA	***	***	***	***	***	***
Hanwa	Irvine, CA	***	***	***	***	***	***
Hyundai	Torrance, CA	***	***	***	***	***	***
Hyundai Steel	Greenville, AL	***	***	***	***	***	***
Janco	Stoney Creek, Ontario	***	***	***	***	***	***
JFE America	Long Beach, CA	***	***	***	***	***	***
Kenwal	Toronto, Ontario	***	***	***	***	***	***
Macsteel	White Plains, NY	***	***	***	***	***	***
Marubeni Itochu	New York, NY	***	***	***	***	***	***
MC Tubular	Houston, TX	***	***	***	***	***	***
Medtrade	Houston, TX	***	***	***	***	***	***
Metal One	Rosemont, IL	***	***	***	***	***	***
Metallia	Fort Lee, NJ	***	***	***	***	***	***
Mitsui	New York, NY	***	***	***	***	***	***
MX Industrial	City Of Industry, CA	***	***	***	***	***	***

Table continued on next page.

Table IV-1--Continued

Hot-rolled steel: U.S. importers, their headquarters, and share of total imports by source, 2015

Firm	Headquarters	Share of imports by source (percent)					
		Australia	Brazil	Japan	Korea	Netherlands	Turkey
NSSMC	Schaumburg, IL	***	***	***	***	***	***
Okaya	Torrance, CA	***	***	***	***	***	***
Optima	Concord, CA	***	***	***	***	***	***
POSCO America	Fort Lee, NJ	***	***	***	***	***	***
POSCO Daewoo	Incheon, Korea	***	***	***	***	***	***
POSCO Daewoo America	Teaneck, NJ	***	***	***	***	***	***
Ryerson	Chicago, IL	***	***	***	***	***	***
Salzgitter Mannesmann	Houston, TX	***	***	***	***	***	***
Samuel Son	Mississauga, Ontario	***	***	***	***	***	***
SKC	Covington, GA	***	***	***	***	***	***
SSAB	Moon Twp., PA	***	***	***	***	***	***
Steel Technologies	Louisville, KY	***	***	***	***	***	***
Stemcor	New York, NY	***	***	***	***	***	***
Sunbelt Group	Houston, TX	***	***	***	***	***	***
Tata International	Schaumburg, IL	***	***	***	***	***	***
Tata Netherlands	Ijmuiden, Netherlands	***	***	***	***	***	***
Tata UK	London, England	***	***	***	***	***	***
Ternium	Houston, TX	***	***	***	***	***	***
ThyssenKrupp Materials	Southfield, MI	***	***	***	***	***	***
ThyssenKrupp Steel	Southfield, MI	***	***	***	***	***	***
Toyota Tsusho	Georgetown, KY	***	***	***	***	***	***
Triple-S	Houston, TX	***	***	***	***	***	***
Tsia	Schaumburg, IL	***	***	***	***	***	***
US Steel	Pittsburgh, PA	***	***	***	***	***	***
Venture	Etobicoke, Ontario	***	***	***	***	***	***
Welspun Tubular	Little Rock, AR	***	***	***	***	***	***
Total		***	***	***	***	***	***

Table continued on next page.

Table IV-1--Continued

Hot-rolled steel: U.S. importers, their headquarters, and share of total imports by source, 2015

Firm	Headquarters	Share of imports by source (percent)					
		United Kingdom	Subject	Canada ¹	All other sources	Nonsubject sources	All sources
ArcelorMittal Dofasco	Hamilton, Ontario	***	***	*** ¹	***	***	***
ArcelorMittal International	Chicago, IL	***	***	***	***	***	***
Berg Spiral Pipe	Mobile, AL	***	***	***	***	***	***
BlueScope Americas	Long Beach, CA	***	***	***	***	***	***
Borusan Mannesmann	Istanbul,	***	***	***	***	***	***
C&F International	Houston, TX	***	***	***	***	***	***
California Steel	Fontana, CA	***	***	***	***	***	***
Cargill Metals	The Woodlands, TX	***	***	*** ¹	***	***	***
Commercial Metals	Irving, TX	***	***	***	***	***	***
CSN	Terre Haute, IN	***	***	***	***	***	***
Cotia	New York, NY	***	***	***	***	***	***
Dongbu USA	Torrance, CA	***	***	***	***	***	***
Duferco	Matawan, NJ	***	***	***	***	***	***
Empire Resources	Fort Lee, NJ	***	***	***	***	***	***
Evraz	Chicago, IL	***	***	*** ¹	***	***	***
GS Global	Cerritos, CA	***	***	***	***	***	***
Hanwa	Irvine, CA	***	***	***	***	***	***
Hyundai	Torrance, CA	***	***	***	***	***	***
Hyundai Steel	Greenville, AL	***	***	***	***	***	***
Janco	Stoney Creek, Ontario	***	***	*** ¹	***	***	***
JFE America	Long Beach, CA	***	***	***	***	***	***
Kenwal	Toronto, Ontario	***	***	*** ¹	***	***	***
Macsteel	White Plains, NY	***	***	***	***	***	***
Marubeni Itochu	New York, NY	***	***	***	***	***	***
MC Tubular	Houston, TX	***	***	***	***	***	***
Medtrade	Houston, TX	***	***	***	***	***	***
Metal One	Rosemont, IL	***	***	*** ¹	***	***	***
Metallia	Fort Lee, NJ	***	***	***	***	***	***
Mitsui	New York, NY	***	***	***	***	***	***
MX Industrial	City Of Industry, CA	***	***	***	***	***	***

Table continued on next page.

Table IV-1--Continued

Hot-rolled steel: U.S. importers, their headquarters, and share of total imports by source, 2015

Firm	Headquarters	Share of imports by source (percent)					
		United Kingdom	Subject	Canada ¹	All other sources	Nonsubject sources	All sources
NSSMC	Schaumburg, IL	***	***	***	***	***	***
Okaya	Torrance, CA	***	***	***	***	***	***
Optima	Concord, CA	***	***	***	***	***	***
POSCO America	Fort Lee, NJ	***	***	***	***	***	***
POSCO Daewoo	Incheon, Korea	***	***	***	***	***	***
POSCO Daewoo America	Teaneck, NJ	***	***	***	***	***	***
Ryerson	Chicago, IL	***	***	***	***	***	***
Salzgitter Mannesmann	Houston, TX	***	***	***	***	***	***
Samuel Son	Mississauga, Ontario	***	***	*** ¹	***	***	***
SKC	Covington, GA	***	***	***	***	***	***
SSAB	Moon Twp., PA	***	***	***	***	***	***
Steel Technologies	Louisville, KY	***	***	*** ¹	***	***	***
Stemcor	New York, NY	***	***	***	***	***	***
Sunbelt Group	Houston, TX	***	***	***	***	***	***
Tata International	Schaumburg, IL	***	***	***	***	***	***
Tata Netherlands	Ijmuiden, Netherlands	***	***	***	***	***	***
Tata UK	London, England	***	***	***	***	***	***
Ternium	Houston, TX	***	***	***	***	***	***
ThyssenKrupp Materials	Southfield, MI	***	***	***	***	***	***
ThyssenKrupp Steel	Southfield, MI	***	***	***	***	***	***
Toyota Tsusho	Georgetown, KY	***	***	***	***	***	***
Triple-S	Houston, TX	***	***	***	***	***	***
TSIA	Schaumburg, IL	***	***	***	***	***	***
US Steel	Pittsburgh, PA	***	***	*** ¹	***	***	***
Venture	Etobicoke, Ontario	***	***	*** ¹	***	***	***
Welspun Tubular	Little Rock, AR	***	***	***	***	***	***
Total		***	***	***	***	***	***

¹ *** import data are not included in this report, because it failed to provide a completed U.S. importers' questionnaire response. However, based on the import data that were included in its response, it would have accounted for ***.

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of hot-rolled steel from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, the United Kingdom, Canada (the largest nonsubject source), and all other sources. Import quantities of hot-rolled steel from the subject countries increased by 105.4 percent from 2013 to 2015, but were 51.9 percent lower during January-March 2016 compared to January-March 2015. As a share of total imports, subject import quantities increased from 44.2 percent in 2013 to 61.7 percent in 2015. Subject imports accounted for 66.8 percent of total imports during January-March 2015 and 50.5 percent of total U.S. imports during January-March 2016. Korea was the single largest source of subject imports.⁴ Import quantities from every subject country except Japan increased from 2013 to 2015. The increase of imports from Brazil (***) percent), Turkey (***) percent), and the United Kingdom (***) percent) contributed substantially to the overall trend from 2013 to 2015. The average unit value of subject imports decreased by 18.4 percent from 2013 to 2015, and was 30.6 percent lower during January-March 2016 compared to January-March 2015.

Canada was the largest nonsubject source for U.S. imports of hot-rolled steel, accounting for *** percent of the quantity of total U.S. imports of hot-rolled steel in 2015.⁵ U.S. imports from all nonsubject countries combined increased by 1.1 percent from 2013 to 2015, but were 5.0 percent lower during January-March 2016 compared to January-March 2015. Imports from nonsubject countries increased by 51.4 percent from 2013 to 2014, but returned to essentially the same volume in 2015 as 2013.⁶ The average unit values of nonsubject imports

⁴ U.S. importer *** accounted for *** percent of all U.S. imports of hot-rolled steel from Korea in 2015. *** were to U.S. purchaser *** which purchased the following amounts of hot-rolled steel imported from Korea: *** short tons in 2013; *** short tons in 2014; and *** short tons in 2015.

UPI is a 50-50 joint venture by U.S. Steel and POSCO of Korea located in Pittsburg, California. The joint venture markets sheet and tin mill products, principally in the western United States. UPI produces cold-rolled sheets, galvanized sheets, tin plate and tin-free steel from hot bands principally provided by U.S. Steel and POSCO. UPI's annual production capability is approximately 1.5 million tons. U.S. Steel's website, <https://www.ussteel.com/uss/portal/home/aboutus/facilities/company-facilities-jointventures/>, retrieved July 20, 2016.

U.S. Steel's ***. U.S. Steel's posthearing brief, p. 64. In 2013 U.S. Steel and POSCO ***. POSCO's prehearing brief, exh. 22.

*** During 2013, ***. UPI's U.S. Purchasers' questionnaire response, II-1a and II-4.

In July of 2016, UPI agreed to purchase 100,000 tons of hot-rolled steel from U.S. Steel through the end of the year. U.S. Steel's posthearing brief, p. 66. ***. Nucor's posthearing brief, exh. 2.

⁵ *** imported the following amounts of hot-rolled steel from Canada to the United States: ***. *** accounted for *** percent of all U.S. imports of hot-rolled steel from Canada from January 2013 to March 2016.

⁶ U.S. imports of hot-rolled steel from Russia totaled 34,814 short tons in 2013; 939,481 short tons in 2014; and 18,079 short tons in 2015. U.S. Imports from Russia were previously subject to a suspension agreement that was revised on December 6, 2012 and was rescinded on December 24, 2014. The

(continued...)

decreased by 15.0 percent from 2013 to 2015, and were 27.5 percent lower during January-March 2016 compared to January-March 2015.

Ratio of subject imports to U.S. production

The ratio of subject imports to U.S. production increased from 2.8 percent in 2013 to 6.6 percent in 2015. The same ratio was 9.0 percent during January-March 2015 and 3.9 percent during January-March 2016.

(...continued)

suspension agreement was rescinded by Commerce at the request of domestic interested parties who alleged that the revised agreement had failed to achieve its statutory purpose. The agreement was replaced with antidumping margins between 73.59 and 184.56 percent. *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, Rescission of the 2013-2014 Administrative Review, and Issuance of Antidumping Duty Order*, 79 FR 77455, December 24, 2014. According to *** were the largest U.S. importers of hot-rolled steel from Russia in 2014.

Table IV-2**Hot-rolled steel: U.S. imports, by source, 2013-15, January to March 2015, and January to March 2016**

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	1,747,157	3,178,238	3,587,950	1,187,698	570,906
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	2,203,485	3,336,994	2,228,196	589,767	560,163
Total U.S. imports	3,950,642	6,515,232	5,816,146	1,777,466	1,131,068
	Value (1,000 dollars)				
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	1,061,662	1,930,681	1,779,259	681,289	227,154
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	1,437,184	2,193,772	1,234,892	383,028	263,678
Total U.S. imports	2,498,846	4,124,454	3,014,150	1,064,317	490,832
	Unit value (dollars per short ton)				
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	608	607	496	574	398
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	652	657	554	649	471
Total U.S. imports	633	633	518	599	434

Table continued on next page.

Table IV-2 -- Continued

Hot-rolled steel: U.S. imports, by source, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Share of quantity (percent)				
U.S. imports from.-- Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	44.2	48.8	61.7	66.8	50.5
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	55.8	51.2	38.3	33.2	49.5
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.-- Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	42.5	46.8	59.0	64.0	46.3
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	57.5	53.2	41.0	36.0	53.7
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports from.-- Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	2.8	5.1	6.6	9.0	3.9
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	3.6	5.3	4.1	4.5	3.8
Total U.S. imports	6.4	10.4	10.6	13.5	7.8

Footnote on next page.

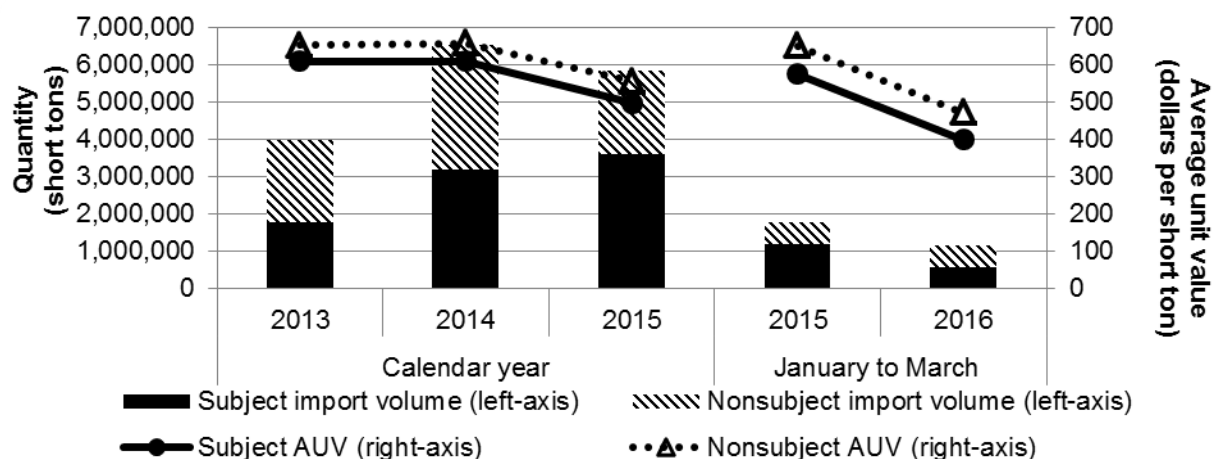
Table IV-2 -- Continued

Hot-rolled steel: U.S. imports, by source, 2013-15, January to March 2015, and January to March 2016

Source: Official U.S. import statistics using statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590 (non-alloy group), accessed July 5, 2016, plus data compiled from information submitted in response to Commission questionnaires in relation to U.S. imports of micro-alloy hot-rolled steel products.

Figure IV-1

Hot-rolled steel: U.S. import volumes and prices, 2013-15, January to March 2015, and January to March 2016



Source: Official U.S. import statistics using statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590 (non-alloy group), accessed July 5, 2016, plus data compiled from information submitted in response to Commission questionnaires in relation to U.S. imports of micro-alloy hot-rolled steel products.

NEGLECTIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁷ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁸

Table IV-3 presents data for U.S. imports of hot-rolled steel during the most recent 12-month period for which data are available that precedes the filing of the petitions (i.e., August 2014 to July 2015). These data show that subject imports from each subject country individually accounted for more than 3 percent of the total volume of the subject merchandise from August 2014 to July 2015. Imports from the United Kingdom, the subject country that accounted for the smallest share of total imports, represented 3.5 percent of total imports of hot-rolled steel by quantity during August 2014-July 2015. However, U.S. imports from Turkey excluding Colakoglu, which is not subject to countervailing duties, accounted for *** percent of imports from August 2014 to July 2015.

⁷ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

⁸ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-3**Hot-rolled steel: Imports in the 12 month period preceding the petition, August 2014 – July 2015**

Source	August 2014 to July 2015	
	Quantity (short tons)	Share of quantity (percent)
U.S. imports from.--		
Australia	395,034	5.7
Brazil	503,365	7.2
Japan	436,284	6.3
Korea	1,274,368	18.3
Netherlands	462,166	6.7
Turkey	515,969	7.4
of which, Turkey CVD ¹	***	***
United Kingdom	240,788	3.5
Subtotal, subject sources	3,827,974	55.1
Canada	1,463,529	21.1
All other sources	1,657,343	23.9
Subtotal, nonsubject sources	3,120,871	44.9
Total U.S. imports	6,948,845	100.0

¹ U.S. imports from all suppliers in Turkey except Colakoglu which Commerce found to have a final de minimis countervailing duty rate.

Note.-- For purposes of this presentation, Commerce made affirmative determinations with respect to all countries subject to the antidumping duty investigations. With respect to countervailing duty investigations:

- Imports from Australia are not subject to a countervailing duty investigation;
- Imports from Brazil are subject to a countervailing duty investigation;
- Imports from Japan are not subject to a countervailing duty investigation;
- Imports from Korea are subject to a countervailing duty investigation;
- Imports from the Netherlands are not subject to a countervailing duty investigation;
- Imports from Turkey (excluding those produced by Colakoglu) are subject to a countervailing duty investigation;
- Imports from the United Kingdom are not subject to a countervailing duty investigation.

Source: Official U.S. import statistics using statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590 (non-alloy group), 7225.30.3050, 7225.30.7000, 7225.40.7000, 7226.91.7000, and 7226.91.8000 (alloy group), accessed July 5, 2016 and proprietary Customs records for "Turkey CVD", accessed August 8, 2016.

CRITICAL CIRCUMSTANCES

On December 9, 2015, Commerce issued its preliminary determination that “critical circumstances” exist with regard to imports from certain producers from Brazil and Japan of hot-rolled steel.⁹ On August 4, 2016, Commerce issued its final determination that critical circumstances exist with regard to imports from certain producers from Brazil and Japan of hot-rolled steel (see table I-3 presented in this report).¹⁰ In these investigations, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping and/or countervailing duties retroactive by 90 days from Commerce’s preliminary determinations.¹¹ As discussed below, Commerce made affirmative critical circumstances determinations with respect to three investigations: the countervailing duty investigation on hot-rolled steel from Brazil (CSN) and the antidumping duty investigations on hot-rolled steel from Brazil (Usiminas) and Japan (NSSMC and all other non-mandatory respondents).

Brazil (antidumping)

In its preliminary antidumping duty critical circumstances determination concerning Brazil, Commerce determined that critical circumstances exist with regard to imports of hot-

⁹ *Antidumping Duty Investigations of Certain Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, and the Netherlands and Countervailing Duty Investigation of Certain Hot-Rolled Steel Flat Products From Brazil: Preliminary Determinations of Critical Circumstances*, 80 FR 76444, December 9, 2015, referenced in app. A.

¹⁰ *Certain Hot-Rolled Steel Flat Products from Australia: Final Determination of Sales at Less Than Fair Value*, 81 FR 53406, August 12, 2016;

Certain Hot-Rolled Steel Flat Products from Brazil: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part, 81 FR 53424, August 12, 2016; *Certain Hot-Rolled Steel Flat Products from Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 53409, August 12, 2016;

Certain Hot-Rolled Steel Flat Products from the Netherlands: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances 81 FR 53421, August 12, 2016;

Certain Hot-Rolled Steel Flat Products from Brazil: Final Affirmative CVD Determination and Final Determination of Critical Circumstances, in Part, 81 FR 53416, August 12, 2016 referenced in app. A. When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

¹¹ March 22, 2016 is the effective date of Commerce’s preliminary affirmative LTFV determinations and January 15, 2016 is the effective date of Commerce’s preliminary affirmative countervailing duty determination.

rolled steel from Brazilian producers CSN and Usiminas. In its final antidumping duty critical circumstances determination concerning Brazil, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from Usiminas but do not exist with regard to CSN and all others. Table IV-4 and Figure IV-2 present monthly imports of hot-rolled steel from Usiminas for six months before and after the filing of the petition on August 11, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that U.S. imports from Usiminas during most of the months after the filing of the petition were higher than during the months prior to the filing of the petition.

Table IV-4
Hot-rolled steel: Imports by U.S. importers from Brazilian producer Usiminas, February 2015-January 2016

* * * * *

Figure IV-2
Hot-rolled steel: Imports by U.S. importers from Brazilian producer Usiminas, February 2015-January 2016

* * * * *

Brazil (countervailing duties)

In its preliminary countervailing duties critical circumstances determination concerning Brazil, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from Brazilian producers CSN and Usiminas. In its final countervailing duties critical circumstances determination concerning Brazil, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from CSN but do not exist with regard to Usiminas and all others. Table IV-5 and Figure IV-3 present monthly imports of hot-rolled steel from CSN for six months before and after the filing of the petition on August 11, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that U.S. imports from CSN during most of the months after the filing of the petition were higher than during the months prior to the filing of the petition.

Of the fifteen firms that reported U.S. imports of hot-rolled steel from Brazil, eight indicated that inventories of the imported merchandise were held in the United States. U.S. importers' inventories of hot-rolled steel imported from Brazil amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015. Almost all inventories held in the U.S. at the end of 2015 (*** short tons) belonged to ***.¹²

¹² ***.

Table IV-5
Hot-rolled steel: Imports by U.S. importers from Brazilian producer CSN, February 2015-January 2016

* * * * *

Figure IV-3
Hot-rolled steel: Imports by U.S. importers from Brazilian producer CSN, February 2015-January 2016

* * * * *

Japan (antidumping duty)

In its preliminary antidumping duty critical circumstances determination concerning Japan, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from Japanese producers JFE and NSSMC. In its final antidumping duty critical circumstances determination concerning Japan, Commerce determined that critical circumstances exist with regard to imports of hot-rolled steel from Japanese producer NSSMC and all other non-mandatory respondent producers but critical circumstances do not exist for JFE. Table IV-6 and figure IV-4 present monthly imports of hot-rolled steel from firms receiving affirmative final antidumping duty critical circumstances determinations, for six months before and after the filing of the petition on August 11, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that the quantity of U.S. imports from firms receiving affirmative final antidumping duty critical circumstances determinations during most of the months after the filing of the petition were higher than during the months prior to the filing of the petition.

Of the twelve firms that reported U.S. imports of hot-rolled steel from Japan, five indicated that inventories of the imported merchandise were held in the United States. Reported U.S. importers’ inventories of hot-rolled steel imported from Japan amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015. *** inventories of imports from Japan amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015. *** inventories of imports from Japan amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015.¹³

Table IV-6
Hot-rolled steel: Imports by U.S. importers from NSSMC and all non-mandatory respondent producers, February 2015-January 2016

* * * * *

¹³ ***.

Figure IV-4
Imports by U.S. importers from NSSMC and all non-mandatory respondent producers, February 2015-January 2016

* * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Shipments of hot-rolled steel, by end use

Table IV-7 presents data for U.S. producers’ and U.S. importers’ commercial U.S. shipments of hot-rolled steel, by end use in 2015. U.S. producers reported that hot-rolled steel is sold for end uses involving tubular goods (***) percent), automotive/transportation (***) percent), construction/structural (***) percent), and appliances/machinery (***) percent). However, the largest quantity of end uses reported was “other applications/end uses/unknown”(*** percent).¹⁴

U.S. commercial shipments of U.S. imports from Brazil were largely to construction/structural end uses (***) percent), which was also the second largest use for imports from Korea (***) percent). Tubular goods was the largest end use category for shipments of U.S. imports from Japan (***) percent) and Korea (***) percent). Automotive/transportation was the largest end use category for shipments of U.S. imports from the Netherlands (***) percent) other than other applications. Other applications was the largest end use category for shipments of U.S. imports from Australia (***) percent) the Netherlands (***) percent), Turkey (***) percent), and the United Kingdom (***) percent).¹⁵

¹⁴ Other end uses listed by U.S. producers include: ***.

¹⁵ Almost all U.S. importers were unable to identify end uses for U.S. commercial shipments to distributors and service centers. *** were identified as other end-uses by importers.

Table IV-7
Hot-rolled steel: Commercial U.S. shipments by end use, 2015

Item	U.S. producers	U.S. importers					
		Australia	Brazil	Japan	Korea	Netherlands	Turkey
	Quantity (short tons)						
Commercial U.S. shipments by end use.-- Tubular goods producer	5,742,472	***	***	***	***	***	***
Automotive/transportation	4,711,349	***	***	***	***	***	***
Construction/structural	3,027,683	***	***	***	***	***	***
Appliances/machinery	2,077,563	***	***	***	***	***	***
Other applications/end uses/unknown	5,810,424	***	***	***	***	***	***
Total	21,369,491	***	***	***	***	***	***
	Share of total quantity (percent)						
Commercial U.S. shipments by end use.-- Tubular goods producer	26.9	***	***	***	***	***	***
Automotive/transportation	22.0	***	***	***	***	***	***
Construction/structural	14.2	***	***	***	***	***	***
Appliances/machinery	9.7	***	***	***	***	***	***
Other applications/end uses/unknown	27.2	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	U.S. importers						
	United Kingdom	Subject sources	Canada	All other sources	Nonsubject sources	All sources	
	Quantity (short tons)						
Commercial U.S. shipments by end use.-- Tubular goods producer	***	328,762	***	***	123,485	452,246	
Automotive/transportation	***	324,413	***	***	92,485	416,898	
Construction/structural	***	449,478	***	***	153,988	603,466	
Appliances/machinery	***	77,540	***	***	43,565	121,105	
Other applications/end uses/unknown	***	754,752	***	***	329,275	1,084,027	
Total	***	1,934,945	***	***	742,798	2,677,743	
	Share of total quantity (percent)						
Commercial U.S. shipments by end use.-- Tubular goods producer	***	17.0	***	***	16.6	16.9	
Automotive/transportation	***	16.8	***	***	12.5	15.6	
Construction/structural	***	23.2	***	***	20.7	22.5	
Appliances/machinery	***	4.0	***	***	5.9	4.5	
Other applications/end uses/unknown	***	39.0	***	***	44.3	40.5	
Total	100.0	100.0	100.0	100.0	100.0	100.0	

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

Shipments of hot-rolled steel, by type

Table IV-8 presents information on U.S. commercial shipments of eight specialty hot-rolled steel products in 2015. U.S. producers reported at least some shipments of all but two products. No producer or U.S. importer reported commercial shipments of battery quality hot-band products.¹⁶

Table IV-8
Hot-rolled steel: U.S. shipments by type, 2015

* * * * *

Geographical markets

As presented in table III-1 and figure III-1 of this report, the vast majority of hot-rolled steel production in the United States occurs in production facilities located to the east of the Mississippi River, in Alabama, Indiana, Illinois, Kentucky, Mississippi, Ohio, Pennsylvania, and South Carolina.¹⁷ As presented in table IV-9, the New Orleans, San Francisco, Houston-Galveston, Columbia-Snake (Oregon), and Los Angeles Customs districts are the largest destinations, in order of quantity, for imports of hot-rolled steel from the subject countries during 2015.

¹⁶ ***. *Email from Joel Kaufman to investigator, August 5, 2016 and Tata Netherlands' posthearing brief, p. 24.*

¹⁷ The only exceptions are the following plants to the west of the Mississippi: California Steel (Fontana, California), EVRAZ (Portland, Oregon), Nucor (Blytheville, Arkansas) and SSAB (Montpelier, Iowa).

