

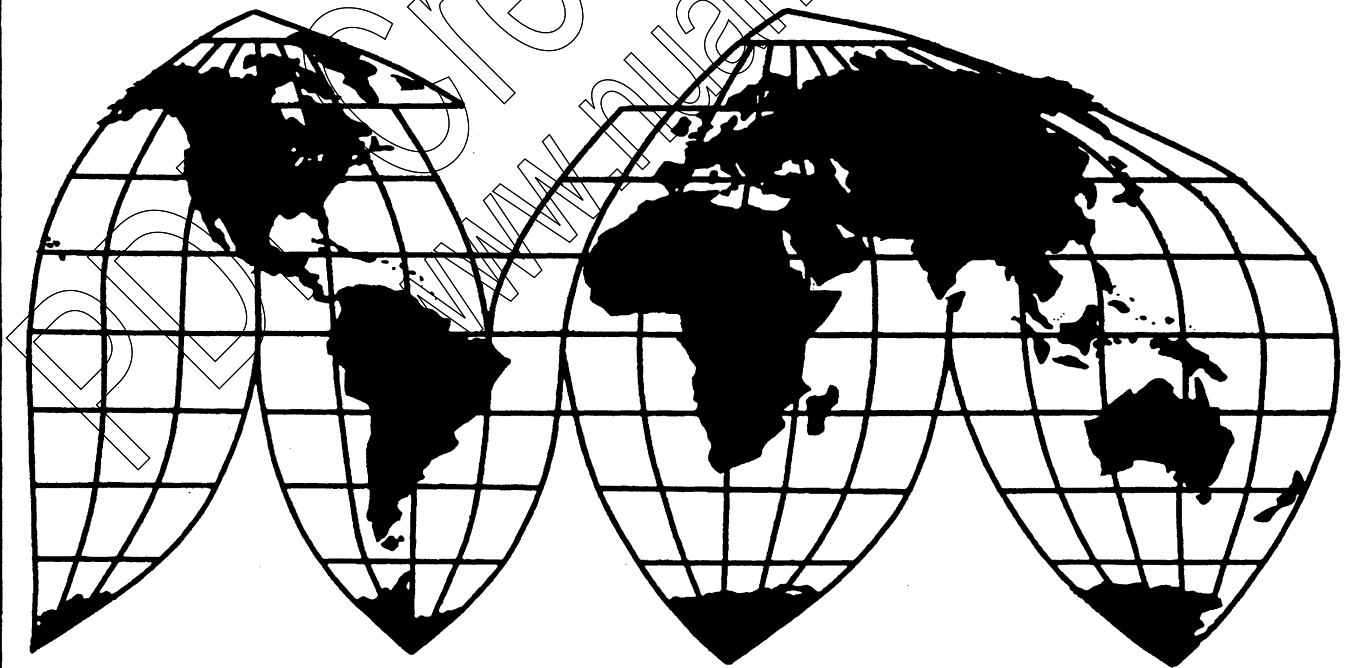
Gray Portland Cement and Cement Clinker From Japan, Mexico, and Venezuela

Investigations Nos. 303-TA-21 (Review) and
731-TA-451, 461, and 519 (Review)

Publication 3361

October 2000

U.S. International Trade Commission



Washington, DC 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 303-TA-21 (Review) and 731-TA-451, 461, and 519 (Review)

GRAY PORTLAND CEMENT AND CEMENT CLINKER FROM JAPAN, MEXICO, AND VENEZUELA¹

DETERMINATIONS

On the basis of the record² developed in the subject five-year reviews, the United States International Trade Commission determines,³ pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on gray portland cement and cement clinker from Japan and Mexico would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time⁴ and that termination of the suspended investigations on gray portland cement and cement clinker from Venezuela would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on August 2, 1999 (64 F.R. 41958) and determined on November 4, 1999 that it would conduct full reviews (64 F.R. 62689, November 17, 1999). Notice of the scheduling of the Commission's reviews 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 5, 2000 (65 F.R. 17901).⁵ The hearing was held in Washington, DC, on August 15, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The investigation numbers are as follows: Japan is 731-TA-461 (Review); Mexico is 731-TA-451 (Review); and Venezuela is 303-TA-21 (Review) and 731-TA-519 (Review).

² The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

³ Commissioner Bragg not participating.

⁴ Commissioner Askey dissenting.

⁵ The Commission revised and extended its schedule for these reviews on September 7, 2000 (65 F.R. 55269, September 13, 2000).

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VIEWS OF THE COMMISSION ¹

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders covering gray portland cement and cement clinker from Mexico and Japan would be likely to lead to continuation or recurrence of material injury to regional industries in the United States within a reasonably foreseeable time;² and that termination of the suspended antidumping duty and countervailing duty investigations covering gray portland cement and cement clinker from Venezuela would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

The four reviews before the Commission involve separately conducted original investigations for each of the three countries.³ In each of the original investigations, the Commission defined a single domestic like product, gray portland cement and cement clinker, and found appropriate circumstances existed to conduct a regional industry analysis.

On August 23, 1990, the Commission determined that an industry in the United States was being materially injured by reason of imports of gray portland cement and cement clinker from Mexico that were being sold at less than fair value.⁴ In making its determination, the Commission concluded that appropriate circumstances existed for a regional industry analysis, with the regional industry consisting of the U.S. producers in the “Southern-tier Region.”⁵ On August 30, 1990, the Department of Commerce (“Commerce”) issued an antidumping duty order on imports of gray portland cement and cement clinker from Mexico.⁶

On April 29, 1991, the Commission determined that an industry in the United States was being materially injured by reason of imports of gray portland cement and cement clinker from Japan that were being sold at less than fair value.⁷ In making its determination, the Commission concluded that appropriate circumstances existed for a regional industry analysis, with the regional industry consisting of the U.S. producers in the “Southern California Region.” On May 10, 1991, Commerce issued an antidumping duty order on imports of gray portland cement and cement clinker from Japan.⁸ On appeal, the U.S. Court of International