Table IV-9

Hot-rolled steel: Major customs districts of entry for U.S. imports, 2013-15, January to March 2015, and January to March 2016

Source / district of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from Australia.-- Columbia-Snake, OR	105,001	151,092	222,068	67,893	141,853
New Orleans, LA	0	11,557	52,167	25,665	0
Los Angeles, CA	8,635	24,418	39,182	11,350	0
Houston-Galveston, TX	0	10,798	6,645	6,645	0
Tampa, FL	0	0	5,489	0	0
All other districts	32,724	72,523	354	169	0
Subtotal, Imports from Australia	146,360	270,387	325,904	111,722	141,853
U.S. imports from Brazil.-- New Orleans, LA	5,659	139,193	428,785	105,923	38,661
Houston-Galveston, TX	28,446	96,842	105,451	14,700	1,389
Tampa, FL	0	2,480	22,080	8,428	3,939
Boston, MA	600	14,148	20,079	314	0
Philadelphia, PA	10,949	6,990	12,242	3,343	0
All other districts	3,861	2,817	14,446	0	5,247
Subtotal, Imports from Brazil	49,515	262,470	603,084	132,707	49,236
U.S. imports from Japan.-- Columbia-Snake, OR	314,138	292,548	203,918	16,544	0
Los Angeles, CA	7,784	22,283	74,001	14,154	4,053
Mobile, AL	0	6,243	59,675	55,103	28,324
Houston-Galveston, TX	38,094	54,275	48,773	14,477	12,416
New Orleans, LA	15,153	54,038	29,031	3,118	3,679
All other districts	17,536	55,162	19,647	13,783	1,441
Subtotal, Imports from Japan	392,706	484,549	435,045	117,179	49,913
U.S. imports from Korea.-- San Francisco, CA	582,918	694,073	735,825	213,743	117,670
New Orleans, LA	22,285	92,110	180,153	97,788	16,689
Houston-Galveston, TX	10,168	90,704	176,379	110,366	34,715
Los Angeles, CA	59,457	188,757	148,580	42,270	45,477
Columbia-Snake, OR	8,743	15,924	14,137	5,437	1,494
All other districts	18,480	13,922	9,061	2,558	2,882
Subtotal, Imports from Korea	702,051	1,095,491	1,264,135	472,163	218,928
U.S. imports from Netherlands.-- Cleveland, OH	141,787	144,114	117,477	0	0
Chicago, IL	60,990	92,617	95,099	0	0
Houston-Galveston, TX	82,668	80,095	53,459	38,576	20,472
Milwaukee, WI	31,515	43,871	45,451	0	0
Philadelphia, PA	25,974	96,537	45,393	39,296	15,045
All other districts	46,982	44,074	46,455	18,659	12,827
Subtotal, Imports from Netherlands	389,917	501,307	403,333	96,531	48,344

Table continued on next page.

Table IV-9--Continued

Hot-rolled steel: Major customs districts of entry for U.S. imports, 2013-15, January to March 2015, and January to March 2016

Source / district of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from Turkey.--					
New Orleans, LA	2,882	144,789	149,764	105,228	1,921
Houston-Galveston, TX	36,958	115,509	149,635	78,875	30,362
Philadelphia, PA	0	9,118	36,908	15,796	16,759
Tampa, FL	0	4,543	19,241	7,250	281
Laredo, TX	0	25,954	9,674	5,127	2,209
All other districts	7,967	103,985	11,937	10,099	39,205
Subtotal, Imports from Turkey	47,807	403,899	377,159	222,376	90,736
U.S. imports from United Kingdom.--					
Philadelphia, PA	6	8,967	65,999	62,432	197
Detroit, MI	0	25,655	63,075	61	0
Chicago, IL	13,529	48,000	37,410	50	50
Houston-Galveston, TX	20,495	17,868	16,788	286	0
New Orleans, LA	0	5,665	16,742	10,045	0
All other districts	736	35,995	7,838	241	79
Subtotal, Imports from United Kingdom	34,765	142,150	207,853	73,115	326
U.S. imports from subject sources.--					
New Orleans, LA	51,968	447,352	863,376	347,768	60,951
San Francisco, CA	621,007	842,137	746,769	224,671	117,670
Houston-Galveston, TX	216,828	466,091	557,129	263,926	99,354
Columbia-Snake, OR	438,756	459,563	440,124	89,874	192,475
Los Angeles, CA	77,165	236,183	262,248	67,839	54,821
All other districts	357,395	708,925	746,866	231,715	74,065
Subtotal, Imports from subject sources	1,763,120	3,160,252	3,616,512	1,225,793	599,336
U.S. imports from Canada.--					
Detroit, MI	960,184	894,612	775,839	228,221	259,170
Chicago, IL	155,730	115,408	205,643	8,894	15,625
Buffalo, NY	84,751	188,247	174,719	38,709	44,509
Great Falls, MT	25,592	23,366	111,319	23,434	13,002
Cleveland, OH	83,608	146,924	87,387	6,623	9,960
All other districts	42,915	22,923	89,581	16,212	35,156
Subtotal, Imports from Canada	1,352,781	1,391,479	1,444,489	322,093	377,422
U.S. imports from all other sources.--					
Laredo, TX	409,989	426,307	370,689	91,276	111,328
New Orleans, LA	87,280	488,285	178,779	98,284	14,701
Houston-Galveston, TX	166,128	640,399	141,897	66,062	24,527
Los Angeles, CA	117,400	92,427	96,457	31,958	20,725
Chicago, IL	46,789	74,875	49,430	35	194
All other districts	179,735	353,023	163,050	43,544	32,519
Subtotal, Imports from all other sources	1,007,322	2,075,316	1,000,301	331,160	203,994

Table continued on next page.

Table IV-9--Continued

Hot-rolled steel: Major customs districts of entry for U.S. imports, 2013-15, January to March 2015, and January to March 2016

Source / district of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from nonsubject sources-- Detroit, MI	965,085	911,943	786,644	228,265	259,204
Laredo, TX	409,989	426,307	370,689	91,276	111,328
Chicago, IL	202,519	190,282	255,073	8,930	15,820
New Orleans, LA	87,288	488,290	178,908	98,380	14,701
Buffalo, NY	84,935	188,308	175,008	38,727	44,547
All other districts	610,286	1,261,666	678,467	187,675	135,818
Subtotal, Imports from nonsubject sources	2,360,103	3,466,795	2,444,790	653,253	581,417
U.S. imports from all sources.-- New Orleans, LA	139,256	935,642	1,042,284	446,148	75,652
Detroit, MI	965,958	949,364	867,303	237,757	259,267
San Francisco, CA	621,017	842,958	746,784	224,671	117,694
Houston-Galveston, TX	382,956	1,106,490	699,026	329,988	123,881
Columbia-Snake, OR	444,156	471,169	461,450	96,253	201,546
All other districts	1,569,879	2,321,424	2,244,454	544,229	402,713
Subtotal, Imports from all sources	4,123,223	6,627,047	6,061,302	1,879,046	1,180,753

Source: Official U.S. import statistics using both alloy and non-alloy HTS numbers.

Table IV-10 presents the same port of entry data presented in table IV-9, consolidated into Northern, Southern, Eastern, and Western borders of entry. For the purposes of this report, each border of entry includes the following customs districts.

- **East:** Portland, ME; St. Albans, VT; Boston, MA; Providence, RI; Ogdensburg, NY; Buffalo, NY; New York, NY; Philadelphia, PA; Baltimore, MD; Norfolk, VA; Charlotte, NC; Charleston, SC; Savannah, GA; San Juan, PR; Virgin Islands of the United States; Washington, DC.
- **North:** Great Falls, MT; Pembina, ND; Minneapolis, MN; Duluth, MN; Milwaukee, WI; Detroit, MI; Chicago, IL; Cleveland, OH; St. Louis, MO.
- **South:** Tampa, FL; Mobile, AL; New Orleans, LA; Port Arthur, TX; Laredo, TX; El Paso, TX; Miami, FL; Houston-Galveston, TX; Dallas-Fort Worth, TX.
- **West:** San Diego, CA; Nogales, AZ; Los Angeles, CA; San Francisco, CA; Columbia-Snake, OR; Seattle, WA; Anchorage, AK; Honolulu, HI.

Table IV-10**Hot-rolled steel: U.S. imports by source and border of entry, 2013-15, January to March 2015, and January to March 2016**

Source / border of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from Australia.--					
East	0	0	181	50	0
North	0	0	0	0	0
South	0	22,354	64,300	32,310	0
West	146,360	248,033	261,423	79,362	141,853
Total	146,360	270,387	325,904	111,722	141,853
U.S. imports from Brazil.--					
East	15,395	23,950	39,104	3,656	0
North	0	0	7,664	0	0
South	34,120	238,515	556,316	129,051	43,989
West	0	4	0	0	5,247
Total	49,515	262,470	603,084	132,707	49,236
U.S. imports from Japan.--					
East	12,080	9,115	8,468	2,728	1,427
North	15	56	116	54	0
South	53,247	114,567	137,484	72,698	44,419
West	327,364	360,811	288,977	41,699	4,067
Total	392,706	484,549	435,045	117,179	49,913
U.S. imports from Korea.--					
East	2,976	414	922	244	182
North	610	346	475	142	75
South	44,493	193,483	359,302	209,449	51,713
West	653,972	901,248	903,435	262,327	166,958
Total	702,051	1,095,491	1,264,135	472,163	218,928
U.S. imports from Netherlands.--					
East	28,346	128,942	72,875	51,759	16,884
North	234,367	283,325	258,158	22	25
South	115,393	89,039	72,301	44,751	20,472
West	11,811	0	0	0	10,963
Total	389,917	501,307	403,333	96,531	48,344
U.S. imports from Turkey.--					
East	7,426	73,866	38,840	16,547	17,755
North	188	8,714	9,338	9,283	0
South	39,840	290,795	328,495	196,481	34,772
West	352	30,523	486	65	38,208
Total	47,807	403,899	377,159	222,376	90,736

Table continued on next page.

Table IV-10--Continued**Hot-rolled steel: U.S. imports by source and border of entry, 2013-15, January to March 2015, and January to March 2016**

Source / border of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from United Kingdom.--					
East	35	13,457	72,198	62,640	269
North	14,230	102,036	102,095	122	55
South	20,499	26,655	33,558	10,352	0
West	1	2	2	1	2
Total	34,765	142,150	207,853	73,115	326
U.S. imports from subject sources.--					
East	66,258	249,745	232,588	137,623	36,517
North	249,409	394,478	377,845	9,623	155
South	307,592	975,409	1,551,755	695,092	195,365
West	1,139,860	1,540,621	1,454,323	383,454	367,299
Total	1,763,120	3,160,252	3,616,512	1,225,793	599,336
U.S. imports from Canada.--					
East	90,954	195,451	186,360	40,742	48,851
North	1,252,308	1,185,126	1,237,968	269,553	323,386
South	8	5	129	97	0
West	9,511	10,897	20,032	11,701	5,185
Total	1,352,781	1,391,479	1,444,489	322,093	377,422
U.S. imports from all other sources.--					
East	46,120	85,335	69,884	34,098	18,778
North	125,064	294,958	114,854	121	341
South	711,500	1,586,710	694,544	256,894	154,815
West	124,638	108,313	121,019	40,047	30,061
Total	1,007,322	2,075,316	1,000,301	331,160	203,994
U.S. imports from nonsubject sources.-					
East	137,074	280,786	256,243	74,841	67,629
North	1,377,372	1,480,085	1,352,822	269,674	323,727
South	711,507	1,586,715	694,674	256,991	154,815
West	134,149	119,210	141,051	51,748	35,246
Total	2,360,103	3,466,795	2,444,790	653,253	581,417
U.S. imports from all sources.--					
East	203,333	530,531	488,832	212,464	104,146
North	1,626,782	1,874,562	1,730,667	279,297	323,882
South	1,019,099	2,562,124	2,246,429	952,083	350,180
West	1,274,009	1,659,831	1,595,374	435,202	402,544
Total	4,123,223	6,627,047	6,061,302	1,879,046	1,180,753

Table continued on next page.

Table IV-10--Continued

Hot-rolled steel: U.S. imports by source and border of entry, 2013-15, January to March 2015, and January to March 2016

Source / border of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Share of imports by region (percent)				
U.S. imports from Australia.--					
East	0.0	0.0	0.1	0.0	0.0
North	0.0	0.0	0.0	0.0	0.0
South	0.0	8.3	19.7	28.9	0.0
West	100.0	91.7	80.2	71.0	100.0
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from Brazil.--					
East	31.1	9.1	6.5	2.8	0.0
North	0.0	0.0	1.3	0.0	0.0
South	68.9	90.9	92.2	97.2	89.3
West	0.0	0.0	0.0	0.0	10.7
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from Japan.--					
East	3.1	1.9	1.9	2.3	2.9
North	0.0	0.0	0.0	0.0	0.0
South	13.6	23.6	31.6	62.0	89.0
West	83.4	74.5	66.4	35.6	8.1
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from Korea.--					
East	0.4	0.0	0.1	0.1	0.1
North	0.1	0.0	0.0	0.0	0.0
South	6.3	17.7	28.4	44.4	23.6
West	93.2	82.3	71.5	55.6	76.3
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from Netherlands.--					
East	7.3	25.7	18.1	53.6	34.9
North	60.1	56.5	64.0	0.0	0.1
South	29.6	17.8	17.9	46.4	42.3
West	3.0	0.0	0.0	0.0	22.7
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from Turkey.--					
East	15.5	18.3	10.3	7.4	19.6
North	0.4	2.2	2.5	4.2	0.0
South	83.3	72.0	87.1	88.4	38.3
West	0.7	7.6	0.1	0.0	42.1
Total	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-10--Continued

Hot-rolled steel: U.S. imports by source and border of entry, 2013-15, January to March 2015, and January to March 2016

Source / border of entry	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Share of imports by region (percent)				
U.S. imports from United Kingdom.--					
East	0.1	9.5	34.7	85.7	82.5
North	40.9	71.8	49.1	0.2	17.0
South	59.0	18.8	16.1	14.2	0.0
West	0.0	0.0	0.0	0.0	0.5
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from subject sources.--					
East	3.8	7.9	6.4	11.2	6.1
North	14.1	12.5	10.4	0.8	0.0
South	17.4	30.9	42.9	56.7	32.6
West	64.7	48.7	40.2	31.3	61.3
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from Canada.--					
East	6.7	14.0	12.9	12.6	12.9
North	92.6	85.2	85.7	83.7	85.7
South	0.0	0.0	0.0	0.0	0.0
West	0.7	0.8	1.4	3.6	1.4
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from all other sources.--					
East	4.6	4.1	7.0	10.3	9.2
North	12.4	14.2	11.5	0.0	0.2
South	70.6	76.5	69.4	77.6	75.9
West	12.4	5.2	12.1	12.1	14.7
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from nonsubject sources.-					
East	5.8	8.1	10.5	11.5	11.6
North	58.4	42.7	55.3	41.3	55.7
South	30.1	45.8	28.4	39.3	26.6
West	5.7	3.4	5.8	7.9	6.1
Total	100.0	100.0	100.0	100.0	100.0
U.S. imports from all sources.--					
East	4.9	8.0	8.1	11.3	8.8
North	39.5	28.3	28.6	14.9	27.4
South	24.7	38.7	37.1	50.7	29.7
West	30.9	25.0	26.3	23.2	34.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Official U.S. import statistics using statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7226.91.7000, and 7226.91.8000, accessed August 8, 2016.

Presence in the market

Table IV-11 and figures IV-5 and IV-6 present information on the monthly presence of domestic shipments and U.S. imports in the United States during January 2013-June 2016. These data show that imports of hot-rolled steel from Japan, Korea, the Netherlands, Turkey and the United Kingdom were present in the U.S. market in every month during January 2013 to June 2016. Imports from Australia were absent during 15 months and imports from Brazil were absent during 5 months between January 2013 and June 2016.

Table IV-11**Hot-rolled steel: Presence of domestic shipments and U.S. imports, January 2013 to June 2016**

Year/ month of entry	U.S. producers' total shipments	U.S. imports					
		Australia	Brazil	Japan	Korea	Netherlands	Turkey
	Quantity (short tons)						
2013.--							
January	2,241,527	0	4,489	25,677	75,434	32,586	106
February	2,035,708	26,133	13,976	5,437	59,319	2,152	16,894
March	2,219,010	0	3,683	47,377	45,467	9,210	6,607
April	2,064,504	22,239	2,215	29,223	35,446	35,545	22
May	2,219,224	0	16,856	27,460	32,083	24,950	11,607
June	2,125,699	26,815	377	21,166	33,330	32,349	284
July	2,273,282	55,305	0	32,185	69,753	29,974	5,817
August	2,184,543	0	4,145	47,372	65,141	50,492	39
September	2,075,614	0	3,607	62,098	53,792	65,628	2,380
October	2,107,885	0	0	26,382	61,713	50,044	2,222
November	1,965,470	15,867	166	17,779	48,820	23,267	1,726
December	2,106,663	0	0	50,545	121,746	33,716	102
2014.--							
January	2,026,792	0	13,112	44,494	64,296	47,792	38,380
February	1,973,199	0	512	38,525	103,710	63,344	140
March	2,267,693	0	15,220	58,595	93,377	32,000	10,959
April	2,210,823	22,282	8,156	42,691	68,154	44,524	26,383
May	2,178,243	50,917	7,071	26,956	86,596	18,805	48,555
June	2,200,824	33,685	13,343	20,990	79,898	33,531	45,650
July	2,239,791	44,420	35,152	49,407	119,913	48,141	34,818
August	2,295,116	23,375	16,724	32,633	65,469	20,701	45,775
September	2,283,690	8,596	18,992	43,528	83,514	39,139	28,671
October	2,256,521	29,793	61,055	68,639	101,229	63,083	65,281
November	2,102,007	55,844	43,801	16,437	114,213	58,870	42,366
December	2,331,105	1,472	29,330	41,649	115,111	31,372	16,917
2015.--							
January	2,002,150	60,140	68,693	60,661	180,198	46,041	82,108
February	1,814,220	21,253	40,145	49,665	152,018	44,903	52,085
March	1,885,980	30,327	23,868	6,852	139,942	5,586	88,181
April	1,863,917	32,244	46,212	28,720	67,805	42,598	13,365
May	1,951,179	28,174	50,337	12,409	107,409	41,974	36,143
June	2,198,479	44,177	21,732	58,617	85,418	22,746	34,538
July	2,117,601	59,639	82,477	16,475	62,041	45,153	10,539
August	2,040,050	15,840	74,632	43,824	96,469	39,391	13,260
September	1,873,290	31	55,616	33,987	91,930	10,392	173
October	1,980,667	17	65,886	18,721	154,636	38,477	20,211
November	1,706,361	0	24,992	54,006	55,064	39,543	23,462
December	1,867,039	34,060	48,490	51,104	71,192	26,524	3,091
2016.--							
January	1,860,174	96,098	47,905	40,202	82,873	21,114	45,060
February	1,927,733	45,755	0	8,947	85,950	19,551	17,297
March	1,986,230	0	1,330	764	50,103	7,678	28,378
April	2,013,001	0	0	3,581	97,274	13,937	5
May	2,083,380	0	3,302	3,316	113,889	11,454	26
June	2,091,965	0	17	2,714	104,692	16,779	28

Table continued on next page.

Table IV-11--Continued

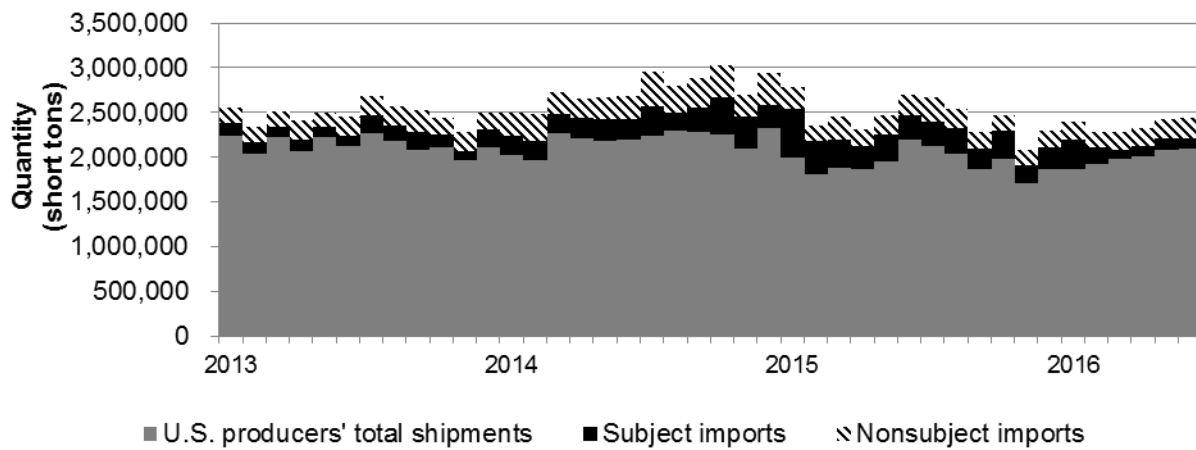
Hot-rolled steel: Presence of domestic shipments and U.S. imports, January 2013 to June 2016

Year/ month of entry	U.S. imports					
	United Kingdom	Subject	Canada	All other sources	Nonsubject sources	Total imports
	Quantity (short tons)					
2013.--						
January	4	138,295	112,323	56,093	168,416	306,711
February	6,657	130,569	87,998	78,024	166,021	296,590
March	2,841	115,185	99,395	78,525	177,920	293,104
April	7	124,698	119,287	102,909	222,197	346,894
May	7	112,963	106,609	58,576	165,186	278,148
June	12	114,334	138,933	69,757	208,691	323,024
July	32	193,067	127,948	88,203	216,151	409,217
August	160	167,350	141,133	79,767	220,900	388,250
September	23,528	211,033	110,915	122,669	233,583	444,617
October	389	140,750	123,975	69,137	193,111	333,861
November	566	108,190	108,254	102,641	210,895	319,085
December	562	206,671	76,000	101,011	177,012	383,683
2014.--						
January	16	208,090	126,135	137,413	263,548	471,638
February	578	206,808	94,038	205,594	299,632	506,440
March	5,842	215,993	93,863	147,800	241,663	457,657
April	19,364	231,554	83,891	125,154	209,045	440,600
May	13,001	251,902	123,268	111,107	234,375	486,278
June	782	227,880	116,280	133,338	249,618	477,498
July	332	332,184	118,302	263,124	381,426	713,610
August	1,340	206,017	133,775	164,923	298,698	504,715
September	41,220	263,660	132,558	207,591	340,149	603,809
October	27,998	417,078	130,066	220,753	350,819	767,897
November	18,567	350,097	124,702	118,952	243,653	593,750
December	13,108	248,960	114,588	239,549	354,136	603,096
2015.--						
January	42,260	540,100	116,293	123,648	239,941	780,041
February	10,221	370,290	92,610	74,418	167,028	537,318
March	20,634	315,392	113,187	133,091	246,278	561,669
April	35,115	266,058	109,210	65,527	174,737	440,795
May	22,017	298,462	117,225	97,597	214,822	513,284
June	3,059	270,288	135,974	91,584	227,557	497,846
July	5,250	281,573	143,340	119,712	263,052	544,625
August	5,654	289,069	145,311	60,048	205,358	494,428
September	24,860	216,987	124,504	60,399	184,903	401,890
October	12,170	310,119	115,015	68,840	183,855	493,973
November	12,034	209,100	107,600	52,022	159,622	368,722
December	14,578	249,040	124,206	53,409	177,615	426,654
2016.--						
January	6	333,257	139,754	58,528	198,282	531,539
February	116	177,616	121,947	59,255	181,202	358,818
March	204	88,457	115,718	86,210	201,928	290,385
April	12	114,810	130,764	61,291	192,055	306,865
May	2	131,988	155,612	58,339	213,951	345,939
June	97	124,326	157,917	65,802	223,720	348,046

Source: Official U.S. import statistics using both alloy and non-alloy HTS numbers and *American Iron and Steel Institute*, Shipments of Steel Products, Carbon Steel Report AISI10C and Alloy Steel Report AISI10A.

Figure IV-5

Hot-rolled steel: Monthly U.S. imports and U.S. producers' total shipments, January 2013 to June 2016



Source: Official U.S. import statistics using both alloy and non-alloy HTS numbers and AISI data for U.S. producers' shipments.

Figure IV-6

Hot-rolled steel: Monthly U.S. imports and U.S. producers' total shipments, January 2013 to June 2016



Source: Official U.S. import statistics using both alloy and non-alloy HTS numbers and AISI data for U.S. producers' shipments.

APPARENT U.S. CONSUMPTION

Merchant market

Table IV-12 and figure IV-7 present data on apparent U.S merchant market consumption for hot-rolled steel.¹⁸ U.S. merchant market apparent consumption, by quantity, decreased by 7.2 percent from 2013 to 2015 and was 4.0 percent lower in January-March 2016 than in January-March 2015.¹⁹

¹⁸ Merchant market apparent U.S. consumption based on shipments of U.S. imports was 27,968,160 short tons in 2013, 30,190,409 short tons in 2014, and 25,804,633 short tons in 2015. These figures slightly understate apparent consumption because not every U.S. importer provided a questionnaire response.

¹⁹ U.S. producers and U.S. importers' U.S. shipments are broken out by commercial shipments and internal consumption/transfers in app. D to this report.

Table IV-12

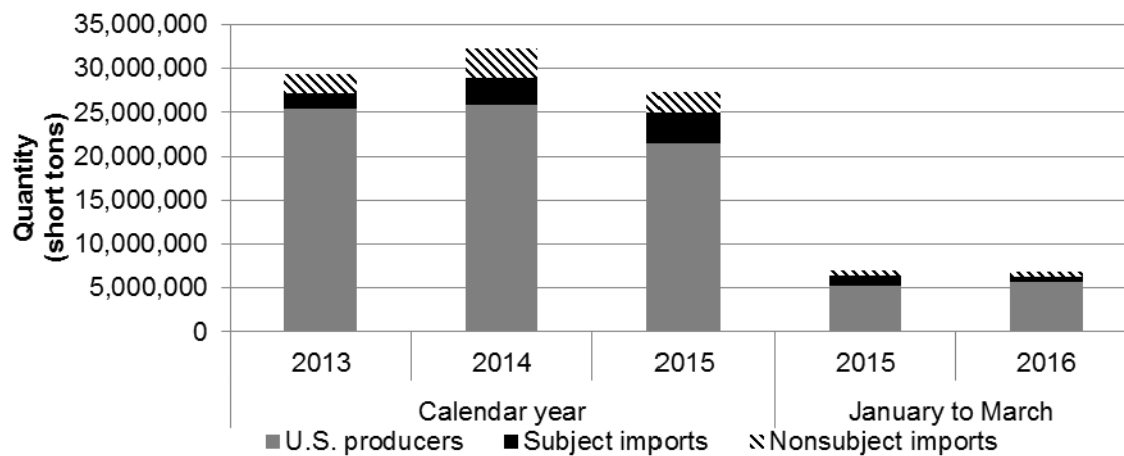
Hot-rolled steel: Apparent U.S. merchant market consumption, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. producers' commercial U.S. shipments	25,330,519	25,720,170	21,369,492	5,208,179	5,576,148
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	1,747,157	3,178,238	3,587,950	1,187,698	570,906
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	2,203,485	3,336,994	2,228,196	589,767	560,163
Total U.S. imports	3,950,642	6,515,232	5,816,146	1,777,466	1,131,068
Apparent U.S. merchant market consumption	29,281,161	32,235,402	27,185,638	6,985,645	6,707,216
	Value (1,000 dollars)				
U.S. producers' commercial U.S. shipments	15,887,483	17,049,301	10,773,891	3,090,410	2,309,544
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	1,061,662	1,930,681	1,779,259	681,289	227,154
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	1,437,184	2,193,772	1,234,892	383,028	263,678
Total U.S. imports	2,498,846	4,124,454	3,014,150	1,064,317	490,832
Apparent U.S. merchant market consumption	18,386,329	21,173,755	13,788,041	4,154,727	2,800,376

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

Figure IV-7

Hot-rolled steel: Apparent U.S. merchant market consumption, 2013-15, January to March 2015, and January to March 2016



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

Total market

Table IV-13 and figure IV-8 present data on apparent U.S. consumption for hot-rolled steel.²⁰ Apparent consumption, by quantity, decreased by 7.0 percent from 2013 to 2015 but, was 3.8 percent higher in January-March 2016 than in January-March 2015.

²⁰ Total market apparent U.S. consumption based on U.S. shipment of imports was 63,255,597 short tons in 2013, 65,796,181 short tons in 2014, and 58,666,167 short tons in 2015. These figures slightly understate apparent consumption because not every U.S. importer provided a questionnaire response.

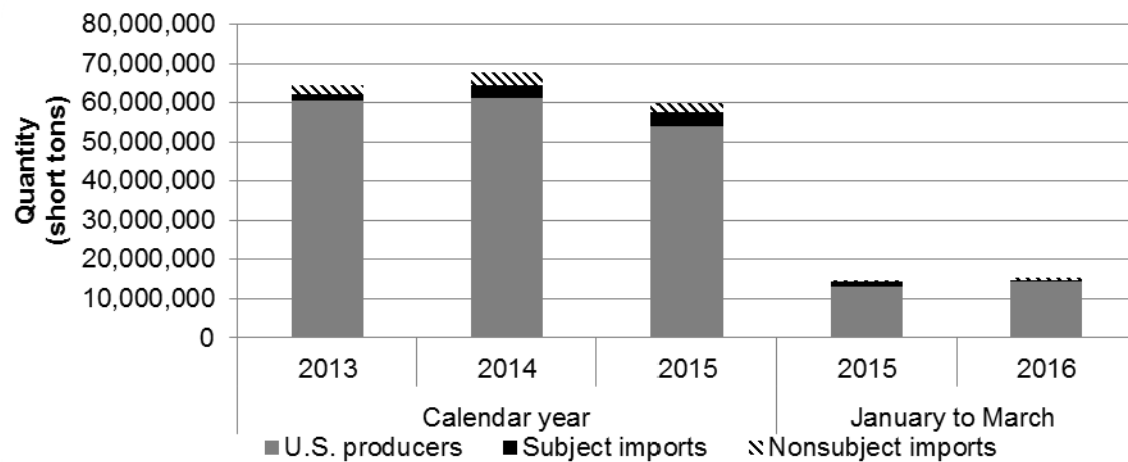
Table IV-13**Hot-rolled steel: Apparent U.S. consumption, 2013-15, January to March 2015, and January to March 2016**

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. producers' U.S. shipments	60,617,956	61,325,942	54,231,026	13,161,171	14,374,254
U.S. imports from.-- Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	1,747,157	3,178,238	3,587,950	1,187,698	570,906
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	2,203,485	3,336,994	2,228,196	589,767	560,163
Total U.S. imports	3,950,642	6,515,232	5,816,146	1,777,466	1,131,068
Apparent U.S. total consumption	64,568,598	67,841,174	60,047,172	14,938,637	15,505,322
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	37,674,703	40,121,322	27,446,961	7,778,884	6,070,610
U.S. imports from.-- Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	1,061,662	1,930,681	1,779,259	681,289	227,154
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	1,437,184	2,193,772	1,234,892	383,028	263,678
Total U.S. imports	2,498,846	4,124,454	3,014,150	1,064,317	490,832
Apparent U.S. total consumption	40,173,549	44,245,776	30,461,111	8,843,201	6,561,442

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

Figure IV-8

Hot-rolled steel: Apparent U.S. consumption, 2013-15, January to March 2015, and January to March 2016



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

U.S. MARKET SHARES

Merchant market

U.S. market share data for the hot-rolled steel merchant market are presented in table IV-14. U.S. producers' market share of the merchant market decreased by 7.9 percentage points from 2013 to 2015, but was 8.6 percentage points higher in January-March 2016 than in January-March 2015. Subject sources market share of the merchant market increased by 7.2 percentage points from 2013 to 2015, but was 8.5 percentage points lower in January-March 2016 than in January-March 2015.

Table IV-14

Hot-rolled steel: Apparent U.S. merchant market consumption and market shares, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Apparent U.S. merchant market consumption	29,281,161	32,235,402	27,185,638	6,985,645	6,707,216
	Share of quantity (percent)				
U.S. producers' commercial U.S. shipments	86.5	79.8	78.6	74.6	83.1
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	6.0	9.9	13.2	17.0	8.5
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	7.5	10.4	8.2	8.4	8.4
Total U.S. imports	13.5	20.2	21.4	25.4	16.9
	Value (1,000 dollars)				
Apparent U.S. merchant market consumption	18,386,329	21,173,755	13,788,041	4,154,727	2,800,376
	Share of value (percent)				
U.S. producers' commercial U.S. shipments	86.4	80.5	78.1	74.4	82.5
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	5.8	9.1	12.9	16.4	8.1
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	7.8	10.4	9.0	9.2	9.4
Total U.S. imports	13.6	19.5	21.9	25.6	17.5

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

Total market

U.S. market share data for hot-rolled steel are presented in table IV-15. U.S. producers' market share decreased by 3.6 percentage points from 2013 to 2015, but was 4.6 percentage points higher in January-March 2016 than in January-March 2015. Subject sources market share increased by 3.3 percentage points from 2013 to 2015, but was 4.3 percentage points lower in January-March 2016 than in January-March 2015.

Table IV-15

Hot-rolled steel: Apparent U.S. consumption and market shares, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Apparent U.S. total consumption	64,568,598	67,841,174	60,047,172	14,938,637	15,505,322
	Share of quantity (percent)				
U.S. producers' U.S. shipments	93.9	90.4	90.3	88.1	92.7
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	2.7	4.7	6.0	8.0	3.7
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	3.4	4.9	3.7	3.9	3.6
Total U.S. imports	6.1	9.6	9.7	11.9	7.3
	Value (1,000 dollars)				
Apparent U.S. total consumption	40,173,549	44,245,776	30,461,111	8,843,201	6,561,442
	Share of value (percent)				
U.S. producers' U.S. shipments	93.8	90.7	90.1	88.0	92.5
U.S. imports from.--					
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	2.6	4.4	5.8	7.7	3.5
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	3.6	5.0	4.1	4.3	4.0
Total U.S. imports	6.2	9.3	9.9	12.0	7.5

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

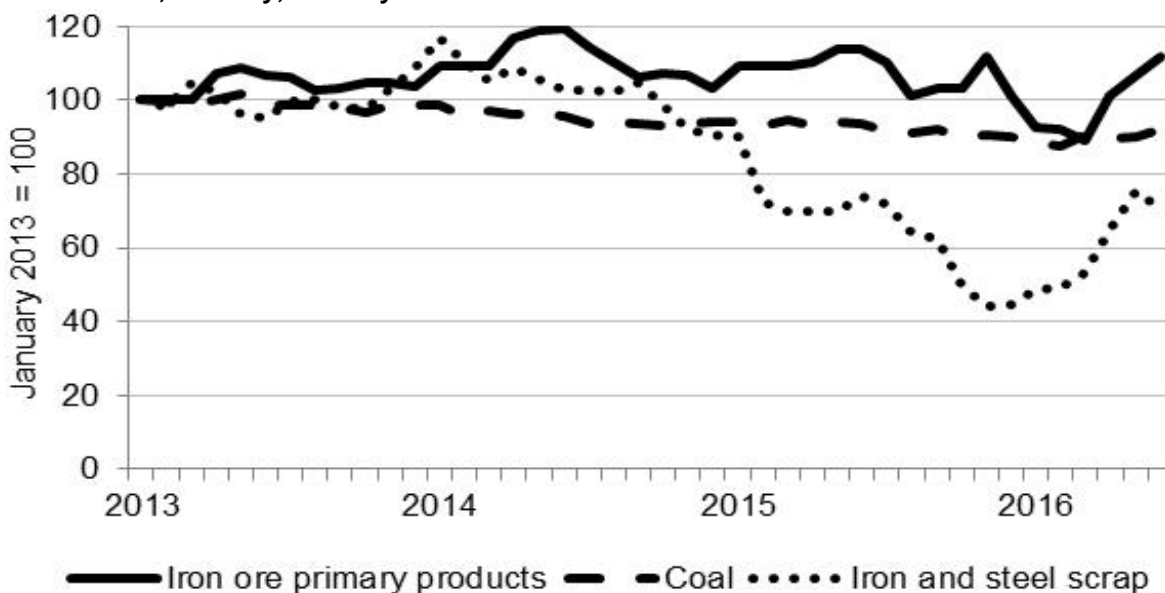
The primary raw material inputs to hot-rolled steel include iron ore, coal, iron, and steel scrap. U.S. producers' raw materials cost (for merchant market operations) is a relatively large share of the cost of goods sold (COGS), although it decreased from 69.6 percent in 2013 to 60.1 percent in 2015, and was 61.1 percent in January-March 2016.

As shown in figure V-1, costs for iron ore primary products fluctuated, costs for coal decreased overall, and iron and steel scrap costs decreased substantially until the end of 2015,¹ with some recovery in 2016. Overall, between January 2013 and March 2016, costs for iron ore primary products decreased by 10.7 percent, costs for coal decreased by 9.1 percent, and costs for iron and steel scrap decreased by 46.7 percent.² In the second quarter of 2016, the prices for all three raw materials have risen.

¹ One analyst stated that U.S. steel prices have little relation to benchmark iron ore prices in the short-term because of U.S. producers' captive production of iron ore, purchases of iron ore under long-term contracts, and use of steel scrap. <http://marketrealist.com/2016/03/scrap-ironore-drives-us-steel-prices/>, retrieved June 6, 2016. Petitioners described hot-rolled steel prices as having fallen further and faster than raw material prices. Hearing transcript, pp. 55 (Newport) and 71-73 (Hausman). However, purchaser Steel Warehouse attributed the fall in hot-rolled steel prices to falling raw material and energy costs. Hearing transcript, p. 203 (Aubuchon). U.S. producer SSAB indicated that scrap prices can also follow hot-rolled steel production. Hearing transcript, p. 117 (Mosakluk).

² In April 2015, during U.S. producer Nucor's quarterly earnings conference call, the firm's president and CEO noted that their St. James Parish, Louisiana facility – which produces direct-reduced iron ("DRI") – produced 1.3 million tons of DRI during the previous year, and that this was a "meaningful factor supporting February {2015}'s dramatic downward adjustment of more than \$100 per ton in scrap pricing." Nucor Corporation's Q1 2015 Earnings conference call transcript, available at <http://s.t.st/media/xtranscript/2015/Q2/13125011.pdf>.

Figure V-1
Raw material costs: Producer price indexes of iron ore, coal, and iron and steel scrap in the United States, monthly, January 2013 - June 2016



Source: U.S. Bureau of Labor Statistics via St. Louis FRED, retrieved June 3, 2016.

Most firms reported that raw material prices had fluctuated or decreased since January 1, 2013. Six responding U.S. producers reported that raw material prices had fluctuated, while four reported that they had decreased. The U.S. producers that had reported a decrease in raw material costs cited lower prices of all raw materials, especially steel scrap. Several responding U.S. producers indicated that the decrease in hot-rolled steel prices outpaced the decline in raw material costs. Twenty-four responding importers reported that raw material prices had decreased, 18 importers reported that raw material prices had fluctuated, and 1 reported that there had been no change. Like U.S. producers, importers reported reductions in prices of many raw materials, including iron, scrap, coal, and energy, and some added that such prices had fallen worldwide.

Energy costs

As discussed in Part VI, energy costs account for between *** percent of the cost of goods sold. Petitioners stated that raw material cost changes have a greater impact on hot-rolled steel costs than do changes in oil or natural gas prices, and that energy costs have not played a significant role in the decrease in prices of hot-rolled steel.³

Most firms reported that energy prices decreased or fluctuated since January 2013. Five U.S. producers reported that energy prices fluctuated; one producer reported that energy

³ Conference transcript, p. 69 (Kopf).

prices decreased; and one producer reported that there was no change in energy prices since 2013. The majority of importers (19 of 35) reported that energy prices declined since January 2013. Fourteen of the remaining importers reported that energy prices had fluctuated, and two importers reported that there had been no change since January 2013. Some importers (***) stated that hot-rolled steel prices and demand have been falling with the declining energy costs.

Transportation costs to the U.S. market

During 2015, transportation costs to the U.S. market were 8.9 percent for Australia, 4.8 percent for Brazil, 7.5 percent for Japan, 8.1 percent for Korea, 8.1 percent for the Netherlands, 5.3 percent for Turkey, and 8.2 percent for the United Kingdom.⁴

U.S. inland transportation costs

U.S. producers were more likely than importers to arrange transportation of hot-rolled steel to purchasers. Nine responding U.S. producers and 20 responding importers reported that they typically arrange transportation to their customers, while 3 responding U.S. producers and 24 responding importers reported that their purchasers did. U.S. producers reported that their U.S. inland transportation costs ranged from 3 to 10 percent. Twenty importers reported costs of 1 to 7 percent, while nine listed higher costs (usually 8-10 percent).⁵

Price spreads with downstream steel products

Figure V-2 shows the prices of cold-rolled steel, hot-rolled steel, and hot-dipped galvanized steel. According to *** data, between January 2013 and December 2015, U.S. prices of hot-dipped galvanized steel decreased by *** percent, prices of cold-rolled coil decreased by *** percent, and prices of hot-rolled coil decreased by *** percent. From December 2015 to June 2016, prices for hot-rolled steel increased by *** percent, prices for cold-rolled steel increased by *** percent, and prices for hot-dipped galvanized steel increased by *** percent.⁶

⁴ Transportation costs were determined by comparing the c.i.f. (cost, insurance, and freight) value of imports to the Customs value of imports for the HTS codes listed in Part I.

⁵ Thirty-two importers shipped their product from their U.S. point of importation, while ten shipped from a storage facility.

⁶ Cold-rolled steel and corrosion-resistant steel prices were *** per short ton higher respectively than hot-rolled coil prices in January 2013, and *** per short ton higher in December 2015. The spreads increased to *** per ton respectively in June 2016.

Figure V-2
Corrosion-resistant steel: Steel sheet product prices, USA Midwest, January 2013-July 2016

* * * * *

PRICING PRACTICES

Pricing methods

U.S. producers and importers sell hot-rolled steel both on a transaction-by-transaction and a contract basis (table V-1). In addition to transaction-by-transaction and contract pricing, U.S. producer *** reported using price lists, U.S. producers *** reported referencing the competing domestic and/or import prices, and U.S. producer *** reported using informal commitments by purchasers. In addition to transaction-by-transaction pricing, contracts, and set price lists, importers *** reported pricing from public quarterly price indices, such as CRU.

Table V-1
Hot-rolled steel: U.S. producers and importers reported price setting methods, by number of responding firms¹

Method	U.S. producers	U.S. importers
Transaction-by-transaction	10	42
Contract	8	23
Set price list	1	3
Other	3	4

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

Forty-five purchasers stated that their purchases of hot-rolled steel usually involved negotiations with their suppliers, but two stated that they did not. Negotiations were usually based on price, quality, delivery, lead times, and/or availability, with *** describing two kinds of negotiation: commercial (e.g., sales terms and price) and technical (e.g., meeting specifications). Firms that described whether they quoted competing prices or not usually stated that they do not.

U.S. producers reported selling their product in the spot market and through annual and short-term contracts (table V-2), while importers reported selling a majority of their product in the spot market. U.S. producers' and U.S. importers' short-term contracts range from 30 to 180 days, while U.S. producers' long-term contracts generally last for two years. A majority of responding U.S. producers and importers reported that their contracts do not allow price renegotiation during the contract period and do not have meet-or-release provisions. While U.S. producers' contracts generally fixed quantity or price, importers' contracts generally fixed

both. Additionally, AK Steel stated that the price terms in many of its contracts change on either a monthly or quarterly basis in relation to published market price indices.⁷

Table V-2

Hot-rolled steel: U.S. producers' and importers' shares of commercial U.S. shipments by type of sale, 2015

Item	U.S. producers	Subject U.S. importers
	Share (percent)	
Share of commercial U.S. shipments.--		
Long-term contracts	***	***
Annual contract	***	***
Short-term contracts	***	***
Spot sales	***	***

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

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

Petitioners stated that they have sophisticated customers that will request a variety of pricing scenarios, based on which pricing scenario is most advantageous given the market conditions at the time.⁸ Aside from contracts or spot sales, some customers buy hot-rolled steel on a project basis, so that the purchase is defined by volume and by a specific time period. This type of pricing is typical in a line pipe or tubular order.⁹ Petitioners added that contract prices are often based on a discount from published price indices for hot-rolled steel, such as Platts or CRU ("CRU minus pricing").¹⁰

Thirty-six purchasers stated that raw material prices affected their firm's negotiations with suppliers of hot-rolled steel, while 12 stated that they did not. The effect of raw material prices can be direct, through a hot-rolled steel price movement tied to a raw material price change, or indirect, as a reason cited by mills why they need to change their hot-rolled steel prices.¹¹ However, 40 purchasers stated that their purchases of hot-rolled steel are not indexed to raw material costs, while 8 stated that they are. Among those that did buy product using indexed prices, some indicated that such indexing was only for some of their contracts. ***

⁷ Conference transcript, p. 48 (Lauschke). AK Steel added that it had "almost entirely" exited the spot market in late 2015 due to low-priced subject imports in that market. Hearing transcript, p. 53 (Newport), and AK Steel's posthearing brief, pp. 2-4. Respondents described this exit as being due to AK Steel seeking higher value-added markets. Hearing transcript, p. 265 (Malashevich). Additionally, purchaser Ford stated that, despite its preference for ***, Ford's prehearing brief, p. 11.

⁸ Conference transcript, p. 97 (Blume).

⁹ Conference transcript, p. 98 (Maskaluk).

¹⁰ Conference transcript, p. 48, 95, 121 (Lauschke, Blume, Blume).

¹¹ Petitioners described scrap prices as having an indirect effect on hot-rolled steel prices, as purchasers are aware of scrap prices and may try to use trends in those prices during negotiations. Hearing transcripts, pp. 120-123 (Blume and Mull).

stated that while its contracts are not indexed, steel producers use raw material cost increases as a justification for price increases, but do not reduce prices when raw material costs fall.

Eleven purchasers reported that they purchase product daily, fourteen purchase weekly, and sixteen purchase monthly. Seven purchase with some other frequency, including “as needed” or under annual contracts. Forty-four responding purchasers reported that their purchasing frequency had changed since 2013, while only three stated that their purchasing frequency had not. One of these, ***, stated that U.S. producers are currently restricting orders. Most purchasers (28 of 48) contact 1 to 5 suppliers before making a purchase, although U.S. purchaser *** reported contacting as many as 18 suppliers before making a purchase.

Sales terms and discounts

Hot-rolled steel prices are most often quoted on an f.o.b. basis, and discounts are not common. All responding U.S. producers typically quote prices on an f.o.b. basis (usually f.o.b. plant or mill), although *** also reported quoting on a delivered basis. Twenty-four responding U.S. importers reported typically quoting prices on an f.o.b. basis (usually f.o.b. port), and 22 reported quoting on a delivered basis.

Six U.S. producers and 42 importers reported no discount policy, four U.S. producers and three importers reported quantity discounts, five U.S. producers and one importer reported annual total volume discounts, and two U.S. producers and four importers reported other discounts. Other discounts included case- and customer-specific discounts, and *** importer indicated a ***.

Most U.S. producers and importers indicated that their sales terms were net 30 days. Four importers reported longer sales terms of 30-120 days, *** importers reported cash against documents, and *** reported that the balance is due upon receipt of shipment.

Price leadership

Purchasers were asked to name price leaders in the U.S. hot-rolled steel market, and most named domestic producers. Twenty-nine purchasers named Nucor, 14 named ArcelorMittal USA, 7 named U.S. Steel, 5 named SDI, and 4 named AK Steel. Other firms named included *** Cargill and *** NLMK. Purchasers described price leaders as leading through published price announcements, maintained minimum base prices, and knowledge of the factors that lead to price changes.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following hot-rolled steel products shipped to unrelated U.S. customers during January 2013-March 2016. Data were requested separately for sales to end users versus sales to distributors and service centers.¹²

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

Product 2.--Hot-rolled carbon steel sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 3.--Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM A1011 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 4.--Hot-rolled steel plate in coils, high strength low alloy, for conversion to API PSL 2 X70M, 0.250 to 0.750, 50" to 77" in width.

Ten U.S. producers and 36 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹³ Pricing data reported by these firms accounted for approximately 27.4 percent of U.S. producers' shipments of hot-rolled steel during 2015. Pricing coverage for subject countries ranged from *** percent of U.S. commercial shipments from the Netherlands to *** percent of U.S. commercial shipments from Brazil (table V-3).¹⁴

¹² Questionnaires in the preliminary phase did not request data by channel. In the final phase, Korean producers requested that the Commission questionnaires request data for sales to end users versus sales to distributors and service centers. See Korean producers' comments on draft questionnaires, p. 2.

¹³ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates. ***.

¹⁴ After the completion of the prehearing report, ***, *** changed several of the tables in this section.

Table V-3

Hot-rolled steel: Pricing product coverage, as share of U.S. commercial shipments, by subject country, 2015

Source	To distributors	To end users	Both channels
	Percent		
United States	***	***	***
Australia	***	***	***
Brazil	***	***	***
Japan	***	***	***
Korea	***	***	***
Netherlands	***	***	***
Turkey	***	***	***
United Kingdom	***	***	***
Subject sources	***	***	***

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

Price data for products 1-4 are presented in tables V-4 to V-11 and figures V-3 to V-6. Nonsubject country (Canadian) prices are presented in Appendix E.¹⁵

Table V-4

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to distributors and service centers, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-5

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to end users, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-6

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to distributors and service centers, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

¹⁵ Several U.S. producers and importers reported pricing data that differed from the data reported during the preliminary phase of these investigations. Staff has followed up with these firms for either corrections or explanations of the differences. The firms that reported correct data explained that these differences were due to heightened accuracy, having more time to complete the questionnaires, or changes in databases. Additionally, staff removed a few data points with prices substantially different than typical prices, and for which there was no correction or explanation.

Table V-7

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to end users, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-8

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to distributors and service centers, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-9

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to end users, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-10

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to distributors and service centers, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-11

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to end users, and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Figure V-3

Hot-rolled steel: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2013-March 2016

* * * * *

Figure V-4

Hot-rolled steel: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2013-March 2016

* * * * *

Figure V-5

Hot-rolled steel: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2013-March 2016

* * * * *

Figure V-6

Hot-rolled steel: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2013-March 2016

* * * * *

Price trends

Prices generally decreased during January 2013 to March 2016. Table V-12 summarizes the price trends, by country and by product. As shown in the table, from January 2013 to March 2016, domestic price decreases ranged from 31.3 percent to 38.6 percent for products with at least 13 quarters of data. Import price decreases ranged from 18.2 percent to 46.2 percent for products over the same period with at least 13 quarters of data.¹⁶

Table V-12

Hot-rolled steel: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and subject countries

* * * * *

Price comparisons

This section compares the prices of hot-rolled steel from U.S. producers and from importers from subject countries. Prices are compared by country, by product, and by year.

As shown in table V-13a, prices for hot-rolled steel imported from subject countries were below those for U.S.-produced product in 196 of 396 instances (about 1.3 million short tons) for product sold to all channels (distributors and service centers), and above those for U.S.-produced product in 200 instances (about 0.6 million short tons).

¹⁶ In addition, petitioners submitted an econometric analysis by Professor Jerry Hausman (MIT). Professor Hausman finds that individual U.S. producers' prices are affected by demand, raw materials prices, and lagged prices of subject imports, but not the prices of cold-rolled or corrosion-resistant steel. See Nucor's posthearing brief, exhibit 7.

Table V-13a

Hot-rolled steel: Instances of underselling/overselling and the range and average of margins, by channel of distribution and country, January 2013-March 2016¹

Sales to distributors and service centers					
Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Australia	9	29,332	7.5	0.1	13.6
Brazil	18	220,964	2.6	0.1	7.6
Japan	7	68,291	7.2	2.4	10.3
Korea	14	129,116	4.2	1.2	8.9
Netherlands	23	83,204	5.6	0.7	10.9
Turkey	16	315,042	6.2	0.7	12.2
United Kingdom	15	60,550	7.8	3.2	12.0
Total	102	906,499	5.6	0.1	13.6
Source	(Overselling)				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Australia	13	8,589	(10.4)	(0.5)	(26.4)
Brazil	26	117,034	(5.6)	(0.1)	(19.6)
Japan	13	23,582	(14.4)	(4.7)	(29.2)
Korea	30	177,689	(11.8)	(1.0)	(33.5)
Netherlands	14	49,443	(4.9)	(0.1)	(23.4)
Turkey	17	104,790	(7.6)	(1.1)	(21.3)
United Kingdom	3	4,341	(6.7)	(4.5)	(9.0)
Total	116	485,468	(9.0)	(0.1)	(33.5)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

Table continued on next page.

Table V-13a--Continued

Hot-rolled steel: Instances of underselling/overselling and the range and average of margins, by channel of distribution and country, January 2013-March 2016¹

Sales to end users					
Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Australia	13	110,208	8.0	1.2	16.9
Brazil	19	11,232	5.7	0.3	18.2
Japan	8	72,044	4.4	0.1	14.5
Korea	21	59,269	5.6	1.0	17.5
Netherlands	8	16,430	8.0	1.3	16.5
Turkey	15	33,312	5.0	1.5	12.9
United Kingdom	10	100,169	13.1	8.0	19.6
Total	94	402,664	6.8	0.1	19.6
Source	(Overselling)				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Australia	12	6,727	(8.4)	(1.0)	(30.4)
Brazil	19	14,652	(4.2)	(0.2)	(16.5)
Japan	5	59,497	(29.0)	(14.8)	(38.6)
Korea	19	48,002	(9.4)	(0.1)	(34.4)
Netherlands	17	4,853	(12.7)	(0.9)	(41.9)
Turkey	11	4,607	(4.3)	(0.0)	(18.6)
United Kingdom	1	12,284	(1.7)	(1.7)	(1.7)
Total	84	150,622	(9.2)	(0.0)	(41.9)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

Table continued on next page.

Table V-13a--Continued

Hot-rolled steel: Instances of underselling/overselling and the range and average of margins, by channel of distribution and country, January 2013-March 2016¹

Sales to all channels (distributors and end users) ²					
Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Australia	22	139,540	7.8	0.1	16.9
Brazil	37	232,196	4.2	0.1	18.2
Japan	15	140,335	5.7	0.1	14.5
Korea	35	188,385	5.0	1.0	17.5
Netherlands	31	99,634	6.2	0.7	16.5
Turkey	31	348,354	5.6	0.7	12.9
United Kingdom	25	160,719	9.9	3.2	19.6
Total	196	1,309,163	6.1	0.1	19.6
Source	(Overselling)				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Australia	25	15,316	(9.4)	(0.5)	(30.4)
Brazil	45	131,686	(5.0)	(0.1)	(19.6)
Japan	18	83,062	(18.3)	(4.7)	(38.6)
Korea	49	225,691	(10.9)	(0.1)	(34.4)
Netherlands	31	54,296	(9.2)	(0.1)	(41.9)
Turkey	28	109,397	(6.3)	(0.0)	(21.3)
United Kingdom	4	16,625	(5.5)	(1.7)	(9.0)
Total	200	636,073	(9.0)	(0.0)	(41.9)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

² This portion of the table combines the previous two portions, treating sales to distributors and sales to end users as separate products.

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

Table 13b shows underselling margins by product. The number of instances of underselling and overselling were mixed, but the volume of underselling was usually higher than the volume of overselling.

Table V-13b**Hot-rolled steel: Underselling/overselling, by pricing product**

Product	Underselling				
	Number of quarters	Quantity ¹ (short tons)	Average margins	Margin range (percent)	
				Min	Max
Product 1- distributors	35	317,415	5.3	0.1	12.2
Product 2- distributors	37	534,535	6.0	0.5	13.6
Product 3- distributors	28	52,503	5.6	0.1	12.0
Product 4- distributors	2	2,046	2.7	1.0	4.3
Product 1- end users	33	162,901	5.7	0.3	19.6
Product 2- end users	26	154,175	7.2	0.1	16.9
Product 3- end users	19	10,089	5.8	1.0	12.9
Product 4- end users	16	75,499	9.6	0.7	18.2
Product	Overselling				
	Number of quarters	Quantity ¹ (short tons)	Average margins	Margin range (percent)	
				Min	Max
Product 1- distributors	41	177,949	(9.5)	(0.1)	(33.5)
Product 2- distributors	38	253,253	(9.7)	(0.1)	(29.9)
Product 3- distributors	24	49,565	(6.6)	(1.0)	(21.4)
Product 4- distributors	13	4,701	(9.6)	(0.5)	(33.1)
Product 1- end users	35	36,503	(7.3)	(0.0)	(34.4)
Product 2- end users	33	47,734	(10.2)	(0.1)	(41.9)
Product 3- end users	10	8,100	(3.0)	(0.4)	(6.6)
Product 4- end users	6	58,285	(24.7)	(4.4)	(38.6)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

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

Table 13c shows underselling margins by year. There were more instances of overselling than underselling in all years except 2014. There was higher volume of underselling than overselling in 2013 and 2014, and higher volume of overselling in 2015 and January-March 2016.

Table V-13c

Hot-rolled steel: Underselling/overselling, by year

Sales to all channels					
Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
2013	34	155,689	5.1	0.1	14.5
2014	89	694,209	6.7	0.2	16.9
2015	65	406,988	5.7	0.1	19.6
January-March 2016	8	52,277	9.2	2.8	14.4
Total	196	1,309,163	6.1	0.1	19.6
Source	(Overselling)				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
2013	43	40,474	(6.7)	(0.4)	(34.4)
2014	39	65,205	(3.8)	(0.1)	(14.7)
2015	91	450,071	(11.5)	(0.1)	(41.9)
January-March 2016	27	80,323	(12.0)	(0.02)	(37.1)
Total	200	636,073	(9.0)	(0.02)	(41.9)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

In the preliminary phase of these investigations, the Commission requested U.S. producers of hot-rolled steel to report instances of lost sales or revenue due to competition from imports of hot-rolled steel from subject countries since January 1, 2012. Of the 9 responding U.S. producers, 8 reported that they had to either reduce prices or roll back announced price increases, and 8 firms reported that they had lost sales. Five producers submitted 12 lost sale allegations totaling \$26,062,100 and involving 51,920 short tons of hot-rolled steel, and 6 lost revenue allegations totaling \$1,469,996 and involving 20,147 short tons of hot-rolled steel.¹⁷

In the final phase of these investigations, all 10 responding U.S. producers reported that they had to reduce prices, 8 reported that they had to roll back announced price increases, and all 10 firms reported that they had lost sales. As noted in Part II, the Commission received

¹⁷ Effective October 1, 2015, the Commission changed its rules associated with domestic industry provision of allegations of lost sales and lost revenue. The Commission rules were changed to ask petitioners to provide a list of purchasers where they lost sales or revenue, instead of transaction specific incidents. Information from the preliminary phase related to lost sales and lost revenue allegations under the prior Commission rules is located in Appendix F.

purchaser questionnaire responses from 48 purchasers. Responding purchasers reported purchasing 14.3 million short tons of hot-rolled steel during 2015 (table V-14).

Of the 48 responding purchasers, 30 reported that they had shifted purchases of hot-rolled steel from U.S. producers to subject imports since 2013 (tables V-15 and V-16). Twenty-four of these purchasers reported that subject imports were priced lower, and 18 reported that price was a primary reason for the shift. The reported estimated quantity of purchases shifted was 1.1 million short tons (table V-15).¹⁸ Other identified reasons for shifting from U.S. producers included allegedly higher quality of the imported material and the desire for an alternative supply source.

Of the 48 responding purchasers, 3 reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries (table V-17; 30 reported that they did not know and 13 answered that U.S. producers had not done so). The reported estimated price reduction ranged from 10 to 15 percent.

Table V-14

Hot-rolled steel: Purchasers' responses to purchasing patterns

* * * * *

Table V-15

Hot-rolled steel: Purchasers' responses to shifting supply sources

* * * * *

¹⁸ The majority of these purchases came from ***. Respondents questioned whether the firm reported these data accurately and stated that because Tata Netherlands' sales to *** had been declining, it has been losing, not gaining volume there. See, for example, hearing transcript, pp. 216-217 (Cunningham), Tata Steel Umiuden's posthearing brief, pp. 19-20, and Companhia Siderurgica Nacional's posthearing brief, answers to questions pp. 1-3.

Table V-16**Hot-rolled steel: Purchasers' responses to U.S. producer price reductions**

Source	Count of purchasers reporting shifting sources	Count of purchasers reporting that imports were priced lower	Count of purchasers reporting that price was the primary reason for the shift	Quantity shifted (short tons)	Other reasons for shift
Australia	9	9	7	***	3
Brazil	11	10	9	***	1
Japan	10	5	2	***	8
Korea	19	15	11	***	7
Netherlands	6	4	4	***	3
Turkey	11	10	8	***	4
United Kingdom	6	2	2	***	2
Subject sources	30	24	18	1,059,321	12

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

Table V-17**Hot-rolled steel: Purchasers' responses to U.S. producer price reductions**

* * * * *

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Nine U.S. producers reported usable financial results on their hot-rolled steel operations: AK Steel, ArcelorMittal USA, California Steel Industries, EVRAZ, North Star BlueScope, Nucor, SDI, SSAB, and U.S. Steel.^{1 2} Commercial sales are relatively concentrated with the four largest producers accounting for *** percent of the period's total commercial sales quantity: ***. The remaining U.S. producers' share of the period's total commercial sales quantity ranged from ***.³

As described in Part III of this report, a number of acquisitions took place in 2014: the purchase by ArcelorMittal USA and Nippon Steel & Sumitomo Metal Corporation (forming a 50-50 joint venture) of ThyssenKrupp's Calvert, Alabama carbon-steel related operations (first quarter 2014);⁴ AK Steel's purchase of Severstal's Dearborn, Michigan plant (third quarter 2014);⁵ SDI's purchase of Severstal's Columbus, Mississippi plant (third quarter 2014);⁶ and

¹ ***. June 3, 2016 e-mail with attachment to *** from USITC auditor. USITC auditor final-phase notes. ***.

Staff conducted an onsite verification of AK Steel's U.S. producer questionnaire on June 28-30, 2016. Data changes pursuant to verification are reflected in this and other relevant sections of the staff report. Verification report (AK Steel), p. 3.

² Financial results were reported on the basis of generally accepted accounting principles (GAAP). With the exception of ***, U.S. producers reported their financial results for calendar-year periods.

³ While overall hot-rolled steel operations (commercial sales, transfers, internal consumption) are also relatively concentrated, the sequence and composition of the four largest U.S. producers in terms of total quantity is somewhat different: ***.

AK Steel recognizes a single business segment for financial reporting purpose of which its hot-rolled steel operations would be a part. AK Steel 2015 10-K, p. 45. ArcelorMittal's U.S. hot-rolled steel operations are part of ArcelorMittal USA which is included in the parent company's NAFTA segment. ArcelorMittal 2015 20-F, p. 75, p. 78. Nucor's hot-rolled steel operations are included in its Steel Mills segment. Nucor 2015 10-K, p. 2. SDI's hot-rolled steel operations are included in its Steel Operations segment. SDI 2015 10-K, p. 5. U.S. Steel's hot-rolled steel operations are included in its Flat Rolled products segment. U.S. Steel 2015 10-K, p. 19.

⁴ ArcelorMittal's chairman and CEO stated in a public article that "{t}his is an important strategic acquisition for ArcelorMittal. The Calvert plant is the most modern finishing facility in the world. It ideally complements our existing operations in the United States and the Americas, and will improve our ability to supply customers in the automotive and other markets in the Southern United States where we do not have comparable facilities today." *ArcelorMittal confirms purchase of ThyssenKrupp's Calvert operations for \$1.55 billion (updated)*, public article included in exh. 24. of ArcelorMittal USA postconference brief.

⁵ With regard to the purchase of Severstal Dearborn, a company official stated that "... AK Steel saw an outstanding opportunity to acquire what we felt were some excellent assets at a very fair price ... {w}e looked at it as, this is not adding capacity to a market that's already saturated with global overcapacity, but rather an opportunity to really improve and gain efficiencies and do things better. AK Steel is known for outstanding operating rigor, and we felt that we could do a better job." Conference (continued...)

Nucor's purchase of Gallatin Steel Company (formerly owned by ArcelorMittal USA and Gerdau) (fourth quarter 2014).⁷ U.S. producers confirmed that the financial results reported to the Commission included all relevant activity of the acquired operations. While there were reportedly short-falls in projected sales volume and investment return targets have not been achieved, U.S. producers indicated that the above-referenced acquisitions are fully operational.⁸

As also described in Part III, the U.S. industry experienced production disruptions during the period, as well as the idling and the closure of several facilities. The extent to which these items impacted the U.S. industry's hot-rolled steel financial results is described below.

(...continued)

transcript (Lauschke), pp. 102-103. A public article regarding the acquisition described it as being "... beneficial to AK Steel in a number of ways. The Dearborn plant is located nearby many of AK Steel's customers and the plant's assets as well as other facilities complement its existing carbon steel operations. The company will get access to highly modernized steelmaking equipment and facilities." *AK Steel (AKS) Wraps Up Severstal Dearborn Acquisition*, <http://www.zacks.com/stock/news/147613/ak-steel-aks-wraps-up-severstal-dearborn-acquisition>, retrieved on August 18, 2015.

⁶ As described in a SDI press release, the acquisition of Severstal Columbus "... expands Steel Dynamics' operating base with 3.4 million tons of hot roll steel production capacity through acquisition of one of the most modern mini-mills in North America – {b}roadens Steel Dynamics' product portfolio by adding capabilities serving high margin customers in the OCTG and automotive sectors – {a}llows Steel Dynamics to build a geographic market position in the Southern U.S. with exposure to growing southern and Mexican industrial manufacturing hubs – {s}trong fit with an impressive safety-oriented, non-union operating culture." *Steel Dynamics to Acquire Severstal Columbus-Acquisition to Accelerate Future Growth*, <http://www.marketwatch.com/story/steel-dynamics-to-acquire-severstal-columbus-acquisition-to-accelerate-future-growth-2014-07-21>, retrieved on September 11, 2015.

⁷ With regard to its acquisition of Gallatin, Nucor stated that the objective was to increase "... overall production capacity and to expand Nucor's presence in the Midwest." Nucor postconference brief, exh. 1, p. 13.

⁸ Conference transcript (Lauschke), pp. 102-104; *** Postconference brief, exh. 1, pp. 4-5; *** postconference brief, exh. 1, p. 1; *** postconference brief, exh. 6 (*** Response to Questions at Staff Conference), p. 1. Conference testimony and follow-up information also generally indicated that the above-referenced acquisitions did not disrupt or negatively impact other aspects/parts of company-specific hot-rolled steel operations.

OPERATIONS ON HOT-ROLLED STEEL FLAT PRODUCTS

This section presents the aggregated financial results on the U.S. producers' hot-rolled steel operations. Table VI-1 presents hot-rolled steel financial results specific to commercial sales (including exports). A corresponding variance analysis of these financial results is presented in table VI-2. Table VI-3 presents overall hot-rolled steel financial results inclusive of commercial sales, transfers, and internal consumption.⁹ Table VI-4 presents a corresponding variance analysis of these financial results.¹⁰ Appendix G presents company-specific

⁹ The Commission's questionnaire requested that U.S. producers value internal consumption and transfer revenue at the same per-unit values as commercial sales. Firms were instructed to adjust internal consumption and transfer revenue if internal consumption and transfers differed from commercial sales due to factors such as product mix, physical, and/or quality differences. Financial results based on this methodology were labeled "operations on hot-rolled steel with internal consumption and transfers to related parties valued based upon differences in cost (constructed fair market value)." See section III-9 of U.S. producer questionnaire.

¹⁰ The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. As summarized at the bottom of the variance table, period-to-period changes in total operating results are divided into separate components (price variance, cost/expense variance, and net volume variance). The price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the net volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. Using the mathematical relationships noted above, the variance analysis calculates the factors which caused total revenue, costs/expenses, and corresponding profitability to change from period to period in terms of 1) average price and average cost/expense and 2) changes in sales volume.

The 2014-15 operating results section of the variance analysis indicates that the decline in average sales value multiplied by 2015 sales volume (the negative price variance) substantially exceeded the corresponding decline in average cost/expenses multiplied by 2015 sales volume (the positive cost/expense variance). An important point to note with regard to these values is that sales volume is the same for both variances and that the reason the total positive cost/expense variance was not higher in 2015 is in part because several elements of average cost/expense increased and partially offset the decline in average raw material cost. As shown in table VI-1 and table VI-3, average raw material costs, the primary cost item most closely reflecting a variable cost, declined during the period. In addition to non-recurring items which directly impacted the level of costs/expenses in 2014 and 2015 (see footnotes 19 and 24), average costs/expenses were also impacted by reduced fixed cost absorption (see footnotes 17 and 20). Since reduced fixed cost absorption is a function of lower sales/production volume, a negative impact of lower sales volume is reflected indirectly in what the variance analysis presents as a "positive" cost/expense variance; i.e., in this case and in addition to other factors impacting average cost/expense, the 2014-15 "positive" cost/expense variance is lower relative to what it would be had overall average costs/expenses not been impacted by lower sales volume and corresponding reduced fixed cost absorption.

information corresponding to hot-rolled steel commercial sales and overall hot-rolled steel financial results (table G-1 and table G-2, respectively).

Table VI-1

Hot-rolled steel: Results of commercial operations of U.S. producers, 2013-15, January-March 2015, and January-March 2016

Item	Fiscal year			January to March	
	2013	2014	2015	2015	2016
Quantity (short tons)					
Commercial sales	25,076,666	25,222,095	21,011,442	5,084,325	5,511,009
Value (\$1,000)					
Commercial sales	15,781,279	16,732,490	10,958,457	3,031,248	2,320,077
Cost of goods sold.--					
Raw materials	10,104,130	10,285,942	6,715,983	1,829,421	1,366,748
Direct labor	984,233	1,036,271	1,011,408	262,516	214,402
Other factory costs	3,426,896	3,813,099	3,444,612	919,038	656,778
Total COGS	14,515,259	15,135,312	11,172,003	3,010,975	2,237,928
Gross profit	1,266,020	1,597,178	(213,546)	20,273	82,149
SG&A expense	486,609	488,478	442,885	121,849	96,074
Operating income or (loss)	779,411	1,108,700	(656,431)	(101,576)	(13,925)
Interest expense	203,190	130,059	78,017	30,176	27,526
Other expenses	13,816	11,730	116,405	42,660	(538)
Other income	1,155	17,126	106	(753)	2,310
Net income or (loss)	563,560	984,037	(850,747)	(175,165)	(38,603)
Depreciation/amortization	345,432	308,384	308,631	75,692	68,327
Cash flow	908,992	1,292,421	(542,116)	(99,473)	29,724
Ratio to net sales (percent)					
Cost of goods sold.--					
Raw materials	64.0	61.5	61.3	60.4	58.9
Direct labor	6.2	6.2	9.2	8.7	9.2
Other factory costs	21.7	22.8	31.4	30.3	28.3
Average COGS	92.0	90.5	101.9	99.3	96.5
Gross profit	8.0	9.5	(1.9)	0.7	3.5
SG&A expense	3.1	2.9	4.0	4.0	4.1
Operating income or (loss)	4.9	6.6	(6.0)	(3.4)	(0.6)
Net income or (loss)	3.6	5.9	(7.8)	(5.8)	(1.7)

Table continued on next page.

Table VI-1--Continued

Hot-rolled steel: Results of commercial operations of U.S. producers, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Ratio to total COGS (percent)				
Cost of goods sold.--					
Raw materials	69.6	68.0	60.1	60.8	61.1
Direct labor	6.8	6.8	9.1	8.7	9.6
Other factory costs	23.6	25.2	30.8	30.5	29.3
Average COGS	100.0	100.0	100.0	100.0	100.0
	Unit value (dollars per short ton)				
Commercial sales	629	663	522	596	421
Cost of goods sold.--					
Raw materials	403	408	320	360	248
Direct labor	39	41	48	52	39
Other factory costs	137	151	164	181	119
Average COGS	579	600	532	592	406
Gross profit	50	63	(10)	4	15
SG&A expense	19	19	21	24	17
Operating income or (loss)	31	44	(31)	(20)	(3)
Net income or (loss)	22	39	(40)	(34)	(7)
	Number of firms reporting				
Operating losses	2	2	7	5	5
Net losses	2	2	7	7	6
Data	9	9	9	9	9

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

The tabulation below shows changes in average unit values for the financial results on commercial sales as presented in table VI-1.

Item	Between calendar years			Between partial year periods
	2013-15	2013-14	2014-15	2015-16
	Change in average unit values (dollars per short ton)			
Commercial sales	(108)	34	(142)	(175)
Cost of goods sold.--				
Raw materials	(83)	5	(88)	(112)
Direct labor	9	2	7	(13)
Other factory costs	27	15	13	(62)
Average COGS	(47)	21	(68)	(186)
Gross profit	(61)	13	(73)	11
SG&A expense	2	(0)	2	(7)
Operating income or (loss)	(62)	13	(75)	17
Net income or (loss)	(63)	17	(80)	27

Source: Calculated from the data in table VI-1.

Table VI-2

Hot-rolled steel: Variance analysis on the commercial operations of U.S. producers, 2013-15, January-March 2015, and January-March 2016

Item	Between fiscal years			Between partial year period
	2013-15	2013-14	2014-15	2015-16
Commercial sales:				
Price variance	(2,264,490)	859,689	(2,980,660)	(965,558)
Volume variance	(2,558,332)	91,522	(2,793,373)	254,387
Commercial sales variance	(4,822,822)	951,211	(5,774,033)	(711,171)
COGS:				
Cost/expense variance	990,161	(535,874)	1,436,574	1,025,732
Volume variance	2,353,095	(84,179)	2,526,735	(252,685)
COGS variance	3,343,256	(620,053)	3,963,309	773,047
Gross profit variance	(1,479,566)	331,158	(1,810,724)	61,876
SG&A expenses:				
Cost/expense variance	(35,161)	953	(35,955)	36,001
Volume variance	78,885	(2,822)	81,548	(10,226)
Total SG&A expense variance	43,724	(1,869)	45,593	25,775
Operating income variance	(1,435,842)	329,289	(1,765,131)	87,651
Summarized as:				
Price variance	(2,264,490)	859,689	(2,980,660)	(965,558)
Net cost/expense variance	955,000	(534,921)	1,400,619	1,061,733
Net volume variance	(126,352)	4,520	(185,090)	(8,524)

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

Table VI-3

Hot-rolled steel: Results of overall operations of U.S. producers with internal consumption and transfers valued at fair market value, 2013-15, January-March 2015, and January-March 2016

Item	Fiscal year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Commercial sales	25,076,666	25,222,095	21,011,442	5,084,325	5,511,009
Internal consumption	33,427,315	33,494,316	30,960,196	7,547,988	8,274,113
Transfers to related firms	1,109,142	1,263,840	1,027,647	226,479	261,311
Total net sales	59,613,123	59,980,251	52,999,285	12,858,792	14,046,433
	Value (\$1,000)				
Commercial sales	15,781,279	16,732,490	10,958,457	3,031,248	2,320,077
Internal consumption	20,664,700	21,730,909	15,783,603	4,452,385	3,564,889
Transfers to related firms	724,962	859,632	519,279	145,241	109,100
Total net sales	37,170,941	39,323,031	27,261,339	7,628,874	5,994,066
Cost of goods sold.--					
Raw materials	23,943,402	24,242,487	17,016,620	4,714,326	3,662,390
Direct labor	2,596,870	2,664,875	2,567,343	663,366	570,904
Other factory costs	7,856,922	8,875,916	8,468,121	2,250,369	1,609,864
Total COGS	34,397,194	35,783,278	28,052,084	7,628,061	5,843,158
Gross profit	2,773,747	3,539,753	(790,745)	813	150,908
SG&A expense	1,080,368	1,274,161	1,128,437	313,034	255,893
Operating income or (loss)	1,693,379	2,265,592	(1,919,182)	(312,221)	(104,985)
Interest expense	381,741	257,032	203,607	75,752	69,030
Other expenses	23,856	27,164	374,062	167,270	(8,316)
Other income	3,330	23,032	(186)	(2,909)	5,912
Net income or (loss)	1,291,112	2,004,428	(2,497,037)	(558,152)	(159,787)
Depreciation/amortization	726,024	655,682	684,308	171,627	157,607
Cash flow	2,017,136	2,660,110	(1,812,729)	(386,525)	(2,180)
	Ratio to net sales (percent)				
Cost of goods sold.--					
Raw materials	64.4	61.6	62.4	61.8	61.1
Direct labor	7.0	6.8	9.4	8.7	9.5
Other factory costs	21.1	22.6	31.1	29.5	26.9
Average COGS	92.5	91.0	102.9	100.0	97.5
Gross profit	7.5	9.0	(2.9)	0.0	2.5
SG&A expense	2.9	3.2	4.1	4.1	4.3
Operating income or (loss)	4.6	5.8	(7.0)	(4.1)	(1.8)
Net income or (loss)	3.5	5.1	(9.2)	(7.3)	(2.7)

Table continued on next page.

Table VI-3--Continued

Hot-rolled steel: Results of overall operations of U.S. producers with internal consumption and transfers valued at fair market value, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Ratio to total COGS (percent)				
Cost of goods sold.--					
Raw materials	69.6	67.7	60.7	61.8	62.7
Direct labor	7.5	7.4	9.2	8.7	9.8
Other factory costs	22.8	24.8	30.2	29.5	27.6
Average COGS	100.0	100.0	100.0	100.0	100.0
	Unit value (dollars per short ton)				
Commercial sales	629	663	522	596	421
Internal consumption	618	649	510	590	431
Transfers to related firms	654	680	505	641	418
Total net sales	624	656	514	593	427
Cost of goods sold.--					
Raw materials	402	404	321	367	261
Direct labor	44	44	48	52	41
Other factory costs	132	148	160	175	115
Average COGS	577	597	529	593	416
Gross profit	47	59	(15)	0	11
SG&A expense	18	21	21	24	18
Operating income or (loss)	28	38	(36)	(24)	(7)
Net income or (loss)	22	33	(47)	(43)	(11)
	Number of firms reporting				
Operating losses	1	1	6	6	4
Net losses	2	0	7	6	7
Data	9	9	9	9	9

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

The tabulation below shows changes in average unit values for the financial results on overall hot-rolled steel operations as presented in table VI-3.

Item	Between calendar years			Between partial year periods
	2013-15	2013-14	2014-15	2015-16
Change in average unit values (dollars per short ton)				
Net sales	(109)	32	(141)	(167)
Cost of goods sold.--				
Raw materials	(81)	3	(83)	(106)
Direct labor	5	1	4	(11)
Other factory costs	28	16	12	(60)
Average COGS	(48)	20	(67)	(177)
Gross profit	(61)	12	(74)	11
SG&A expense	3	3	0	(6)
Operating income or (loss)	(65)	9	(74)	17
Net income or (loss)	(69)	12	(81)	32

Source: Calculated from the data in table VI-3.

Table VI-4

Hot-rolled steel: Variance analysis on the overall operations of U.S. producers, with internal consumption and transfers valued at fair market value, 2013-15, January-March 2015, and January-March 2016

Item	Between fiscal years			Between partial year period
	2013-15	2013-14	2014-15	2015-16
Net sales:				
Price variance	(5,785,634)	1,923,172	(7,484,973)	(2,339,413)
Volume variance	(4,123,968)	228,918	(4,576,719)	704,605
Net sales variance	(9,909,602)	2,152,090	(12,061,692)	(1,634,808)
COGS:				
Cost/expense variance	2,528,879	(1,174,249)	3,566,459	2,489,432
Volume variance	3,816,231	(211,835)	4,164,735	(704,529)
COGS variance	6,345,110	(1,386,084)	7,731,194	1,784,903
Gross profit variance	(3,564,492)	766,006	(4,330,498)	150,095
SG&A expenses:				
Cost/expense variance	(167,932)	(187,140)	(2,573)	86,053
Volume variance	119,863	(6,653)	148,297	(28,912)
Total SG&A expense variance	(48,069)	(193,793)	145,724	57,141
Operating income variance	(3,612,561)	572,213	(4,184,774)	207,236
Summarized as:				
Price variance	(5,785,634)	1,923,172	(7,484,973)	(2,339,413)
Net cost/expense variance	2,360,947	(1,361,388)	3,563,886	2,575,485
Net volume variance	(187,874)	10,429	(263,687)	(28,837)

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

Sales quantity and value

As shown in table VI-1 and table VI-3, the pattern of sales quantity was directionally the same for commercial sales and overall sales.¹¹ Both tables show modest increases in sales quantity in 2014, declines in 2015 which was somewhat sharper for commercial sales as compared to overall sales, and then higher sales quantities in interim 2016 compared to interim 2015. While U.S. producers for the most part reported the same directional trend in sales quantity, the pattern was not uniform and also varied to some extent depending on level of activity (commercial sales versus overall operations). For example, *** reported lower commercial sales quantities in interim 2016 compared to interim 2015 (see table G-1) but somewhat higher quantities for overall operations (see table G-2).

The revenue sections of the variance analysis for commercial sales and overall sales (see table VI-2 and table VI-4) show that the increase in total revenue in 2014 was due to a combination of positive price and volume variances, while the subsequent decline in total revenue in 2015 reflects a combination of negative price and volume variances.¹² In contrast with the full-year periods in which the price and volume variances were either both positive (2013-14) or both negative (2014-15), lower interim 2016 revenue reflects a negative price variance partially offset by a positive volume variance.

U.S. producers generally reported the same directional trend in terms of changes in average sales value. As noted in the *Gross profit or loss* section below, changes in average sales value and average raw material cost followed the same pattern.

Cost of goods sold

Raw material

For both sets of financial results, raw material cost is the largest component of COGS. As described in Part I, the operations of U.S. producers reflect different primary methods of steel production; e.g., generally either blast furnace or mini-mill EAF. In conjunction with varying degrees of integration with respect to primary inputs, most U.S. producers reported

¹¹ When considering table VI-3 and overall sales, internal consumption reflects *** percent of total quantity followed by *** percent classified as commercial sales. A relatively small share (*** percent) was classified as transfers. With regard to transfers, *** reported a substantial change during the period which also explains the relatively large decline in the company's overall sales volume in 2015 (see E-2). As described by the company, ***. June 16, 2016 e-mail with attachment from *** to USITC auditor.

¹² As noted above, ArcelorMittal USA is the *** U.S. producer in terms of total sales quantity. With regard to its overall NAFTA segment operations in 2015, ArcelorMittal, the parent company, stated that sales "... were \$17.3 billion for the year ended December 31, 2015, representing a decrease of 18.3% as compared to December 31, 2014. Sales decreased primarily as a result of the decrease in average steel selling prices by 13.2% and a decrease in steel shipments by 7.7%, both of which were primarily driven by lower domestic prices impacted by weak demand and import pressures." ArcelorMittal 2015 20-F, p. 118.

that they purchase at least some inputs from related suppliers and that relevant costs generally reflect fair market value.¹³

As shown in table G-1 and table G-2, differences in company-specific amounts for average raw material costs reflect hot-rolled steel production processes in which underlying raw materials can range from basic inputs such as iron ore and coke to purchased steel slab.¹⁴ With several exceptions, U.S. producers reported the same directional trend with respect to changes in average raw material costs: increases in 2014, declines in 2015, and then lower average raw material costs in interim 2016 compared to interim 2015.

Other factory costs

While other factory costs, the second largest component of COGS, can vary depending on factors such as cost classification and the extent to which underlying steel is produced as opposed to purchased in slab form, a number of cost elements are common among the U.S. producers.¹⁵ For example, direct energy costs, which most U.S. producers reportedly classify as part of other factory costs, varied but generally ranged from *** percent of total COGS.¹⁶

U.S. producers generally noted the high fixed cost nature of steel production and that average costs increase when sales/production volume declines (due in large part to reduced fixed cost absorption).¹⁷ *** reported changes in average other factory costs and

¹³ *Investigation Nos. 701-TA-545-547 and 731-TA-1291-1297 (Preliminary): Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom—Staff Report*, INV-NN-069, September 8, 2015, pp. VI-14 and VI-15. The Commission's practice requires that relevant cost information associated with inputs purchased from related suppliers correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records. See *1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37.

¹⁴ With regard to 2014 specifically, AK Steel noted that “{i}t purchased approximately 460,000 tons of carbon steel slabs . . . primarily as the result of the operational issues the Company experienced at its Ashland blast furnace in 2014.” AK Steel 2014 10-K, p. 2. ***. September 4, 2015 e-mail with attachments from *** to USITC auditor.

¹⁵ ***. *** postconference brief, Answers to Questions, p. 1. ***. *** postconference brief, exh. 1, p 3. ***.

¹⁶ *Investigation Nos. 701-TA-545-547 and 731-TA-1291-1297 (Preliminary): Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom—Staff Report*, INV-NN-069, September 8, 2015, p. VI-16.

¹⁷ With regard to the importance of fixed costs and integrated hot-rolled steel production specifically, an industry witness appearing on behalf of AK Steel noted at the Commission's staff conference that “{o}nce you start a blast furnace up, that blast furnace is going to run 24-7, 365 for years at a time, and if you take a blast furnace down, you're talking tens of millions, it could be hundreds of millions to bring it back up. So when you have an operation like that, that is not running at full capacity, you can scale it back a little bit. But you'd need crews. You need the full complement of people to operate that equipment, to operate it safely. So you couldn't lay off, even if you wanted to, and that's why our costs skyrocket. That's why our fixed cost becomes such a very high percentage in this kind of environment . . .” Conference transcript, pp. 147-148 (Lauschke).

(continued...)

corresponding sales volume which are consistent with this pattern (see table G-1 and table G-2).¹⁸ Of these *** included large non-recurring items in other factory costs.¹⁹ As shown in table G-1, *** average other factory costs also increased and then declined which, according to the company, primarily reflects changes in sales volume.²⁰ The reduction of *** average cost in interim 2016, despite lower sales volume, in part reflects the elimination of somewhat ***.²¹

Direct labor

As shown in table VI-1 and table VI-3 and similar to other factory costs, whose share of total COGS also increased during 2013-15, direct labor cost's higher share generally reflects the sharp decline in average raw material costs. Consistent with the closure/idling of its facilities, *** average direct labor cost was lower in interim 2016 compared to interim 2015. As indicated below, non-recurring charges related to *** closure and idling of facility were reported below operating results (see *Interest expense, other expenses, and net income or loss* section). While most of the other U.S. producers also reported lower average direct labor cost in interim 2016, the declines were less notable (see table G-1 and table G-2).

Gross profit or loss

Full-year gross profit reached its highest level on an absolute basis in 2014, declined to a gross loss in 2015, and then was positive and higher in interim 2016 compared to interim 2015 (see table VI-1 and table VI-3). Gross profit ratio (the ratio of gross profit to revenue) followed the same pattern.

As shown in the change in unit value information accompanying table VI-1 and table VI-3, factors impacting the pattern of gross profitability were not uniform. The higher level of gross profit in 2014 reflects an increase in average sales value which exceeded the corresponding increase in average COGS. The 2015 gross loss, in contrast, reflects a large decline in average sales value which was only partially offset by the corresponding decline in average COGS. At the end of the period, the relative improvement in interim 2016 gross profit

(...continued)

The degree to which mini-mill steel producers are directly impacted by reduced fixed cost absorption varies. As described by Nucor in its 2014 10-K, "{o}ur highly variable low-cost structure, combined with our financial strength and liquidity, has allowed us to successfully navigate cyclical severely depressed steel industry market conditions in the past. In such times, our incentive-based pay system reduces our payroll costs, both hourly and salary, which helps to offset lower selling prices. Our pay-for-performance system that is closely tied to our levels of production also allows us to keep our work force intact and to continue operating our facilities when some of our competitors with greater fixed costs are forced to shut down some of their facilities. Because we use electric arc furnaces to produce our steel, we can easily vary our production levels to match short-term changes in demand, unlike our integrated competitors." Nucor 2014 10-K, exh. 13, p. 24.

¹⁸ ***. June 22, 2016 e-mail with attachment from *** to USITC auditor.

¹⁹ ***. June 28, 2016 e-mail with attachment from *** to USITC auditor. ***. Ibid.

²⁰ ***. June 22, 2016 *** response to USITC follow-up questions.

²¹ Verification report, p. 6.

compared to interim 2015 reflects a further decline in average sales value which was exceeded by the corresponding decline in average COGS.²²

As shown in table G-1 and table G-2 and while magnitudes differed, U.S. producers for the most part followed the same directional trend in terms of gross profit (on an absolute basis and as a ratio to sales).

SG&A expenses and operating income or loss

Table G-1 and table G-2 show that company-specific SG&A ratios (the ratio of SG&A expenses to revenue) were at somewhat different levels but generally remained within a similar range during 2013 through interim 2016.²³

SG&A expenses include non-recurring items related to production disruptions and closures, as well as acquisition-related expenses.²⁴ While overall SG&A expense ratios increased somewhat during the period and therefore impacted financial results for both commercial sales and overall sales, operating profitability was primarily determined at the gross level. Notwithstanding the relative improvement in interim 2016 gross profit, the level of gross profit generated was insufficient to cover corresponding SG&A expenses which yielded operating losses for both commercial sales only and overall sales.

Interest expense, other expenses, and net income or loss

While magnitudes varied, all U.S producers reported interest expense. In general, corresponding liabilities are incurred/managed at the corporate level.^{25 26}

*** plant idling/closure charge in 2015 for permanent shutdown of coke facility and temporary idling of hot end and rolling facilities in Granite City, permanent shutdown of blast furnace/steel making/caster/finishing in Fairfield, and shutdown of coke facility in Gary is the single largest non-recurring amount included in all other expenses.²⁷ This amount was *** in

²² The pattern of average COGS increase (2013-14) and then decrease (2014-15 and interim 2015-16) reflects different factors. While average raw material and direct labor cost increased, average COGS in 2014 was higher in that year largely due to higher average other factory costs. In contrast, average COGS was lower in 2015 due to a decline in average raw material costs which was offset partially by higher average direct labor and other factory costs. While lower average raw material costs was the primary factor, lower average COGS in interim 2016 compared to interim 2015 also reflects lower average direct labor and other factory costs.

²³ ***. USITC auditor notes (preliminary phase).

²⁴ ***. *** U.S. producer questionnaire, response to III-12a. USITC auditor final-phase notes. ***. September 4, 2015 e-mail with attachments from *** to USITC auditor.

²⁵ ***. June 20, 2016 e-mail with attachment (incl. revised II-7) from *** to USITC auditor.

***. June 22, 2016 *** response to USITC follow-up questions.

***. June 22, 2016 e-mail with attachment from *** to USITC auditor.

²⁶ ***. July 11, 2016 e-mail with attachments from *** to USITC auditor.

²⁷ *** U.S. producer questionnaire, response to III-12a. ***. June 22, 2016 e-mail with attachment from *** to USITC auditor. ***. USITC auditor final-phase notes.

(continued...)

interim 2016 to reflect reduced estimated shutdown charges.²⁸ ***.²⁹ With regard to other large non-recurring items, ***.³⁰

While the U.S. industry's pattern of net income generally tracked operating income throughout the period, the relatively higher net loss in 2015 is in large part due to the ***.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents firm-specific capital expenditures and research and development (R&D) expenses related to operations on hot-rolled steel.

While all U.S. producers reported capital expenditures, *** accounted for a substantial share of the total.³¹ R&D expenses, which were reported by ***, encompass a variety of objectives ranging from new product development to the improvement of manufacturing efficiencies.³²

(...continued)

U.S. Steel's total restructuring and other charges recognized in 2015 was \$322 million and was reported separately from COGS, SG&A expenses, and depreciation. U.S. Steel's 2015 10-K, p. F-4. As described by the company, "{a}s a result of lower steel prices, decreased demand for steel products and the continued high level of imports, during the year ended December 31, 2015, the Company recorded restructuring charges of \$322 million, primarily related to the permanent shutdown of the Fairfield Flat-Rolled Operations and the cokemaking operations at Gary Works and Granite City Works, within our Flat-Rolled segment and headcount reductions across the Company." U.S. Steel 2015 10-K, p. F-50.

²⁸ *** U.S. producer questionnaire, response to III-12b.

²⁹ ***. June 28, 2016 e-mail with attachment from *** to USITC auditor.

³⁰ *** U.S. producer questionnaire, response to III-12a. ***. Ibid. USITC auditor final-phase notes.

³¹ ***. September 8, 2015 e-mail with attachment from *** to USITC auditor.

***. *** postconference brief, exh. 1, p. 14.

³² ***. September 4, 2015 e-mail with attachments from *** to USITC auditor. ***. September 8, 2015 e-mail with attachment from *** to USITC auditor. ***. *** postconference brief, exh. 1, p. 1. ***. *** U.S. producer questionnaire, response to III-14 (note 2). ***. *** postconference brief, exh. 1, p. 14.

Table VI-5

Hot-rolled steel: Capital expenditures and research and development (R&D) expenses of U.S. producers, 2013-15, January-March 2015, and January-March 2016

Item	Fiscal year			January to March	
	2013	2014	2015	2015	2016
	Capital expenditures (\$1,000)				
AK Steel	***	***	***	***	***
ArcelorMittal USA	***	***	***	***	***
California Steel	***	***	***	***	***
EVRAZ	***	***	***	***	***
North Star BlueScope	***	***	***	***	***
Nucor	***	***	***	***	***
SDI	***	***	***	***	***
SSAB	***	***	***	***	***
U.S. Steel	***	***	***	***	***
Total capital expenditures	706,238	677,365	560,286	137,661	125,886
Research and development expenses (\$1,000)					
AK Steel	***	***	***	***	***
ArcelorMittal USA	***	***	***	***	***
California Steel	***	***	***	***	***
EVRAZ	***	***	***	***	***
North Star BlueScope	***	***	***	***	***
Nucor	***	***	***	***	***
SDI	***	***	***	***	***
SSAB	***	***	***	***	***
U.S. Steel	***	***	***	***	***
Total R&D expenses	39,489	41,026	52,045	11,322	13,917

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

ASSETS AND RETURN ON INVESTMENT

Table VI-6 presents data on the U.S. producers total assets, asset turnover (sales divided by total assets), and return on assets.³³

³³ Staff notes that a total net asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which in many instances are not product specific. Accordingly, high-level allocation factors presumably were required in order to report a total asset value specific to hot-rolled steel operations. As such, it should be noted that the pattern of asset values reported can reflect changes in underlying asset account balances, as well as period-to-period variations in relevant allocation factors. The ability of U.S. producers to assign total asset values to discrete products lines affects the meaningfulness of calculated asset turnover and corresponding return on investment; i.e., asset turnover ratio multiplied by corresponding profit ratio.

Table VI-6

Hot-rolled steel: U.S. producers' total assets, asset turnover, and return on assets, 2013-15, January-March 2015, and January-March 2016

Firm	Fiscal years		
	2013	2014	2015
	Total net assets (\$1,000)		
AK Steel	***	***	***
ArcelorMittal USA	***	***	***
California Steel	***	***	***
EVRAZ	***	***	***
North Star BlueScope	***	***	***
Nucor	***	***	***
SDI	***	***	***
SSAB	***	***	***
U.S. Steel	***	***	***
Total net assets	15,765,720	14,123,323	12,054,971
	Asset turnover ratio (multiple)		
AK Steel	***	***	***
ArcelorMittal USA	***	***	***
California Steel	***	***	***
EVRAZ	***	***	***
North Star BlueScope	***	***	***
Nucor	***	***	***
SDI	***	***	***
SSAB	***	***	***
U.S. Steel	***	***	***
Average asset turnover	2.4	2.8	2.3
	Operating return on assets (percent)¹		
AK Steel	***	***	***
ArcelorMittal USA	***	***	***
California Steel	***	***	***
EVRAZ	***	***	***
North Star BlueScope	***	***	***
Nucor	***	***	***
SDI	***	***	***
SSAB	***	***	***
U.S. Steel	***	***	***
Average operating return on assets	10.7	16.0	(15.9)

¹ Company-specific financial results information is based on table G-2.

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

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of hot-rolled steel to describe any actual or potential negative effects on their return on investment or their growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of hot-rolled steel from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom. Table VI-7 tabulates the responses on actual negative effects on investment, growth and development, as well as anticipated negative effects. Table VI-8 presents the narrative responses of U.S. producers regarding actual and anticipated negative effects on investment, growth and development.

Table VI-7

Hot-rolled steel: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2013

Item	No	Yes
Negative effects on investment¹	0	10
Cancellation, postponement, or rejection of expansion projects		5
Denial or rejection of investment proposal		1
Reduction in the size of capital investments		5
Return on specific investments negatively impacted		4
Other		5
Differ by country negative effects on investments	9	1
Negative effects on growth and development²	1	9
Rejection of bank loans		0
Lowering of credit rating		4
Problem related to the issue of stocks or bonds		1
Ability to service debt		4
Other		7
Differ by country negative effects on growth and development ²	9	1
Anticipated negative effects of imports	0	10
Does anticipated effect response differ by country?	8	2

¹ ***.

² ***.

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

Table VI-8

Hot-rolled steel: Narrative responses by U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2013

* * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

- (VI) *the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*
- (VII) *in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) *the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) *any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

Information on the nature of the subsidies was presented earlier in this report; 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. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, "... the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN AUSTRALIA

Overview

The Commission issued foreign producers' or exporters' questionnaires to one firm believed to produce and/or export hot-rolled steel from Australia.³ A useable response to the Commission's questionnaire was received from one firm: BlueScope Steel Limited ("BlueScope").⁴ *** production and consumption data for Australia are presented below.⁵

* * * * *

***.⁶ According to BlueScope, the blast furnace at Western Port has been closed since 2011, which explains the difference between its reported capacity and *** data.⁷ Table VII-1 presents summary data on BlueScope's operations during 2015.

Table VII-1
Hot-rolled steel: Summary data on the firm in Australia, 2015

* * * * *

Changes in operations

The Australian producer's changes in operations since January 1, 2013, as reported in its questionnaire response, are reported in table VII-2.

Table VII-2
Hot-rolled steel: Reported changes in operations by the firm in Australia

* * * * *

³ This firm was identified through a review of information submitted in the petition and contained in proprietary Customs records.

⁴ BlueScope indicated in its foreign producer questionnaire response ***.

⁵ ***. ***.

⁶ *** reports that BlueScope had capacity of *** short tons of hot-rolled steel and produced *** short tons of hot-rolled sheet and coil in Australia during 2015. BlueScope, however, reported *** short tons of capacity and *** short tons of production in 2015. The discrepancy appears to be due to the fact that the ***. In its final phase foreign producers' questionnaire response ***.

⁷ Hearing transcript (Dunn), p. 270-271.

Operations of the hot-rolled steel producer in Australia

Table VII-3 presents information on the hot-rolled steel operations of BlueScope in Australia for 2013-15, January-March 2015, and January-March 2016, as well as projections for 2016-17.

Australian production, shipments, and capacity utilization increased from 2013 to 2015; whereas inventories decreased. Production, capacity utilization, and inventories, were higher during January-March 2016 than in the comparable period of 2015, but shipments were lower. Capacity remained the same from 2013 to 2015 and is projected to remain at the same level in 2016 and 2017.

The home market accounted for the majority of total shipments by BlueScope, declining from *** percent of total shipments in 2013 to *** percent of total shipments in 2015. Home market shipments by BlueScope accounted for *** percent of total shipments during January-March 2016 compared to *** percent in January-March 2015. BlueScope's exports to the United States increased from *** percent of total shipments in 2013 to *** percent in 2015, but were *** percent during January-March 2016 compared to *** percent in January-March 2015.⁸ Exports to markets other than the United States decreased from *** percent of total shipments in 2013 to *** percent in 2015. Of total exports from Australia to the United States, SteelScope (an affiliate of BlueScope) accounted for about *** from 2013 to 2015. Only *** percent of total shipments were exported to markets other than the United States in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified include ***.

Table VII-3

Hot-rolled steel: Data on the industry in Australia, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

* * * * *

Alternative products

***.

⁸ SteelScope is a producer of corrosion-resistant steel with locations in Kalama, Washington and Rancho Cucamonga, California. It is jointly owned by BlueScope and NSSMC and both agreed to share the role of supplying SteelScope's hot-rolled steel requirements. BlueScope's prehearing brief, pp. 7-10.

Exports

According to Global Trade Atlas ("GTA"), the top export markets for hot-rolled steel produced in Australia during 2015 were the United States and Thailand (table VII-4). The United States was by far the largest destination for Australian exports. During 2015, the United States and Thailand accounted for 53.4 and 12.7 percent of total exports from Australia, respectively.

Table VII-4
Hot-rolled steel: Exports from Australia to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Australia's exports to the United States	146,360	334,821	336,819
Australia's exports to other major destination markets.--			
Thailand	147,733	68,724	80,361
Italy	30,728	0	70,745
Vietnam	16,847	30,965	51,415
United Arab Emirates	28,969	26	50,768
New Zealand	4,727	2,447	18,321
Korea South	2,081	261	17,203
Indonesia	10	788	4,464
China	16,247	588	230
All other destination markets	63,885	15,114	214
Total Australia exports	457,587	453,734	630,540
	Value (1,000 dollars)		
Australia's exports to the United States	72,416	176,512	126,627
Australia's exports to other major destination markets.--			
Thailand	75,166	36,782	27,277
Italy	14,848	0	24,646
Vietnam	6,406	10,843	14,147
United Arab Emirates	14,334	20	14,980
New Zealand	3,225	1,836	1,884
Korea South	1,361	325	5,735
Indonesia	82	617	3,129
China	5,712	616	174
All other destination markets	31,631	7,551	365
Total Australia exports	225,180	235,100	218,965

Table continued on next page.

Table VII-4 -- Continued**Hot-rolled steel: Exports from Australia to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Australia's exports to the United States	495	527	376
Australia's exports to other major destination markets.--			
Thailand	509	535	339
Italy	483	---	348
Vietnam	380	350	275
United Arab Emirates	495	744	295
New Zealand	682	750	103
Korea South	654	1,244	333
Indonesia	8,253	783	701
China	352	1,048	756
All other destination markets	495	500	1,709
Total Australia exports	492	518	347
	Share of quantity (percent)		
Australia's exports to the United States	32.0	73.8	53.4
Australia's exports to other major destination markets.--			
Thailand	32.3	15.1	12.7
Italy	6.7	0.0	11.2
Vietnam	3.7	6.8	8.2
United Arab Emirates	6.3	0.0	8.1
New Zealand	1.0	0.5	2.9
Korea South	0.5	0.1	2.7
Indonesia	0.0	0.2	0.7
China	3.6	0.1	0.0
All other destination markets	14.0	3.3	0.0
Total Australia exports	100.0	100.0	100.0

Source: Official export statistics reported by Australian Bureau of Statistics in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRY IN BRAZIL

Overview

The Commission issued foreign producers' or exporters' questionnaires to six firms believed to produce and/or export hot-rolled steel from Brazil.⁹ Useable responses to the Commission's questionnaire were received from three firms: Usiminas, ArcelorMittal Brasil, and CSN. *** production and consumption data for Brazil are presented below.¹⁰

* * * * *

Table VII-5 lists the Brazilian producers of hot-rolled steel that responded to the Commission's questionnaire and presents summary data on operations during 2015.

Table VII-5
Hot-rolled steel: Summary data on firms in Brazil, 2015

* * * * *

Changes in operations

Brazilian producers' changes in operations since January 1, 2013, as reported in their questionnaire responses, are reported in table VII-6.

Table VII-6
Hot-rolled steel: Reported changes in operations by firms in Brazil

* * * * *

Operations of hot-rolled steel producers in Brazil

Table VII-7 presents information on the hot-rolled steel operations of the responding producers and exporters in Brazil. Brazilian capacity, production, inventories, shipments, and capacity utilization all decreased from 2013 to 2015. Similarly, these parameters were all lower in January-March 2016 than in the comparable period of 2015.

The home market accounted for the majority of total shipments by the Brazilian producers, declining from *** percent of total shipments in 2013 to *** percent of total shipments in 2015. The home market accounted for *** percent of total shipments during January-March 2016 compared to *** percent in January-March 2015. Exports to the United States increased from *** percent of total shipments in 2013 to *** percent in 2015, before

⁹ These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

¹⁰ ***. ***.

declining to *** percent during January-March 2016 compared to *** percent in January-March 2015.¹¹ Exports to markets other than the United States as a share of total shipments more than *** from *** percent in 2013 to *** percent in 2015, and increased to *** in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified include ***.

Table VII-7

Hot-rolled steel: Data on the industry in Brazil, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2013	2014	2015	2015	2016	2016	2017
Quantity (short tons)							
Capacity	15,042,130	15,058,975	14,849,152	3,757,027	3,209,686	12,783,500	15,014,421
Production	13,905,723	12,684,092	11,973,303	3,400,116	2,719,412	11,902,624	14,222,378
End-of-period inventories	739,955	794,914	668,538	918,736	622,800	599,630	804,641
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	13,791,913	12,538,416	11,990,599	3,243,389	2,756,401	11,971,432	14,017,467
Ratios and shares (percent)							
Capacity utilization	92.4	84.2	80.6	90.5	84.7	93.1	94.7
Inventories/production	5.3	6.3	5.6	6.8	5.7	5.0	5.7
Inventories/total shipments	5.4	6.3	5.6	7.1	5.6	5.0	5.7
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

¹¹ ***. Brazilian respondents noted that ArcelorMittal enforces a corporate policy that constrains exports to the United States from its Brazilian facility. ArcelorMittal USA's representative stated that as a commercial policy, the chief commercial officer in a region (such as the United States) has the control over product entering its home market from any of its affiliates, from a pricing and availability standpoint. Conference transcript, pp. 116-117 (Mull) and CSN's postconference brief, pp. 8-9.

Alternative products

As shown in table VII-8, the vast majority of Brazilian production on the same equipment in each period was subject merchandise. The other products produced on the same machinery as subject merchandise consist of ***.

Table VII-8

Hot-rolled steel: Brazilian producers' overall capacity and production on the same equipment as subject production, 2013-15, January to March 2015 and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Overall capacity	***	***	***	***	***
Production:					
Hot-rolled steel	13,905,723	12,684,092	11,973,303	3,400,116	2,719,412
Other products	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Hot-rolled steel	***	***	***	***	***
Other products	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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

Exports

According to GTA, the top export markets for hot-rolled steel produced in Brazil during 2015 were the United States and Turkey (table VII-9). The United States was the largest destination for Brazilian exports. During 2015, the United States and Turkey accounted for 24.0 and 11.2 percent of total exports from Brazil, respectively.

Table VII-9**Hot-rolled steel: Exports from Brazil to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Brazil's exports to the United States	52,339	330,622	611,995
Brazil's exports to other major destination markets.--			
Turkey	0	69,755	285,433
Portugal	2,003	140,465	189,465
India	0	127,180	176,658
France	0	0	174,770
Chile	71,253	67,367	151,653
Argentina	15,609	31,113	138,870
Belgium	5,018	67	131,809
Colombia	151,037	160,020	129,017
All other destination markets	547,018	476,515	556,983
Total Brazil exports	844,277	1,403,105	2,546,652
	Value (1,000 dollars)		
Brazil's exports to the United States	26,301	177,071	242,480
Brazil's exports to other major destination markets.--			
Turkey	0	32,745	90,569
Portugal	975	65,783	60,660
India	0	56,681	47,880
France	0	0	60,703
Chile	37,759	33,714	49,202
Argentina	12,811	25,144	103,903
Belgium	2,353	27	44,375
Colombia	81,009	84,166	42,910
All other destination markets	294,808	247,911	206,219
Total Brazil exports	456,017	723,241	948,901

Table continued on next page.

Table VII-9 -- Continued**Hot-rolled steel: Exports from Brazil to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Brazil's exports to the United States	503	536	396
Brazil's exports to other major destination markets.--			
Turkey	---	469	317
Portugal	487	468	320
India	---	446	271
France	---	---	347
Chile	530	500	324
Argentina	821	808	748
Belgium	469	397	337
Colombia	536	526	333
All other destination markets	539	520	370
Total Brazil exports	540	515	373
	Share of quantity (percent)		
Brazil's exports to the United States	6.2	23.6	24.0
Brazil's exports to other major destination markets.--			
Turkey	0.0	5.0	11.2
Portugal	0.2	10.0	7.4
India	0.0	9.1	6.9
France	0.0	0.0	6.9
Chile	8.4	4.8	6.0
Argentina	1.8	2.2	5.5
Belgium	0.6	0.0	5.2
Colombia	17.9	11.4	5.1
All other destination markets	64.8	34.0	21.9
Total Brazil exports	100.0	100.0	100.0

Source: Official export statistics reported by Brazil's SECEX – Foreign Trade Secretariat in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRY IN JAPAN

Overview

The Commission issued foreign producers' or exporters' questionnaires to six firms believed to produce and/or export hot-rolled steel from Japan.¹² Useable responses to the Commission's questionnaire were received from five firms: JFE, Kobe Steel, NSSMC, Nisshin, and Tokyo Steel. *** production and consumption data for Japan are presented below.¹³

* * * * *

Table VII-10 lists the Japanese producers of hot-rolled steel that responded to the Commission's questionnaire and presents summary data on operations during 2015. NSSMC¹⁴ and JFE¹⁵ together accounted for *** percent of exports from Japan to the United States in 2015, though neither company's exports to the United States accounted for more than *** of their total shipment. The ***.¹⁶

Table VII-10
Hot-rolled steel: Summary data on firms in Japan, 2015

* * * * *

Changes in operations

Japanese producers' changes in operations since January 1, 2013, as reported in their questionnaire responses, are reported in table VII-11.

Table VII-11
Hot-rolled steel: Reported changes in operations by firms in Japan

* * * * *

¹² These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

¹³ ***. ***.

¹⁴ ***. Japanese Mills' prehearing brief, pp. 13-16. ***. Japanese Mills' prehearing brief, pp. 14-15.

¹⁵ ***. Japanese Mills' prehearing brief, pp. 15-16.

¹⁶ ***. Japanese Mills' prehearing brief, exh. 3.

Operations of hot-rolled steel producers in Japan

Table VII-12 presents information on the hot-rolled steel operations of the responding producers and exporters in Japan for 2013-15, January-March 2015, and January-March 2016, as well as projections for 2016-17.

Japanese inventories and capacity utilization increased from 2013 to 2015; whereas capacity, production, and shipments decreased. Similarly, inventories and capacity utilization were higher during January-March 2016 than the comparable period of 2015; whereas capacity, production, and shipments were lower.

The home market accounted for the majority of total shipments by the Japanese producers. It declined from *** percent of total shipments in 2013 to *** percent of total shipments in 2015. The home market accounted for *** percent of total sales during January-March 2016 compared to *** percent in January-March 2015. Exports to the United States did not exceed *** percent of total shipments during any period shown since 2013. Exports to markets other than the United States increased from *** percent of total shipments in 2013 to *** percent in 2015, and accounted for *** percent in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified included ***.

Table VII-12

Hot-rolled steel: Data on the industry in Japan, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2013	2014	2015	2015	2016	2016	2017
	Quantity (short tons)						
Capacity	61,445,938	60,409,601	58,458,607	15,103,999	14,646,085	58,504,105	58,732,991
Production	56,869,836	57,190,503	56,067,308	14,192,611	14,065,112	56,886,154	56,967,232
End-of-period inventories	1,108,654	1,140,018	1,235,627	1,120,121	1,164,093	1,274,539	1,275,090
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	57,058,029	57,159,140	55,971,698	14,212,508	14,136,647	56,847,242	56,966,680
	Ratios and shares (percent)						
Capacity utilization	92.6	94.7	95.9	94.0	96.0	97.2	97.0
Inventories/production	1.9	2.0	2.2	2.0	2.1	2.2	2.2
Inventories/total shipments	1.9	2.0	2.2	2.0	2.1	2.2	2.2
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Alternative products

As shown in table VII-13, the vast majority of Japanese production on the same equipment in each period was subject merchandise. Japanese producers reported production of *** on the same equipment.

Table VII-13

Hot-rolled steel: Japanese producers' overall capacity and production on the same equipment as subject production, 2013-15, January to March 2015 and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Overall capacity	***	***	***	***	***
Production:					
Hot-rolled steel	56,869,836	57,190,503	56,067,308	14,192,611	14,065,112
Other products	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Hot-rolled steel	***	***	***	***	***
Other products	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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

Exports

According to GTA, the top export markets for hot-rolled steel produced in Japan during 2015 were Thailand and Korea (table VII-14). The United States was the ninth largest destination for Japanese exports. During 2015, Thailand, Korea, and the United States accounted for 15.1, 15.0, and 2.4 percent of total exports from Japan, respectively.

Table VII-14**Hot-rolled steel: Exports from Japan to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Japan's exports to the United States	375,383	537,903	404,692
Japan's exports to other major destination markets.--			
Thailand	2,441,629	2,699,856	2,571,529
Korea	2,846,301	2,635,121	2,554,999
India	583,662	803,394	1,578,452
China	1,520,636	1,503,704	1,542,428
Vietnam	1,352,570	1,203,630	1,227,347
Bangladesh	497,004	667,300	914,083
Mexico	276,112	464,500	739,456
Saudi Arabia	636,853	585,138	661,968
All other destination markets	4,178,488	4,099,550	4,782,314
Total Japan exports	14,708,637	15,200,097	16,977,268
	Value (1,000 dollars)		
Japan's exports to the United States	225,963	327,742	206,599
Japan's exports to other major destination markets.--			
Thailand	1,479,001	1,511,167	1,221,532
Korea	1,539,659	1,320,579	945,962
India	282,995	382,586	546,589
China	900,367	875,176	668,908
Vietnam	653,976	559,450	386,136
Bangladesh	247,005	324,077	301,621
Mexico	193,122	309,090	370,241
Saudi Arabia	320,307	287,633	239,682
All other destination markets	2,187,875	2,079,555	1,770,614
Total Japan exports	8,030,270	7,977,054	6,657,884

Table continued on next page.

Table VII-14 -- Continued**Hot-rolled steel: Exports from Japan to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Japan's exports to the United States	602	609	511
Japan's exports to other major destination markets.--			
Thailand	606	560	475
Korea South	541	501	370
India	485	476	346
China	592	582	434
Vietnam	484	465	315
Bangladesh	497	486	330
Mexico	699	665	501
Saudi Arabia	503	492	362
All other destination markets	524	507	370
Total Japan exports	546	525	392
	Share of quantity (percent)		
Japan's exports to the United States	2.6	3.5	2.4
Japan's exports to other major destination markets.--			
Thailand	16.6	17.8	15.1
Korea South	19.4	17.3	15.0
India	4.0	5.3	9.3
China	10.3	9.9	9.1
Vietnam	9.2	7.9	7.2
Bangladesh	3.4	4.4	5.4
Mexico	1.9	3.1	4.4
Saudi Arabia	4.3	3.8	3.9
All other destination markets	28.4	27.0	28.2
Total Japan exports	100.0	100.0	100.0

Source: Official export statistics reported by Japan's Ministry of Finance in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRY IN KOREA

Overview

The Commission issued foreign producers' or exporters' questionnaires to twelve firms believed to produce and/or export hot-rolled steel from Korea.¹⁷ Useable responses to the Commission's questionnaire were received from three firms: Hyundai Steel Company, Dongbu Steel, and POSCO. *** production and consumption data for Korea are presented below.¹⁸

* * * * *

Table VII-15 lists the Korean producer of hot-rolled steel that responded to the Commission's questionnaire and presents summary data on operations during 2015.

Table VII-15
Hot-rolled steel: Summary data on firms in Korea, 2015

* * * * *

Changes in operations

Korean producers' changes in operations since January 1, 2013, as reported in their questionnaire responses, are reported in table VII-16.

Table VII-16
Hot-rolled steel: Reported changes in operations by firms in Korea

* * * * *

Operations of hot-rolled steel producers in Korea

Table VII-17 presents information on the hot-rolled steel operations of the responding producers and exporters in Korea for 2013-15, January-March 2015, and January-March 2016, as well as projections for 2016-17.

Korean production, inventories, shipments, and capacity utilization increased from 2013 to 2015; whereas capacity decreased. Inventories were higher during January-March 2016 than the comparable period of 2015; whereas production, shipments, and capacity utilization were lower, and capacity remained constant.

The home market accounted for the majority of total shipments by the Korean producers, which decreased from *** percent of total shipments in 2013 to *** percent in

¹⁷ These firms were identified through a review of information submitted in the petition, contained in proprietary Customs records, and other public sources.

¹⁸ ***. ***.

2015. Home market sales by responding Korean producers accounted for *** percent of total sales during January-March 2016 compared to *** percent in January-March 2015. Exports to the United States increased from *** percent of total shipments in 2013 to *** percent in 2015, but fell to *** percent in January-March 2016 compared to *** percent in January-March 2015.¹⁹ Exports to markets other than the United States grew from *** percent of total shipments in 2013 to *** percent in 2015, and accounted for *** percent in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified include ***.

Table VII-17

Hot-rolled steel: Data on the industry in Korea, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

* * * * *

Alternative products

As shown in table VII-18, nearly all of production on the same equipment in each period reported by Korean producers is subject merchandise. Korean producers reported production of *** on the same equipment.

Table VII-18

Hot-rolled steel: Korean producers' overall capacity and production on the same equipment as subject production, 2013-15, January to March 2015 and January to March 2016

* * * * *

Exports

According to GTA, the top export markets for hot-rolled steel produced in Korea during 2015 were India and the United States (table VII-19). The United States was the second largest destination for Korean exports. During 2015, India and the United States accounted for 17.9 and 13.9 percent of total exports from Korea, respectively.

¹⁹ UPI, the joint venture by U. S. Steel and POSCO of Korea located in Pittsburg, California accounted for ***. POSCO's foreign producers' questionnaire response, II-13. UPI ***. UPI's U.S. purchasers' questionnaire response, II-1. UPI ***. U.S. Steel's posthearing brief, p. 64. ***. Further details regarding the supply arrangements with POSCO and U.S. Steel are included in UPI's U.S. purchasers' questionnaire response, II-2 ; U.S. Steel's posthearing brief, pp. 64-66, exh. 2; and POSCO's posthearing brief, pp. 77-82.

Table VII-19**Hot-rolled steel: Exports from Korea to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Korea's exports to the United States	777,112	1,329,053	1,273,695
Korea's exports to other major destination markets.--			
India	319,517	804,765	1,633,196
Japan	1,075,324	1,096,415	1,044,186
Vietnam	886,467	823,815	995,194
Thailand	520,647	487,931	555,439
Indonesia	744,647	725,124	540,464
Turkey	37,707	118,189	497,500
Iran	184,340	233,622	462,748
China	319,505	346,872	327,098
All other destination markets	1,026,547	1,160,624	1,807,879
Total Korea exports	5,891,813	7,126,409	9,137,398
	Value (1,000 dollars)		
Korea's exports to the United States	443,091	754,379	544,762
Korea's exports to other major destination markets.--			
India	183,787	403,392	568,081
Japan	533,063	557,840	408,789
Vietnam	436,900	394,459	308,014
Thailand	297,384	263,460	230,533
Indonesia	412,383	382,368	211,992
Turkey	25,650	62,551	228,510
Iran	114,796	130,008	177,312
China	208,518	231,138	176,656
All other destination markets	612,337	677,016	770,670
Total Korea exports	3,267,910	3,856,610	3,625,319

Table continued on next page.

Table VII-19 -- Continued**Hot-rolled steel: Exports from Korea to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Korea's exports to the United States	570	568	428
Korea's exports to other major destination markets.--			
India	575	501	348
Japan	496	509	391
Vietnam	493	479	310
Thailand	571	540	415
Indonesia	554	527	392
Turkey	680	529	459
Iran	623	556	383
China	653	666	540
All other destination markets	597	583	426
Total Korea exports	555	541	397
	Share of quantity (percent)		
Korea's exports to the United States	13.2	18.6	13.9
Korea's exports to other major destination markets.--			
India	5.4	11.3	17.9
Japan	18.3	15.4	11.4
Vietnam	15.0	11.6	10.9
Thailand	8.8	6.8	6.1
Indonesia	12.6	10.2	5.9
Turkey	0.6	1.7	5.4
Iran	3.1	3.3	5.1
China	5.4	4.9	3.6
All other destination markets	17.4	16.3	19.8
Total Korea exports	100.0	100.0	100.0

Source: Official export statistics reported by Korea Customs and Trade Development Institution in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRY IN THE NETHERLANDS

Overview

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export hot-rolled steel from Netherlands.²⁰ Useable responses to the Commission's questionnaire were received from one firm: Tata Netherlands. Combined *** production and consumption data for 17 EU countries, including but not limited to the Netherlands, are presented below.²¹

* * * * *

Table VII-20 lists the producer from the Netherlands of hot-rolled steel that responded to the Commission's questionnaire and presents summary data on operations during 2015.

Table VII-20

Hot-rolled steel: Summary data on the firm in the Netherlands, 2015

* * * * *

Changes in operations

The producer's changes in operations since January 1, 2013, as reported in its questionnaire response, are reported in table VII-21.

Table VII-21

Hot-rolled steel: Reported changes in operations by the firm in the Netherlands

* * * * *

Operations of the hot-rolled steel producer in the Netherlands

Table VII-22 presents information on the hot-rolled steel operations of Tata Netherlands for 2013-15, January-March 2015, and January-March 2016, as well as projections for 2016-17.

Tata Netherlands' capacity, production, shipments, and capacity utilization increased from 2013 to 2015; whereas inventories decreased. Capacity was higher during January-March 2016 than in the comparable period of 2015; whereas production, inventories, shipments, and capacity utilization were lower.

²⁰ These firms were identified through a review of information submitted in the petition, contained in proprietary Customs records, and other public sources.

²¹ ***. ***. Dutch production and consumption data are not broken out individually; instead, they are reported within the "Other EU 28" figures. The 17 other EU 28 countries included in these data are: Belgium, Bulgaria, Croatia, Republic of Cyprus, Denmark, Estonia, Finland, Greece, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, and Slovenia.

The home market accounted for the majority of Tata Netherlands’ total shipments, decreasing from *** percent of total shipments in 2013 to *** percent in 2015. Home market shipments by Tata Netherlands accounted for *** percent of total shipments during January-March 2016 compared to *** percent in January-March 2015. Exports to the United States increased from *** percent of total shipments in 2013 to *** percent in 2015, and accounted for *** percent in January-March 2016 compared to *** percent in January-March 2015. Exports to markets other than the United States grew from *** percent of total shipments in 2013 to *** percent in 2015, and accounted for *** percent in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified include ***.

Table VII-22
Hot-rolled steel: Data on the industry in the Netherlands, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

	*	*	*	*	*	*	*
Alternative products							
***.							
Exports							
According to GTA, the top export markets for hot-rolled steel produced in the Netherlands during 2015 were Germany and the United States (table VII-23). The United States was the second largest destination for Dutch exports. During 2015, Germany and the United States accounted for 36.3 and 16.0 percent of total exports from the Netherlands, respectively.							

Table VII-23**Hot-rolled steel: Exports from the Netherlands to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Netherlands's exports to the United States	372,036	468,331	398,239
Netherlands's exports to other major destination markets.--			
Germany	867,844	858,796	905,663
France	191,632	332,723	326,006
United Kingdom	177,875	229,740	162,841
Turkey	54,721	43,821	160,716
Spain	123,023	129,925	125,287
Belgium	124,869	118,844	89,795
Italy	97,386	83,487	56,747
Mexico	33,194	98,138	50,132
All other destination markets	360,308	246,247	217,070
Total Netherlands exports	2,402,888	2,610,053	2,492,497
	Value (1,000 dollars)		
Netherlands's exports to the United States	222,180	288,251	165,225
Netherlands's exports to other major destination markets.--			
Germany	533,308	511,204	414,389
France	119,618	185,759	135,811
United Kingdom	136,940	152,028	84,484
Turkey	28,661	18,792	43,368
Spain	76,780	77,890	58,286
Belgium	69,848	76,363	35,372
Italy	54,756	44,536	23,614
Mexico	19,581	56,852	24,078
All other destination markets	215,305	149,320	104,402
Total Netherlands exports	1,476,977	1,560,994	1,089,028

Table continued on next page.

Table VII-23 -- Continued**Hot-rolled steel: Exports from the Netherlands to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Netherlands's exports to the United States	597	615	415
Netherlands's exports to other major destination markets.--			
Germany	615	595	458
France	624	558	417
United Kingdom	770	662	519
Turkey	524	429	270
Spain	624	600	465
Belgium	559	643	394
Italy	562	533	416
Mexico	590	579	480
All other destination markets	598	606	481
Total Netherlands exports	615	598	437
	Share of quantity (percent)		
Netherlands's exports to the United States	15.5	17.9	16.0
Netherlands's exports to other major destination markets.--			
Germany	36.1	32.9	36.3
France	8.0	12.7	13.1
United Kingdom	7.4	8.8	6.5
Turkey	2.3	1.7	6.4
Spain	5.1	5.0	5.0
Belgium	5.2	4.6	3.6
Italy	4.1	3.2	2.3
Mexico	1.4	3.8	2.0
All other destination markets	15.0	9.4	8.7
Total Netherlands exports	100.0	100.0	100.0

Source: Official export statistics reported by EuroStat in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRY IN TURKEY

Overview

The Commission issued foreign producers' or exporters' questionnaires to six firms believed to produce and/or export hot-rolled steel from Turkey.²² Useable responses to the Commission's questionnaire were received from two firms: Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir") and Çolakoğlu Metalurji Anonim Şirketi ("Colakoglu").²³ *** production and consumption data for Turkey are presented below.²⁴

* * * * *

Table VII-24 lists the Turkish producers of hot-rolled steel that responded to the Commission's questionnaire and presents summary data on operations during 2015.

Table VII-24
Hot-rolled steel: Summary data on firms in Turkey, 2015

* * * * *

Changes in operations

Turkish producers' reported no changes in operations since January 1, 2013.

Operations of hot-rolled steel producers in Turkey

Table VII-25 presents information on the hot-rolled steel operations of the responding producers and exporters in Turkey for 2013-15, January-March 2015, and January-March 2016, as well as projections for 2016-17.

Turkish production, inventories, shipments, and capacity utilization all increased from 2013 to 2015. Shipments were higher during January-March 2016 than in the comparable period of 2015; whereas production, inventories, and capacity utilization were lower. Capacity remained the same from 2013 to 2015, and also from January-March 2015 to the comparable period of 2016.

²² These firms were identified through a review of information submitted in the petition, contained in proprietary Customs records, and other public sources.

²³ Four other Turkish producers of hot-rolled steel were identified by the responding Turkish producers: Isdemir (an affiliate of Erdemir) whose production and export data is included in Erdemir's response; Toscelik, a producer with *** metric tons of hot-rolled coil capacity; MMK, a producer of corrosion resistant steel that stopped producing crude steel in 2012; and Habas, a new entrant to the market that began producing hot-rolled steel in 2014. Turkish Producers' posthearing brief, pp. 3-4 and exhs. 2-3.

²⁴ ***. ***.

The home market accounted for the majority of total shipments by the Turkish producers, increasing from *** percent of total shipments in 2013 to *** percent of total shipments in 2015.²⁵ The home market accounted for *** percent of total shipments during January-March 2016 compared to *** percent in January-March 2015. Exports to the United States increased from *** percent of total shipments in 2013 to *** percent in 2015, but declined to *** percent in January-March 2016 compared to *** percent in January-March 2015. Exports to markets other than the United States decreased from *** percent of total shipments in 2013 to *** percent in 2015, but increase to *** percent in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified include ***.

Table VII-25

Hot-rolled steel: Data on the industry in Turkey, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

* * * * *

Alternative products

***.

Exports

According to GTA, the top export markets for hot-rolled steel produced in Turkey during 2015 were Italy and the United States (table VII-26). The United States was the second largest destination for Turkish exports. During 2015, Italy and the United States accounted for 17.9 and 17.3 percent of total exports from Turkey, respectively.

²⁵ Turkish producers allege that home market demand will be strong in the near term, citing among other major public projects, the ongoing construction of the 1,800 km Trans Anatolian Natural Gas Pipeline, the completion of which is expected to require 1.2 million tons of pipe. Turkish Producers' prehearing brief, pp. 19-20 and exh. 7.

Table VII-26**Hot-rolled steel: Exports from Turkey to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Turkey's exports to the United States	72,746	480,414	296,144
Turkey's exports to other major destination markets.--			
Italy	528,745	133,717	306,592
Spain	110,804	50,488	140,277
United Kingdom	31,556	17,155	109,119
Morocco	12,296	42,603	106,020
Romania	69,796	82,177	95,684
Portugal	272,321	58,945	87,375
Thailand	72,880	117,036	65,076
Iraq	22,810	15,537	47,823
All other destination markets	345,446	566,901	459,379
Total Turkey exports	1,539,401	1,564,974	1,713,488
	Value (1,000 dollars)		
Turkey's exports to the United States	37,750	250,915	127,025
Turkey's exports to other major destination markets.--			
Italy	278,078	69,113	109,450
Spain	59,614	26,420	51,383
United Kingdom	16,969	8,956	37,994
Morocco	6,477	23,286	39,507
Romania	43,110	43,832	37,719
Portugal	136,399	29,318	29,725
Thailand	40,221	61,139	22,847
Iraq	15,201	9,367	21,348
All other destination markets	199,315	309,195	184,683
Total Turkey exports	833,132	831,540	661,683

Table continued on next page.

Table VII-26 -- Continued**Hot-rolled steel: Exports from Turkey to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Turkey's exports to the United States	519	522	429
Turkey's exports to other major destination markets.--			
Italy	526	517	357
Spain	538	523	366
United Kingdom	538	522	348
Morocco	527	547	373
Romania	618	533	394
Portugal	501	497	340
Thailand	552	522	351
Iraq	666	603	446
All other destination markets	577	545	402
Total Turkey exports	541	531	386
	Share of quantity (percent)		
Turkey's exports to the United States	4.7	30.7	17.3
Turkey's exports to other major destination markets.--			
Italy	34.3	8.5	17.9
Spain	7.2	3.2	8.2
United Kingdom	2.0	1.1	6.4
Morocco	0.8	2.7	6.2
Romania	4.5	5.3	5.6
Portugal	17.7	3.8	5.1
Thailand	4.7	7.5	3.8
Iraq	1.5	1.0	2.8
All other destination markets	22.4	36.2	26.8
Total Turkey exports	100.0	100.0	100.0

Source: Official export statistics reported by Turkey's State Institute of Statistics in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRY IN THE UNITED KINGDOM

Overview

The Commission issued foreign producers' or exporters' questionnaires to four firms believed to produce and/or export hot-rolled steel from the United Kingdom.²⁶ Useable responses to the Commission's questionnaire were received from one firm: Tata UK *** production and consumption data for the United Kingdom are presented below.²⁷

* * * * *

Table VII-27 lists United Kingdom producer of hot-rolled steel that responded to the Commission's questionnaire and presents summary data on operations during 2015.

Table VII-27

Hot-rolled steel: Summary data on the firm in the United Kingdom, 2015

* * * * *

Changes in operations

The United Kingdom producer's changes in operations since January 1, 2013, as reported in its questionnaire response, are reported in table VII-28.

Table VII-28

Hot-rolled steel: Reported changes in operations by the firm in the United Kingdom

* * * * *

Operations of the hot-rolled steel producer in the United Kingdom

Table VII-29 presents information on the hot-rolled steel operations of Tata UK for 2013-15, January-March 2015, and January-March 2016, as well as projections for 2016-17.²⁸

Tata UK's capacity increased from 2013 to 2015; whereas production, inventories, shipments, and capacity utilization decreased. Production, inventories, shipments, and capacity

²⁶ These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

²⁷ ***. ***.

²⁸ ***.

***.

utilization were lower during January-March 2016 than in the comparable period of 2015; whereas capacity remained constant.

The home market accounted for the majority of total shipments by Tata UK, which increased from *** percent of total shipments in 2013 to *** percent in 2015. Home market sales by Tata UK accounted for *** percent of total sales during January-March 2016 compared to *** percent in January-March 2015. Exports to the United States grew from *** percent of total shipments in 2013 to *** percent in 2015, and dropped to *** percent in January-March 2016 compared to *** percent in January-March 2015. Exports to markets other than the United States decreased from *** percent of total shipments in 2013 to *** percent in 2015, but nearly doubled to *** percent in January-March 2016 compared to *** percent in January-March 2015. Other export markets identified include ***.

Table VII-29
Hot-rolled steel: Data on the industry in the United Kingdom, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

	*	*	*	*	*	*	*
	Alternative products						
	***.						
	Exports						
	According to GTA, the top export markets for hot-rolled steel produced in the United Kingdom during 2015 were the United States and Spain (table VII-30). The United States was the largest destination for the United Kingdom exports. During 2015, the United States and Spain accounted for 31.6 and 22.4 percent of total exports from the United Kingdom, respectively.						

Table VII-30**Hot-rolled steel: Exports from the United Kingdom to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
United Kingdom's exports to the United States	38,985	151,044	204,526
United Kingdom's exports to other major destination markets.--			
Spain	115,525	162,715	144,846
Turkey	5,491	6,067	57,373
Ireland	49,331	46,666	42,164
France	222,464	122,184	40,795
Sweden	30,073	33,034	31,980
Germany	40,431	30,021	28,986
Italy	9,009	15,556	25,151
Portugal	39,007	40,566	21,647
All other destination markets	153,681	95,266	49,947
Total United Kingdom exports	703,997	703,121	647,416
	Value (1,000 dollars)		
United Kingdom's exports to the United States	19,778	89,585	95,808
United Kingdom's exports to other major destination markets.--			
Spain	69,990	96,894	64,490
Turkey	3,268	3,567	15,739
Ireland	35,503	33,222	24,177
France	133,277	68,824	18,409
Sweden	19,297	20,059	15,439
Germany	27,574	20,004	14,796
Italy	6,436	10,857	12,486
Portugal	20,317	23,617	9,291
All other destination markets	91,052	61,790	23,643
Total United Kingdom exports	426,491	428,418	294,279

Table continued on next page.

Table VII-30 -- Continued**Hot-rolled steel: Exports from the United Kingdom to top destination markets and the United States, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
United Kingdom's exports to the United States	507	593	468
United Kingdom's exports to other major destination markets.--			
Spain	606	595	445
Turkey	595	588	274
Ireland	720	712	573
France	599	563	451
Sweden	642	607	483
Germany	682	666	510
Italy	714	698	496
Portugal	521	582	429
All other destination markets	592	649	473
Total United Kingdom exports	606	609	455
	Share of quantity (percent)		
United Kingdom's exports to the United States	5.5	21.5	31.6
United Kingdom's exports to other major destination markets.--			
Spain	16.4	23.1	22.4
Turkey	0.8	0.9	8.9
Ireland	7.0	6.6	6.5
France	31.6	17.4	6.3
Sweden	4.3	4.7	4.9
Germany	5.7	4.3	4.5
Italy	1.3	2.2	3.9
Portugal	5.5	5.8	3.3
All other destination markets	21.8	13.5	7.7
Total United Kingdom exports	100.0	100.0	100.0

Source: Official export statistics reported by Turkey's State Institute of Statistics in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

THE INDUSTRIES IN THE SUBJECT COUNTRIES

Overview

The Commission issued foreign producers' or exporters' questionnaires to 38 firms believed to produce and/or export hot-rolled steel from the subject countries.²⁹ Useable responses to the Commission's questionnaire were received from the 16 firms listed previously in this part of the report. Table VII-31 presents information on the hot-rolled steel operations of the responding producers and exporters in subject countries.

According to the data presented for the industries in all subject countries, exports to the United States increased irregularly by 85.5 percent from 2013 to 2015, but are projected to decrease by 41.1 percent from 2015 to 2017 (slightly higher than those reported in 2013). Also, on a cumulated basis, producers in the subject countries generally decreased their unused capacity from 15.6 million short tons in 2013 to 12.6 million short tons in 2015, and project further tightening with 9.8 million short tons of unused capacity in 2017. 12.6 million short tons of unused capacity amounts to 46.4 percent of merchant market consumption of hot-rolled steel in the United States during 2015, whereas 9.8 million short tons amounts to 36.0 percent. Finally, the aggregate level of inventories reported by producers in subject countries increased (both absolutely and relative to their reported levels of production and shipments) between 2013 and 2015, and is projected to continue to increase into 2017.

²⁹ These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

Table VII-31

Hot-rolled steel: Summary data on firms from the subject countries, 2013-15, January to March 2015, January to March 2016, and calendar year projections for 2016 and 2017

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2013	2014	2015	2015	2016	2016	2017
	Quantity (short tons)						
Capacity	147,522,282	148,563,169	143,696,659	36,376,690	35,524,411	141,555,549	141,536,493
Production	131,907,256	132,330,964	131,094,286	33,488,277	32,085,989	130,143,263	131,748,169
End-of-period inventories	3,276,524	3,353,998	3,365,329	3,543,295	3,332,057	3,392,392	3,598,755
Shipments: Home market shipments: Internal consumption/ transfers	71,005,312	70,845,100	67,169,785	17,148,732	16,409,115	66,969,966	68,111,703
Commercial shipments	35,433,052	33,626,198	30,818,626	8,407,118	7,742,734	31,320,454	32,534,669
Subtotal, home market shipments	106,438,364	104,471,298	97,988,411	25,555,850	24,151,849	98,290,420	100,646,372
Export shipments to:							
United States	1,832,104	3,570,646	3,398,526	879,115	378,178	2,091,901	1,990,939
All other markets	23,648,176	24,049,567	29,540,569	6,807,228	7,572,826	29,702,319	28,702,587
Total exports	25,480,280	27,620,213	32,939,095	7,686,343	7,951,004	31,794,220	30,693,526
Total shipments	131,918,644	132,091,511	130,927,506	33,242,193	32,102,853	130,084,640	131,339,898
	Ratios and shares (percent)						
Capacity utilization	89.4	89.1	91.2	92.1	90.3	91.9	93.1
Inventories/production	2.5	2.5	2.6	2.6	2.6	2.6	2.7
Inventories/total shipments	2.5	2.5	2.6	2.7	2.6	2.6	2.7
Share of shipments: Home market shipments: Internal consumption/ transfers	53.8	53.6	51.3	51.6	51.1	51.5	51.9
Commercial shipments	26.9	25.5	23.5	25.3	24.1	24.1	24.8
Subtotal, home market shipments	80.7	79.1	74.8	76.9	75.2	75.6	76.6
Export shipments to:							
United States	1.4	2.7	2.6	2.6	1.2	1.6	1.5
All other markets	17.9	18.2	22.6	20.5	23.6	22.8	21.9
Total exports	19.3	20.9	25.2	23.1	24.8	24.4	23.4
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-32 presents data on U.S. importers' reported inventories of hot-rolled steel. Inventories of hot-rolled steel from subject countries increased by 234.8 percent from 2013 to 2015 and were 19.3 percent lower in January-March 2016 compared to January-March 2015. Inventories of U.S. imports from nonsubject countries declined by 76.2 percent from 2013 to 2015 and were 79.9 percent lower in January-March 2016 compared to January-March 2015.

Inventories of hot-rolled steel imported from subject countries increased by 163,805 short tons from 2013 to 2014³⁰ and further increased by 240,485 short tons from 2014 to 2015.³¹ Inventories from nonsubject countries decreased by 43,895 short tons from 2013 to 2014 and further decreased by 126,012 short tons from 2014 to 2015. Inventories from all sources increased by 119,910 short tons from 2013 to 2014 and further increased by 114,473 short tons from 2014 to 2015.³²

³⁰ ***.

³¹ ***.

³² U.S. producer and importer ***.

Table VII-32

Hot-rolled steel: U.S. importers' end-of-period inventories of imports by source, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Imports from Australia					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Brazil					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Japan					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Korea					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Netherlands					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Turkey					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***

Table continued on next page.

Table VII-32 -- Continued**Hot-rolled steel: U.S. importers' end-of-period inventories of imports by source, 2013-15, January to March 2015, and January to March 2016**

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Imports from United Kingdom Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from subject sources Inventories (short tons)	172,154	335,959	576,444	452,082	364,839
Ratio to U.S. imports (percent)	9.0	9.8	15.0	9.7	19.5
Ratio to U.S. shipments of imports (percent)	9.4	10.3	16.1	10.9	13.7
Ratio to total shipments of imports (percent)	9.4	10.3	16.0	10.8	13.7
Imports from Canada Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from all other sources Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from nonsubject sources Inventories (short tons)	222,922	179,027	53,015	149,434	30,050
Ratio to U.S. imports (percent)	28.8	15.2	7.2	16.0	3.8
Ratio to U.S. shipments of imports (percent)	28.4	14.7	6.1	14.2	3.4
Ratio to total shipments of imports (percent)	28.3	14.7	6.1	14.2	3.4
Imports from all sources Inventories (short tons)	395,076	514,986	629,459	601,516	394,889
Ratio to U.S. imports (percent)	14.7	11.2	13.8	10.8	14.8
Ratio to U.S. shipments of imports (percent)	15.1	11.5	14.2	11.5	11.2
Ratio to total shipments of imports (percent)	15.1	11.5	14.1	11.5	11.1

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of hot-rolled steel from April 2016 to March 2017. These data are presented in table VII-33.

Table VII-33

Hot-rolled steel: U.S. importers' arranged imports, April 2016 through March 2017

Item	Period				
	Apr-Jun 2016	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Total
Australia	***	***	***	***	***
Brazil	***	***	***	***	***
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Netherlands	***	***	***	***	***
Turkey	***	***	***	***	***
United Kingdom	***	***	***	***	***
Subject sources	***	***	***	***	***
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	409,184	393,998	91,940	57,654	952,776

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The Commission asked questionnaire recipients to identify whether the products subject to this proceeding have been the subject of any other import relief proceedings in the United States or in any other countries. Information obtained from such requests is presented in table VII-34.

Table VII-34

Hot-rolled steel: Import relief proceedings in third-countries

Export market	Subject country	Date/measure
Australia	Japan, Korea, Taiwan and Malaysia	December 20, 2012 / antidumping duty imposed by Australia on hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated)
	Japan 7.5 percent (non-pickled) and 0.0 percent (pickled)	December 2012 / general antidumping duty order on hot-rolled steel hot-rolled steel sheet coil/sheet
	Thailand	August 2013 / general antidumping duty order on hot-rolled steel
Canada	Brazil - 65.2 percent	January 2014 / general antidumping duty order on hot-rolled steel (HTS nos. 7208.XX)
	Brazil, China, Taiwan, India, and Ukraine	Antidumping duty orders on hot-rolled sheet
	India	August 2016 / Countervailing duty orders on carbon and alloy hot-rolled steel sheet and strip
	Brazil, China, Taiwan, India, and Ukraine	August 2016 / Antidumping duty orders on carbon and alloy hot-rolled steel sheet and strip
EU	China	Initiated in 2016 / antidumping investigation on hot-rolled steel from China
India	All countries	2016 / minimum import price HS Chapter 72 (safeguard)
India	China, Japan, Russia, Korea, Brazil and Indonesia.	2016 / Antidumping investigations filed on Hot-rolled flat products of alloy or non-alloy steel in coils of a width up to 2100mm and thickness up to 25mm and Hot-rolled flat products of alloy or non-alloy steel not in coils of a width up to 4950mm and thickness up to 150mm from
Mexico	China, France, and Germany	Antidumping duty orders on hot-rolled steel coil
Morocco	E.U. and Turkey	February 2014 / antidumping duty order on non-alloyed hot rolled flat steel
South Africa	All countries	Initiated March 2016 / flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel.
Thailand	Brazil, Iran, and Turkey	Initiated January 2016 / antidumping duty investigations initiated on flat hot-rolled steel in coils and not in coils
	Korea	Initiated 2016 / antidumping investigation of pickled and oiled hot rolled coil

Table continued on next page.

Table VII-34 -- Continued

Hot-rolled steel: Import relief proceedings in third-countries

Export market	Subject country	Date/measure
	Japan (36.25%), Korea, Taiwan, Indonesia, India, Russia, Kazakhstan, Ukraine, Slovakia, Romania, Algeria, South Africa, Argentina and Venezuela	May 2003 / antidumping duty orders on flat hot-rolled steel in coils and not in coils
Thailand	All countries	September 2013 / flat hot-rolled alloyed steel (safeguard) December 2014 / flat hot-rolled non-alloyed steel (safeguard)
Turkey	Russia, Ukraine, Japan, France, Romania, Slovakia and China	Initiated 2016 / hot-rolled steel

Source: Compiled from data submitted in response to Commission questionnaires and Canadian International Trade Tribunal, Dumping and Subsidizing Order (RR-2015-002), August 12, 2016.

INFORMATION ON NONSUBJECT COUNTRIES

*** production and consumption data for certain regions and the global industry are presented below.³³

* * * * *

³³ *** . *** .

Table VII-35 presents the leading global sources of hot-rolled steel exports.

Table VII-35
Hot-rolled steel: Global exports by exporter, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
United States	2,088,890	1,779,432	1,417,334
Subject exporters.--			
Australia	457,587	453,734	630,540
Brazil	844,277	1,403,106	2,546,653
Japan	14,708,637	15,200,097	16,977,269
Korea	5,891,813	7,126,409	9,137,398
Netherlands	2,402,888	2,610,056	2,492,497
Turkey	1,539,401	1,564,973	1,713,488
United Kingdom	703,997	703,121	647,420
Subtotal, subject exporters	26,548,600	29,061,496	34,145,264
All other major exporters.--			
China	6,233,417	12,764,712	15,664,725
Russia	4,981,270	5,142,397	6,120,432
France	5,368,270	5,608,649	5,355,319
Taiwan	4,069,628	4,255,123	4,637,934
Germany	4,080,285	3,940,913	4,492,397
Ukraine	2,881,907	2,838,256	2,735,823
Belgium	2,675,333	2,819,537	3,359,527
Canada	1,546,692	1,598,328	1,644,702
Slovakia	1,868,450	1,771,547	1,521,589
Italy	1,821,670	1,531,519	1,222,132
All other exporters	11,897,501	9,787,322	8,655,477
Total global exports	76,061,913	82,899,230	90,972,656
	Value (\$1,000)		
United States	1,489,153	1,351,197	979,996
Subject exporters.--			
Australia	225,180	235,100	218,965
Brazil	456,017	723,241	948,901
Japan	8,030,270	7,977,054	6,657,884
Korea	3,267,910	3,856,610	3,625,319
Netherlands	1,476,977	1,560,994	1,089,029
Turkey	833,132	831,540	661,686
United Kingdom	426,491	428,418	294,279
Subtotal, subject exporters	14,715,977	15,612,958	13,496,063
All other major exporters.--			
China	3,173,226	6,130,879	5,416,402
Russia	2,462,268	2,520,666	2,043,995
France	3,268,537	3,172,213	2,341,200
Taiwan	2,112,548	2,142,510	1,699,352
Germany	2,625,073	2,437,410	2,225,520
Ukraine	1,356,479	1,319,798	918,558
Belgium	1,660,607	1,578,849	1,541,189
Canada	1,001,001	1,110,140	890,490
Slovakia	1,140,264	1,015,049	682,188
Italy	1,102,087	918,245	580,323
All other exporters	6,824,603	5,579,135	3,871,183
Total global exports	42,931,823	44,889,050	36,686,459

Table continued on next page.

Table VII-35
Hot-rolled steel: Global exports by exporter, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
United States	713	759	691
Subject exporters.--			
Australia	492	518	347
Brazil	540	515	373
Japan	546	525	392
Korea	555	541	397
Netherlands	615	598	437
Turkey	541	531	386
United Kingdom	606	609	455
Subtotal, subject exporters	554	537	395
All other major exporters.--			
China	509	480	346
Russia	494	490	334
France	609	566	437
Taiwan	519	504	366
Germany	643	618	495
Ukraine	471	465	336
Belgium	621	560	459
Canada	647	695	541
Slovakia	610	573	448
Italy	605	600	475
All other exporters	574	570	447
Total global exports	564	541	403
	Share of quantity (percent)		
United States	2.7	2.1	1.6
Subject exporters.--			
Australia	0.6	0.5	0.7
Brazil	1.1	1.7	2.8
Japan	19.3	18.3	18.7
Korea	7.7	8.6	10.0
Netherlands	3.2	3.1	2.7
Turkey	2.0	1.9	1.9
United Kingdom	0.9	0.8	0.7
Subtotal, subject exporters	34.9	35.1	37.5
All other major exporters.--			
China	8.2	15.4	17.2
Russia	6.5	6.2	6.7
France	7.1	6.8	5.9
Taiwan	5.4	5.1	5.1
Germany	5.4	4.8	4.9
Ukraine	3.8	3.4	3.0
Belgium	3.5	3.4	3.7
Canada	2.0	1.9	1.8
Slovakia	2.5	2.1	1.7
Italy	2.4	1.8	1.3
All other exporters	15.6	11.8	9.5
Total global exports	100.0	100.0	100.0

Source: Source: Official export statistics reported by various governments in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed August 11, 2016.

Table VII-36 presents monthly price data for hot-rolled coil.

Table VII-36

Hot-rolled steel: World monthly prices, January 2013 – April 2016

Month and year	Hot-rolled coil price
Dollars per short ton	
2013:	
January	607
February	619
March	603
April	591
May	575
June	565
July	558
August	572
September	583
October	594
November	591
December	595
2014:	
January	601
February	593
March	585
April	586
May	595
June	589
July	587
August	582
September	569
October	549
November	537
December	523
2015:	
January	497
February	471
March	449
April	427
May	435
June	425
July	420
August	410
September	396
October	376
November	359
December	341
2016:	
January	349
February	356
March	371
April	414

Source: MEPS International, Ltd., <http://www.meps.co.uk/World%20Carbon%20Price.htm>.

Canada

Canada was the largest nonsubject source of hot-rolled steel imports to the United States during 2015. The industry that produces hot-rolled steel in Canada includes four firms, of which three are related to U.S. producers: U.S. Steel Canada,³⁴ ArcelorMittal Dofasco, and EVRAZ Saskatchewan. The fourth firm, Essar Steel Algoma is owned by Essar Steel of India.^{35 36} *** production and consumption data for Canada are presented below.³⁷

* * * * *

Canada's exports of hot-rolled steel in 2015 were 1.6 million short tons, while its imports were 1.4 million short tons.³⁸ Both its exports (89 percent) and its imports (71 percent) were primarily through trade with the United States.³⁹ Comparing 2015 to 2013, Canada's imports from the United States fell by 186,000 short tons while its imports from Turkey and Korea increased by 220,000 short tons.⁴⁰ Table VII-37 presents Canadian exports by destination market.

³⁴ U.S. Steel Canada (USSC), in September 2014, filed for relief from creditors under the country's Companies' Creditors Arrangement Act—reportedly roughly the equivalent of Chapter 11 bankruptcy protection in the United States. "USS Canada files for relief from creditors," American Metal Market, September 16, 2014. In October, 2015, U.S. Steel and USSC agreed upon a court-approved transition plan providing that U.S. Steel will continue to provide shared services to USSC for up to 24 months, but will transition away from providing technical and engineering services associated with product development or sales. Further, unless mutually agreed to, U.S. Steel will not be generating any sales orders on behalf of USSC and will fulfill its production orders with its U.S. based operating facilities. U.S. Steel Form 10K for 2015.

³⁵ *** imported the following amounts of hot-rolled steel from Canada to the United States: ***. *** of all U.S. imports of hot-rolled steel from Canada from January 2013 to March 2016.

³⁶ In November, 2015, Essar Steel Algoma Inc. filed for protection from creditors under Canada's CCAA. "Essar Steel again seeks creditor protection" American Metal Market Nov. 9, 2015.

³⁷ ***. ***.

³⁸ GTIS, Global Trade Atlas, accessed June 21, 2016.

³⁹ GTIS, Global Trade Atlas, accessed June 21, 2016.

⁴⁰ GTIS, Global Trade Atlas, accessed September 4, 2015.

Table VII-37**Hot-rolled steel: Canadian exports by destination market, 2013-15**

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Canada's exports to the United States	1,359,780	1,414,307	1,468,535
Canada's exports to other major destination markets.--			
Mexico	154,769	167,505	172,638
Bangladesh	6,439	14,102	919
Indonesia	11,737	0	487
China	68	204	444
Cote d'Ivoire	0	0	443
India	133	103	251
Cuba	305	246	203
Korea	22	39	149
All other destination markets	13,438	1,824	632
Total Canada exports	1,546,692	1,598,329	1,644,702
	Value (1,000 dollars)		
Canada's exports to the United States	881,839	996,056	792,507
Canada's exports to other major destination markets.--			
Mexico	103,219	106,809	96,251
Bangladesh	2,758	5,780	379
Indonesia	6,884	0	233
China	59	132	220
Cote d'Ivoire	0	0	213
India	94	82	196
Cuba	199	161	107
Korea	15	24	80
All other destination markets	5,933	1,096	305
Total Canada exports	1,001,001	1,110,140	890,490

Table continued on next page.

Table VII-37 – Continued

Hot-rolled steel: Canadian exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Canada's exports to the United States	649	704	540
Canada's exports to other major destination markets.--			
Mexico	667	638	558
Bangladesh	428	410	412
Indonesia	587	---	479
China	868	646	494
Cote d Ivoire	---	---	480
India	708	802	779
Cuba	653	654	527
Korea	681	620	541
All other destination markets	442	601	482
Total Canada exports	647	695	541
	Share of quantity (percent)		
Canada's exports to the United States	87.9	88.5	89.3
Canada's exports to other major destination markets.--			
Mexico	10.0	10.5	10.5
Bangladesh	0.4	0.9	0.1
Indonesia	0.8	0.0	0.0
China	0.0	0.0	0.0
Cote d Ivoire	0.0	0.0	0.0
India	0.0	0.0	0.0
Cuba	0.0	0.0	0.0
Korea	0.0	0.0	0.0
All other destination markets	0.9	0.1	0.0
Total Canada exports	100.0	100.0	100.0

Source: Official export statistics reported by Stats Canada in the Global Trade Atlas (GTA) database for HTS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, and 7225.30, accessed June 21, 2016.

APPENDIX A

***FEDERAL REGISTER* NOTICES**

The Commission makes available notices relevant to its investigations on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
80 FR 50028 August 18, 2015	<i>Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-08-18/pdf/2015-20266.pdf
80 FR 54267 September 9, 2015	<i>Certain Hot-Rolled Steel Flat Products from Brazil, the Republic of Korea, and Turkey; Initiation of Countervailing Duty Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-09-09/pdf/2015-22556.pdf
80 FR 54261 September 9, 2015	<i>Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom: Initiation of Less-Than-Fair-Value Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-09-09/pdf/2015-22557.pdf
80 FR 58787 September 30, 2015	<i>Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom: Determinations</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-09-30/pdf/2015-24760.pdf
80 FR 63745, October 21, 2015	<i>Certain Hot-Rolled Steel Flat Product From Brazil, the Republic of Korea, and Turkey: Postponement of Preliminary Determinations in the Countervailing Duty Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-10-21/pdf/2015-26775.pdf
80 FR 73702, November 25, 2015	<i>Certain Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom: Postponement of Preliminary Determinations of Antidumping Duty Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-11-25/pdf/2015-29936.pdf
80 FR 76444, December 9, 2015	<i>Antidumping Duty Investigations of Certain Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, and the Netherlands and Countervailing Duty</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-12-09/pdf/2015-31083.pdf

Citation	Title	Link
	<i>Investigation of Certain Hot-Rolled Steel Flat Products From Brazil: Preliminary Determinations of Critical Circumstances</i>	
81 FR 2168, January 15, 2016	<i>Certain Hot-Rolled Steel Flat Products from Brazil: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination,</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-01-15/pdf/2016-00751.pdf
81 FR 2172, January 15, 2016	<i>Certain Hot-Rolled Steel Flat Products from Korea: Preliminary Negative Determination and Alignment of Final Determination With Final Antidumping Duty Determination,</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-01-15/pdf/2016-00750.pdf
81 FR 2166, January 15, 2016	<i>Certain Hot-Rolled Steel Flat Products from Turkey: Preliminary Negative Determination and Alignment of Final Determination With Final Antidumping Duty Determination,</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-01-15/pdf/2016-00749.pdf
81 FR 15222, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from Japan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06486.pdf
81 FR 15235, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from Brazil: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, and Extension of Provisional Measures</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06449.pdf
81 FR 15228, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from Korea: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06488.pdf
81 FR 15231, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from Turkey: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06440.pdf

Citation	Title	Link
81 FR 15225, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from the Netherlands</i> : Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06457.pdf
81 FR 15244, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from the United Kingdom</i> : Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, and Extension of Provisional Measures	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06462.pdf
81 FR 15241, March 22, 2016	<i>Certain Hot-Rolled Steel Flat Products from Australia</i> : Preliminary determination of Sales at Less Than Fair Value and Postponement of Final Determination	https://www.gpo.gov/fdsys/pkg/FR-2016-03-22/pdf/2016-06447.pdf
81 FR 22310, April 15, 2016	<i>Certain Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom</i> ; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations	https://www.gpo.gov/fdsys/pkg/FR-2016-04-15/pdf/2016-08650.pdf
81 FR 53416, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Brazil</i> : Final Affirmative CVD Determination and Final Determination of Critical Circumstances, in Part	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19376.pdf
81 FR 53439, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Korea</i> : Final Affirmative CVD Determination	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19377.pdf
81 FR 53433, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Turkey</i> : Final Affirmative CVD Determination	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19379.pdf
81 FR 53406, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Australia</i> : Final Determination of Sales at Less Than Fair Value	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19375.pdf

Citation	Title	Link
81 FR 53424, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Brazil: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19381.pdf
81 FR 53409, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Japan: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19378.pdf
81 FR 53419, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Korea: Final Determination of Sales at Less Than Fair Value</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19380.pdf
81 FR 53421, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from the Netherlands: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19371.pdf
81 FR 53428, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from Turkey: Final Determination of Sales at Less Than Fair Value</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19373.pdf
81 FR 53436, August 12, 2016	<i>Certain Hot-Rolled Steel Flat Products from the United Kingdom: Final Determination of Sales at Less Than Fair Value</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19374.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom

Inv. Nos.: 701-TA-545-547 and 731-TA-1291-1297 (Final)

Date and Time: August 4, 2016 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (Room 101), 500 E Street, SW, Washington, DC.

CONGRESSIONAL APPEARANCE:

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

STATE GOVERNMENT APPEARANCE:

The Honorable Joe Sbranti, City Manager, City of Pittsburg, California

EMBASSY APPEARANCE:

**Embassy of Japan
Washington, DC**

The Honorable Jun-ichiro Kuroda, Minister for Economy, Trade, Industry and Energy

OPENING REMARKS:

Petitioners (**Alan H. Price**, Wiley Rein LLP)
Respondents (**Donald B. Cameron**, Morris Manning & Martin LLP)

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders:**

Kelley, Drye & Warren LLP
Washington, DC
on behalf of

ArcelorMittal USA “(AMUSA)”

John Brett, Chief Executive Officer, AMUSA

Daniel Mull, Executive Vice President for Sales and
Marketing, AMUSA

Thomas Conway, International Vice President, United
Steel Workers

Gina Beck, Economic Consultant, Georgetown Economic
Services

Brad Hudgens, Economic Consultant, Georgetown Economic
Services

Paul Rosenthal)
Kathleen Cannon) – OF COUNSEL
Alan Luberd)

Schagrin Associates
Washington, DC
on behalf of

SSAB Enterprises, LLC
Steel Dynamics, Inc.

Mark Millett, President *and* Chief Executive Officer,
Steel Dynamics, Inc.

Jeff Moskaluk, Vice President *and* Chief Commercial Officer,
SSAB Enterprises, LLC

Glenn Gilmore, International Trade Supervisor, SSAB
Enterprises, LLC

Roger B. Schagrin)
) – OF COUNSEL
Christopher T. Cloutier)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

King & Spalding LLP
Washington, DC
on behalf of

AK Steel Corporation

Roger K. Newport, Chief Executive Officer, AK Steel Corporation

J.B. Chronister, General Manager, Products, AK Steel Corporation

Stephen A. Jones)
) – OF COUNSEL
Stephen P. Vaughn)

Wiley Rein LLP
Washington, DC
on behalf of

Nucor Corporation (“Nucor”)

Rick Blume, Vice President *and* General Manager, Nucor

Dr. Jerry Hausman, MacDonald Professor of Economics
at the Massachusetts Institute of Technology

Alan H. Price)
Timothy C. Brightbill)
) – OF COUNSEL
Christopher B. Weld)
Usha Neelakantan)

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, DC
on behalf of

United States Steel Corporation

Mario Longhi, President *and* Chief Executive Officer, United
States Steel Corporation

Douglas R. Matthews, Senior Vice President of Industrial, Service
Center and Mining Solutions, United States Steel Corporation

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Robert Y. Kopf, General Manager, Revenue Management,
United States Steel Corporation

Jeffrey D. Gerrish)
) – OF COUNSEL
Nathaniel B. Bolin)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Sidley Austin LLP
Washington, DC
on behalf of

Nippon Steel & Sumitomo Metal Corporation
JFE Steel Corporation
Kobe Steel Ltd.
Nisshin Steel Co., Ltd.

Takashi Sekino, Executive Vice President Nippon Steel &
Sumitomo Metal U.S.A., Inc., (NSSMUSA), Chicago, Illinois

Tadaaki Yamaguchi, President, JFE Steel Americas, Inc.,
New York, New York

Dan J. Dennis, President, NOV Quality Tubing

Hideki Hara, General Manager, Trade Administration, Nippon
Steel & Sumitomo Metal Corporation

Satoshi Ando, Staff Member, Flat Products Global Marketing
Division, Nippon Steel & Sumitomo Metal Corporation

Jun Akiba, Manager, NSSMUSA, Chicago, Illinois

Takeshi Esumi, Staff General Manager, JFE Corporation

Manabu Anada, Deputy General Manager, Global Operations
Group, Kobe Steel, Ltd.

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Yasumasa Ishikawa, Senior Manager, Kobe Steel USA, Detroit, Michigan

Richard Weiner)
Neil R. Ellis)
) – OF COUNSEL
Brenda A. Jacobs)
Rajib Pal)

Steptoe & Johnson LLP
Washington, DC
on behalf of

Tata Netherlands IJmuiden BV
Tata Steel UK Ltd.
(collectively, “Tata”)

Chris McCarthy, President *and* Director, Tata International
(Americas), Inc.

Gordon Aubuchon, Executive Vice President, Steel Warehouse
Company

Robin Kager, Key Account Manager, Tata Steel International
(Americas)

Bruce Malashevich, President, Economic Consulting Services, LLC

Cara Groden, Economist, Economic Consulting Services, LLC

Richard O. Cunningham)
Joel D. Kaufman) – OF COUNSEL
Thomas J. Trendl)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Arent Fox LLP
Washington, DC
on behalf of

Turkish Exporters and Producers

Ugur Dalbeler, Member of the Board of Directors of the Turkish
Steel Exporter's Association *and* Chief Executive Officer of
Colakoglu

Bulent Hacioglu, Economist, Trade Resources Company

Matthew Nolan) – OF COUNSEL

Morris Manning & Martin LLP
Washington, DC
on behalf of

Companhia Siderurgica Nacional
CSN, LLC

Jerry Richardson, General Director, CSN, LLC

James P. Dougan, Vice President, Economic Consulting
Services, LLC

Emma Peterson, Staff Economist, Economic Consulting
Services, LLC

Julie C. Mendoza)
Donald B. Cameron) – OF COUNSEL
R. Will Planert)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Morris Manning & Martin LLP
Washington, DC
on behalf of

Hyundai Steel Co., Ltd.
POSCO
(collectively, “Korean Producers”)

Jae Hyun Kim, General Sales and Marketing Manager, POSCO
America Corporation

Daniel Eversmyer, Corporate Strategy Manager, POSCO America
Corporation

Sallie Lee, Account Coordinator, POSCO America Corporation

James P. Dougan, Vice President, Economic Consulting
Services, LLC

Emma Peterson, Staff Economist, Economic Consulting
Services LLC

Donald B. Cameron)
R. Will Planert) – OF COUNSEL
Julie C. Mendoza)

Curtis, Mallet-Prevost, Colt & Mosle LLP
Washington, DC
on behalf of

BlueScope Steel Ltd.

John Cross, President, Steelscape LLC

Christopher Dunn) – OF COUNSEL

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Vorys, Sater, Seymour and Pease LLP
Washington, DC
on behalf of

Stemcor USA Inc.

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Stephen P. Vaughn**, King & Spalding LLP; *and* **Jeffrey D. Gerrish**,
Skadden, Arps, Slate, Meagher & Flom LLP)
Respondents (**Neil R. Ellis**, Sidley Austin LLP)

-END-

APPENDIX C
SUMMARY DATA

Table C-1

Hot-rolled steel: Summary data concerning the U.S. merchant market, 2013-15, January to March 2015, and January to March 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent—exceptions noted)

	Reported data					Period changes			
	2013	Calendar year 2014	2015	January to March 2015	2016	2013-15	Calendar year 2013-14	2014-15	Jan-Mar 2015-16
U.S. consumption quantity:									
Amount.....	29,281,161	32,235,402	27,185,638	6,985,645	6,707,216	(7.2)	10.1	(15.7)	(4.0)
Producers' share (fn1).....	86.5	79.8	78.6	74.6	83.1	(7.9)	(6.7)	(1.2)	8.6
Importers' share (fn1):									
Australia.....	***	***	***	***	***	***	***	***	***
Brazil.....	***	***	***	***	***	***	***	***	***
Japan.....	***	***	***	***	***	***	***	***	***
Korea.....	***	***	***	***	***	***	***	***	***
Netherlands.....	***	***	***	***	***	***	***	***	***
Turkey.....	***	***	***	***	***	***	***	***	***
United Kingdom.....	***	***	***	***	***	***	***	***	***
Subject sources.....	6.0	9.9	13.2	17.0	8.5	7.2	3.9	3.3	(8.5)
Canada.....	***	***	***	***	***	***	***	***	***
All other sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	7.5	10.4	8.2	8.4	8.4	0.7	2.8	(2.2)	(0.1)
Total imports.....	13.5	20.2	21.4	25.4	16.9	7.9	6.7	1.2	(8.6)
U.S. consumption value:									
Amount.....	18,386,329	21,173,755	13,788,041	4,154,727	2,800,376	(25.0)	15.2	(34.9)	(32.6)
Producers' share (fn1).....	86.4	80.5	78.1	74.4	82.5	(8.3)	(5.9)	(2.4)	8.1
Importers' share (fn1):									
Australia.....	***	***	***	***	***	***	***	***	***
Brazil.....	***	***	***	***	***	***	***	***	***
Japan.....	***	***	***	***	***	***	***	***	***
Korea.....	***	***	***	***	***	***	***	***	***
Netherlands.....	***	***	***	***	***	***	***	***	***
Turkey.....	***	***	***	***	***	***	***	***	***
United Kingdom.....	***	***	***	***	***	***	***	***	***
Subject sources.....	5.8	9.1	12.9	16.4	8.1	7.1	3.3	3.8	(8.3)
Canada.....	***	***	***	***	***	***	***	***	***
All other sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	7.8	10.4	9.0	9.2	9.4	1.1	2.5	(1.4)	0.2
Total imports.....	13.6	19.5	21.9	25.6	17.5	8.3	5.9	2.4	(8.1)
U.S. imports from									
Australia:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Brazil:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Japan:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Korea:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Netherlands:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Turkey:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
United Kingdom:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity.....	1,747,157	3,178,238	3,587,950	1,187,698	570,906	105.4	81.9	12.9	(51.9)
Value.....	1,061,662	1,930,681	1,779,259	681,289	227,154	67.6	81.9	(7.8)	(66.7)
Unit value.....	608	607	496	574	398	(18.4)	(0.0)	(18.4)	(30.6)
Ending inventory quantity.....	172,154	335,959	576,444	452,082	364,839	234.8	95.2	71.6	(19.3)
Canada:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject:									
Quantity.....	2,203,485	3,336,994	2,228,196	589,767	560,163	1.1	51.4	(33.2)	(5.0)
Value.....	1,437,184	2,193,772	1,234,892	383,028	263,678	(14.1)	52.6	(43.7)	(31.2)
Unit value.....	652	657	554	649	471	(15.0)	0.8	(15.7)	(27.5)
Ending inventory quantity.....	222,922	179,027	53,015	149,434	30,050	(76.2)	(19.7)	(70.4)	(79.9)
Total imports:									
Quantity.....	3,950,642	6,515,232	5,816,146	1,777,466	1,131,068	47.2	64.9	(10.7)	(36.4)
Value.....	2,498,846	4,124,454	3,014,150	1,064,317	490,832	20.6	65.1	(26.9)	(53.9)
Unit value.....	633	633	518	599	434	(18.1)	0.1	(18.1)	(27.5)
Ending inventory quantity.....	395,076	514,986	629,459	601,516	394,889	59.3	30.4	22.2	(34.4)

Table continued on next page.

Table C-1

Hot-rolled steel: Summary data concerning the U.S. merchant market, 2013-15, January to March 2015, and January to March 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year		January to March			Calendar year		Jan-Mar	
	2013	2014	2015	2015	2016	2013-15	2013-14	2014-15	2015-16
Average capacity quantity.....	80,446,610	80,452,921	80,466,076	20,126,372	19,652,301	0.0	0.0	0.0	(2.4)
Production quantity.....	61,752,475	62,434,819	54,731,937	13,134,389	14,586,269	(11.4)	1.1	(12.3)	11.1
Capacity utilization (fn1).....	76.8	77.6	68.0	65.3	74.2	(8.7)	0.8	(9.6)	9.0
U.S. commercial shipments:									
Quantity.....	25,330,519	25,720,170	21,369,492	5,208,179	5,576,148	(15.6)	1.5	(16.9)	7.1
Value.....	15,887,483	17,049,301	10,773,891	3,090,410	2,309,544	(32.2)	7.3	(36.8)	(25.3)
Unit value.....	\$627.21	\$662.88	\$504.17	\$593.38	\$414.18	(19.6)	5.7	(23.9)	(30.2)
Net sales:									
Quantity.....	25,076,666	25,222,095	21,011,442	5,084,325	5,511,009	(16.2)	0.6	(16.7)	8.4
Value.....	15,781,279	16,732,490	10,958,457	3,031,248	2,320,077	(30.6)	6.0	(34.5)	(23.5)
Unit value.....	\$629.32	\$663.41	\$521.55	\$596.19	\$420.99	(17.1)	5.4	(21.4)	(29.4)
Cost of goods sold (COGS).....	14,515,259	15,135,312	11,172,003	3,010,975	2,237,928	(23.0)	4.3	(26.2)	(25.7)
Gross profit or (loss).....	1,266,020	1,597,178	(213,546)	20,273	82,149	(116.9)	26.2	(113.4)	305.2
SG&A expenses.....	486,609	488,478	442,885	121,849	96,074	(9.0)	0.4	(9.3)	(21.2)
Operating income or (loss).....	779,411	1,108,700	(656,431)	(101,576)	(13,925)	(184.2)	42.2	(159.2)	(86.3)
Net income or (loss).....	563,560	984,037	(850,747)	(175,165)	(38,603)	(251.0)	74.6	(186.5)	(78.0)
Unit COGS.....	\$578.84	\$600.08	\$531.71	\$592.21	\$406.08	(8.1)	3.7	(11.4)	(31.4)
Unit SG&A expenses.....	\$19.40	\$19.37	\$21.08	\$23.97	\$17.43	8.6	(0.2)	8.8	(27.3)
Unit operating income or (loss).....	\$31.08	\$43.96	(\$31.24)	(\$19.98)	(\$2.53)	(200.5)	41.4	(171.1)	(87.4)
Unit net income or (loss).....	\$22.47	\$39.01	(\$40.49)	(\$34.45)	(\$7.00)	(280.2)	73.6	(203.8)	(79.7)
COGS/sales (fn1).....	92.0	90.5	101.9	99.3	96.5	10.0	(1.5)	11.5	(2.9)
Operating income or (loss)/sales (fn1).....	4.9	6.6	(6.0)	(3.4)	(0.6)	(10.9)	1.7	(12.6)	2.8
Net income or (loss)/sales (fn1).....	3.6	5.9	(7.8)	(5.8)	(1.7)	(11.3)	2.3	(13.6)	4.1

fn1.--Reported data are in percent and period changes are in percentage points.

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

Table C-2

Hot-rolled steel: Summary data concerning the U.S. market, 2013-15, January to March 2015, and January to March 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	2013	Calendar year 2014	2015	January to March 2015	2016	2013-15	Calendar year 2013-14	2014-15	Jan-Mar 2015-16
U.S. consumption quantity:									
Amount.....	64,568,598	67,841,174	60,047,172	14,938,637	15,505,322	(7.0)	5.1	(11.5)	3.8
Producers' share (fn1).....	93.9	90.4	90.3	88.1	92.7	(3.6)	(3.5)	(0.1)	4.6
Importers' share (fn1):									
Australia.....	***	***	***	***	***	***	***	***	***
Brazil.....	***	***	***	***	***	***	***	***	***
Japan.....	***	***	***	***	***	***	***	***	***
Korea.....	***	***	***	***	***	***	***	***	***
Netherlands.....	***	***	***	***	***	***	***	***	***
Turkey.....	***	***	***	***	***	***	***	***	***
United Kingdom.....	***	***	***	***	***	***	***	***	***
Subject sources.....	2.7	4.7	6.0	8.0	3.7	3.3	2.0	1.3	(4.3)
Canada.....	***	***	***	***	***	***	***	***	***
All other sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	3.4	4.9	3.7	3.9	3.6	0.3	1.5	(1.2)	(0.3)
Total imports.....	6.1	9.6	9.7	11.9	7.3	3.6	3.5	0.1	(4.6)
U.S. consumption value:									
Amount.....	40,173,549	44,245,776	30,461,111	8,843,201	6,561,442	(24.2)	10.1	(31.2)	(25.8)
Producers' share (fn1).....	93.8	90.7	90.1	88.0	92.5	(3.7)	(3.1)	(0.6)	4.6
Importers' share (fn1):									
Australia.....	***	***	***	***	***	***	***	***	***
Brazil.....	***	***	***	***	***	***	***	***	***
Japan.....	***	***	***	***	***	***	***	***	***
Korea.....	***	***	***	***	***	***	***	***	***
Netherlands.....	***	***	***	***	***	***	***	***	***
Turkey.....	***	***	***	***	***	***	***	***	***
United Kingdom.....	***	***	***	***	***	***	***	***	***
Subject sources.....	2.6	4.4	5.8	7.7	3.5	3.2	1.7	1.5	(4.2)
Canada.....	***	***	***	***	***	***	***	***	***
All other sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	3.6	5.0	4.1	4.3	4.0	0.5	1.4	(0.9)	(0.3)
Total imports.....	6.2	9.3	9.9	12.0	7.5	3.7	3.1	0.6	(4.6)
U.S. imports from:									
Australia:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Brazil:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Japan:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Korea:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Netherlands:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Turkey:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
United Kingdom:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity.....	1,747,157	3,178,238	3,587,950	1,187,698	570,906	105.4	81.9	12.9	(51.9)
Value.....	1,061,662	1,930,681	1,779,259	681,289	227,154	67.6	81.9	(7.8)	(66.7)
Unit value.....	608	607	496	574	398	(18.4)	(0.0)	(18.4)	(30.6)
Ending inventory quantity.....	172,154	335,959	576,444	452,082	364,839	234.8	95.2	71.6	(19.3)
Canada:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject:									
Quantity.....	2,203,485	3,336,994	2,228,196	589,767	560,163	1.1	51.4	(33.2)	(5.0)
Value.....	1,437,184	2,193,772	1,234,892	383,028	263,678	(14.1)	52.6	(43.7)	(31.2)
Unit value.....	652	657	554	649	471	(15.0)	0.8	(15.7)	(27.5)
Ending inventory quantity.....	222,922	179,027	53,015	149,434	30,050	(76.2)	(19.7)	(70.4)	(79.9)
Total imports:									
Quantity.....	3,950,642	6,515,232	5,816,146	1,777,466	1,131,068	47.2	64.9	(10.7)	(36.4)
Value.....	2,498,846	4,124,454	3,014,150	1,064,317	490,832	20.6	65.1	(26.9)	(53.9)
Unit value.....	633	633	518	599	434	(18.1)	0.1	(18.1)	(27.5)
Ending inventory quantity.....	395,076	514,986	629,459	601,516	394,889	59.3	30.4	22.2	(34.4)

Table continued on next page.

Table C-2

Hot-rolled steel: Summary data concerning the U.S. market, 2013-15, January to March 2015, and January to March 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year		January to March			Calendar year		Jan-Mar	
	2013	2014	2015	2015	2016	2013-15	2013-14	2014-15	2015-16
Average capacity quantity.....	80,446,610	80,452,921	80,466,076	20,126,372	19,652,301	0.0	0.0	0.0	(2.4)
Production quantity.....	61,752,475	62,434,819	54,731,937	13,134,389	14,586,269	(11.4)	1.1	(12.3)	11.1
Capacity utilization (fn1).....	76.8	77.6	68.0	65.3	74.2	(8.7)	0.8	(9.6)	9.0
U.S. shipments:									
Quantity.....	60,617,956	61,325,942	54,231,026	13,161,171	14,374,254	(10.5)	1.2	(11.6)	9.2
Value.....	37,674,703	40,121,322	27,446,961	7,778,884	6,070,610	(27.1)	6.5	(31.6)	(22.0)
Unit value.....	\$621.51	\$654.23	\$506.11	\$591.05	\$422.33	(18.6)	5.3	(22.6)	(28.5)
Export shipments:									
Quantity.....	1,101,258	975,674	718,169	144,322	215,013	(34.8)	(11.4)	(26.4)	49.0
Value.....	722,701	694,426	430,057	95,846	118,745	(40.5)	(3.9)	(38.1)	23.9
Unit value.....	\$656.25	\$711.74	\$598.82	\$664.11	\$552.27	(8.8)	8.5	(15.9)	(16.8)
Ending inventory quantity.....	1,681,909	1,805,537	1,588,277	1,634,432	1,585,280	(5.6)	7.4	(12.0)	(3.0)
Inventories/total shipments (fn1).....	2.7	2.9	2.9	3.1	2.7	0.2	0.2	(0.0)	(11.5)
Production workers.....	17,937	18,456	18,408	18,466	15,960	2.6	2.9	(0.3)	(13.6)
Hours worked (1,000s).....	41,576	42,878	41,372	10,973	9,191	(0.5)	3.1	(3.5)	(16.2)
Wages paid (\$1,000).....	1,538,353	1,644,360	1,606,038	415,769	366,910	4.4	6.9	(2.3)	(11.8)
Hourly wages (dollars).....	\$37.00	\$38.35	\$38.82	\$37.89	\$39.92	4.9	3.6	1.2	5.4
Productivity (short tons per hour).....	1.5	1.5	1.3	1.2	1.6	(10.9)	(2.0)	(9.1)	32.6
Unit labor costs.....	\$24.91	\$26.34	\$29.34	\$31.65	\$25.15	17.8	5.7	11.4	(20.5)
Net sales:									
Quantity.....	59,613,123	59,980,251	52,999,285	12,858,792	14,046,433	(11.1)	0.6	(11.6)	9.2
Value.....	37,170,941	39,323,031	27,261,339	7,628,874	5,994,066	(26.7)	5.8	(30.7)	(21.4)
Unit value.....	\$623.54	\$655.60	\$514.37	\$593.28	\$426.73	(17.5)	5.1	(21.5)	(28.1)
Cost of goods sold (COGS).....	34,397,194	35,783,278	28,052,084	7,628,061	5,843,158	(18.4)	4.0	(21.6)	(23.4)
Gross profit or (loss).....	2,773,747	3,539,753	(790,745)	813	150,908	(128.5)	27.6	(122.3)	18,461.9
SG&A expenses.....	1,080,368	1,274,161	1,128,437	313,034	255,893	4.4	17.9	(11.4)	(18.3)
Operating income or (loss).....	1,693,379	2,265,592	(1,919,182)	(312,221)	(104,985)	(213.3)	33.8	(184.7)	(66.4)
Net income or (loss).....	1,291,112	2,004,428	(2,497,037)	(558,152)	(159,787)	(293.4)	55.2	(224.6)	(71.4)
Capital expenditures.....	706,238	677,365	560,286	137,661	125,886	(20.7)	(4.1)	(17.3)	(8.6)
Unit COGS.....	\$577.01	\$596.58	\$529.29	\$593.22	\$415.99	(8.3)	3.4	(11.3)	(29.9)
Unit SG&A expenses.....	\$18.12	\$21.24	\$21.29	\$24.34	\$18.22	17.5	17.2	0.2	(25.2)
Unit operating income or (loss).....	\$28.41	\$37.77	(\$36.21)	(\$24.28)	(\$7.47)	(227.5)	33.0	(195.9)	(69.2)
Unit net income or (loss).....	\$21.66	\$33.42	(\$47.11)	(\$43.41)	(\$11.38)	(317.5)	54.3	(241.0)	(73.8)
COGS/sales (fn1).....	92.5	91.0	102.9	100.0	97.5	10.4	(1.5)	11.9	(2.5)
Operating income or (loss)/sales (fn1).....	4.6	5.8	(7.0)	(4.1)	(1.8)	(11.6)	1.2	(12.8)	2.3
Net income or (loss)/sales (fn1).....	3.5	5.1	(9.2)	(7.3)	(2.7)	(12.6)	1.6	(14.3)	4.7

fn1.--Reported data are in percent and period changes are in percentage points.

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

APPENDIX D

U.S. PRODUCERS' AND U.S. IMPORTERS' U.S. COMMERCIAL SHIPMENTS AND INTERNAL CONSUMPTION/TRANSFERS

Table D-1

Hot-rolled steel: U.S. producers' and U.S. importers' U.S. shipments by type, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. producers.--					
Commercial U.S. shipments	25,330,519	25,720,170	21,369,492	5,208,179	5,576,148
of which to Distributors	12,120,295	12,557,372	11,656,935	2,811,077	3,131,783
of which to End users	13,210,225	13,162,798	9,712,556	2,397,103	2,444,364
Internal consumption and/or transfers	35,287,437	35,605,772	32,861,534	7,952,992	8,798,106
U.S. shipments	60,617,956	61,325,942	54,231,026	13,161,171	14,374,254
	Share of U.S. shipments (percent)				
U.S. producers.--					
Commercial U.S. shipments	41.8	41.9	39.4	39.6	38.8
of which to Distributors	20.0	20.5	21.5	21.4	21.8
of which to End users	21.8	21.5	17.9	18.2	17.0
Internal consumption and/or transfers	58.2	58.1	60.6	60.4	61.2
U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons)				
U.S. importers: Australia.--					
Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
	Share of U.S. shipments (percent)				
U.S. importers: Australia.--					
Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons)				
U.S. importers: Brazil.--					
Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
	Share of U.S. shipments (percent)				
U.S. importers: Brazil.--					
Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table D-1--Continued

Hot-rolled steel: U.S. producers' and U.S. importers' U.S. shipments by type, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Quantity (short tons)					
U.S. importers: Japan.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Share of U.S. shipments (percent)					
U.S. importers: Japan.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
Quantity (short tons)					
U.S. importers: Korea.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Share of U.S. shipments (percent)					
U.S. importers: Korea.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
Quantity (short tons)					
U.S. importers: Netherlands.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Share of U.S. shipments (percent)					
U.S. importers: Netherlands.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table D-1--Continued

Hot-rolled steel: U.S. producers' and U.S. importers' U.S. shipments by type, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Quantity (short tons)					
U.S. importers: Turkey.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Share of U.S. shipments (percent)					
U.S. importers: Turkey.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
Quantity (short tons)					
U.S. importers: United Kingdom.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Share of U.S. shipments (percent)					
U.S. importers: United Kingdom.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
Quantity (short tons)					
U.S. importers: Subject sources.-- Commercial U.S. shipments	703,757	1,911,713	1,935,951	634,315	293,293
of which to Distributors	543,770	1,408,028	1,404,565	425,375	207,179
of which to End users	159,986	503,685	531,386	208,940	86,114
Internal consumption and/or transfers	1,148,350	1,337,215	1,636,046	406,577	372,261
U.S. shipments	1,852,107	3,248,928	3,571,997	1,040,892	665,554
Share of U.S. shipments (percent)					
U.S. importers: Subject sources.-- Commercial U.S. shipments	38.0	58.8	54.2	60.9	44.1
of which to Distributors	29.4	43.3	39.3	40.9	31.1
of which to End users	8.6	15.5	14.9	20.1	12.9
Internal consumption and/or transfers	62.0	41.2	45.8	39.1	55.9
U.S. shipments	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table D-1--Continued

Hot-rolled steel: U.S. producers' and U.S. importers' U.S. shipments by type, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. importers: Canada.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
	Share of U.S. shipments (percent)				
U.S. importers: Canada.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons)				
U.S. importers: All other sources.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	***	***	***	***	***
	Share of U.S. shipments (percent)				
U.S. importers: All other sources.-- Commercial U.S. shipments	***	***	***	***	***
of which to Distributors	***	***	***	***	***
of which to End users	***	***	***	***	***
Internal consumption and/or transfers	***	***	***	***	***
U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons)				
U.S. importers: Nonsubject sources.-- Commercial U.S. shipments	673,170	1,043,444	698,785	206,982	208,498
of which to Distributors	387,931	705,450	479,589	139,846	136,856
of which to End users	285,239	324,954	264,430	67,468	71,642
Internal consumption and/or transfers	112,364	177,867	164,359	55,678	11,024
U.S. shipments	785,534	1,221,311	863,144	262,660	219,522
	Share of U.S. shipments (percent)				
U.S. importers: Nonsubject sources.-- Commercial U.S. shipments	85.7	85.4	81.0	78.8	95.0
of which to Distributors	49.4	57.8	55.6	53.2	62.3
of which to End users	36.3	26.6	30.6	25.7	32.6
Internal consumption and/or transfers	14.3	14.6	19.0	21.2	5.0
U.S. shipments	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table D-1--Continued

Hot-rolled steel: U.S. producers' and U.S. importers' U.S. shipments by type, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. importers: All import sources.-- Commercial U.S. shipments	1,376,927	2,955,157	2,634,736	841,297	501,791
of which to Distributors	931,701	2,113,478	1,884,154	565,221	344,035
of which to End users	445,225	828,639	795,816	276,408	157,756
Internal consumption and/or transfers	1,260,714	1,515,082	1,800,405	462,255	383,285
U.S. shipments	2,637,641	4,470,239	4,435,141	1,303,552	885,076
	Share of U.S. shipments (percent)				
U.S. importers: All import sources.-- Commercial U.S. shipments	52.2	66.1	59.4	64.5	56.7
of which to Distributors	35.3	47.3	42.5	43.4	38.9
of which to End users	16.9	18.5	17.9	21.2	17.8
Internal consumption and/or transfers	47.8	33.9	40.6	35.5	43.3
U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons)				
U.S. producer and U.S. importers.-- Commercial U.S. shipments	26,707,446	28,675,327	24,004,228	6,049,476	6,077,939
of which to Distributors	13,051,996	14,670,850	13,541,089	3,376,298	3,475,818
of which to End users	13,655,450	13,991,437	10,508,372	2,673,511	2,602,120
Internal consumption and/or transfers	36,548,151	37,120,854	34,661,939	8,415,247	9,181,391
U.S. shipments	63,255,597	65,796,181	58,666,167	14,464,723	15,259,330
	Share of U.S. shipments (percent)				
U.S. producer and U.S. importers.-- Commercial U.S. shipments	42.2	43.6	40.9	41.8	39.8
of which to Distributors	20.6	22.3	23.1	23.3	22.8
of which to End users	21.6	21.3	17.9	18.5	17.1
Internal consumption and/or transfers	57.8	56.4	59.1	58.2	60.2
U.S. shipments	100.0	100.0	100.0	100.0	100.0

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

APPENDIX E

NONSUBJECT COUNTRY PRICE DATA

*** importers reported price data for nonsubject country Canada for hot-rolled steel.¹ Price data reported by these firms accounted for *** percent of commercial shipments of U.S. imports from Canada in 2015. These price items and accompanying data are comparable to those presented in tables V-4 to V-11. Price and quantity data for Canada are shown in tables E-1 to E-6 and in figures E-1 to E-7 (with domestic data).

In comparing nonsubject country pricing data with U.S. producer and subject importer pricing data, prices of Canadian product were lower than most comparison sources (other than the United Kingdom) in a majority of instances, as shown in tables E-7 and E-8.²

Table E-1

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of imported product 1 sold to distributors and service centers, by quarters, January 2013-March 2016

* * * * *

Table E-2

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of imported product 1 sold to end users, by quarters, January 2013-March 2016

* * * * *

Table E-3

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of imported product 2 sold to distributors and service centers, by quarters, January 2013-March 2016

* * * * *

Table E-4

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of imported product 2 sold to end users, by quarters, January 2013-March 2016

* * * * *

Table E-5

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of imported product 3 sold to distributors and service centers, by quarters, January 2013-March 2016

* * * * *

Table E-6

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of imported product 3 sold to end users, by quarters, January 2013-March 2016

* * * * *

¹ ***.

² As noted in Part V, after the completion of the prehearing report, ***. *** changed several of the tables in this section.

Figure E-1

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2013-March 2016

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Figure E-2

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2013-March 2016

* * * * *

Figure E-3

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2013-March 2016

* * * * *

Table E-7

Hot-rolled steel: Summary of price differentials for pricing data to distributors, by country, January 2013 through March 2016

Comparison	Total number of comparisons	Nonsubject lower than the comparison source(s)		Nonsubject higher than the comparison source(s)	
		Number of quarters	Quantity (<i>short tons</i>)	Number of quarters	Quantity (<i>short tons</i>)
Nonsubject vs United States.--					
Canada vs. United States	35	26	***	9	***
Nonsubject vs Subject.--					
Canada vs. Australia	18	9	***	9	***
Canada vs. Brazil	35	21	***	14	***
Canada vs. Japan	15	8	***	7	***
Canada vs. Korea	33	24	***	9	***
Canada vs. Netherlands	33	23	***	10	***
Canada vs. Turkey	27	15	***	12	***
Canada vs. United Kingdom	16	4	***	12	***

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

Table E-8

Hot-rolled steel: Summary of price differentials for pricing data to end users, by country, January 2013 through March 2016

Comparison	Total number of comparisons	Nonsubject lower than the comparison source(s)		Nonsubject higher than the comparison source(s)	
		Number of quarters	Quantity (<i>short tons</i>)	Number of quarters	Quantity (<i>short tons</i>)
Nonsubject vs United States.--					
Canada vs. United States	23	16	***	7	***
Nonsubject vs Subject.--					
Canada vs. Australia	13	7	***	6	***
Canada vs. Brazil	18	12	***	6	***
Canada vs. Japan	4	3	***	1	***
Canada vs. Korea	18	12	***	6	***
Canada vs. Netherlands	16	11	***	5	***
Canada vs. Turkey	13	9	***	4	***
Canada vs. United Kingdom	7	1	***	6	***

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

APPENDIX F

LOST SALES AND LOST REVENUE ALLEGATIONS FROM THE PRELIMINARY PHASE OF THE INVESTIGATIONS

Effective October 1, 2015, the Commission changed its rules associated with domestic industry provision of allegations of lost sales and lost revenue. The Commission rules were changed to ask petitioners to provide a list of purchasers where they lost sales or revenue, instead of transaction-specific incidents. This appendix contains the information from the preliminary phase related to lost sales and lost revenue allegations under the prior Commission rules.

The Commission requested U.S. producers of hot-rolled steel to report any instances of lost sales or revenue they experienced due to competition from imports of hot-rolled from subject countries since January 1, 2012. Of the 9 responding U.S. producers, 8 reported that they had to either reduce prices or roll back announced price increases, and 8 firms reported that they had lost sales. Five producers submitted 12 lost sale allegations totaling \$26,062,100 and involving 51,920 short tons of hot-rolled steel, and 6 lost revenue allegations totaling \$1,469,996 and involving 20,147 short tons of hot-rolled steel. Staff contacted 14 purchasers and a summary of the information obtained follows (tables F-1 and F-2).

Purchasers responding to the lost sales allegations also were asked whether they shifted their purchases of hot-rolled steel from U.S. producers to suppliers of hot-rolled steel from subject countries since 2012. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of hot-rolled steel from subject countries (table F-1). Five of the seven responding purchasers reported that they had shifted purchases of hot-rolled steel from U.S. producers to subject imports since 2012, and four of these purchasers reported that price was the reason for the shift. Four purchasers reported that U.S. producers had reduced their prices in order to compete with the prices of subject imports since 2012. Additional comments, if provided, follow table F-3.

Table F-1
Hot-rolled steel: U.S. producers' lost sales allegations

* * * * *

Table F-2
Hot-rolled steel: U.S. producers' lost revenue allegations

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Table F-3
Hot-rolled steel: Purchasers' responses regarding shifting supply and price reductions

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APPENDIX G

FINANCIAL DATA OF U.S. PRODUCERS BY FIRM

Table G-1

Hot-rolled steel: Results of commercial operations of U.S. producers, by firm, 2013-15, January-March 2015, and January-March 2016

* * * * *

Table G-2

Hot-rolled steel: Results of operations of U.S. producers with internal consumption and transfers valued at constructed fair market value, by firm, 2013-15, January-March 2015, and January-March 2016

* * * * *

APPENDIX H

HOT-ROLLED STEEL FROM TURKEY, OTHER THAN COLAKOGLU

Table H-1

Hot-rolled steel: Monthly U.S. imports from Turkey subject to Commerce final affirmative subsidy findings and from all sources, by month, January 2013 through March 2016

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Table H-2

Hot-rolled steel: Moving 12 month periods of U.S. imports from Turkey subject to Commerce final affirmative subsidy findings and from all sources, January 2013 through March 2016

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Table H-3

Hot-rolled steel: Data on industry in Turkey excluding Colakoglu, 2013-15, January to March 2015, and January to March 2016 and projection calendar years 2016 and 2017

* * * * *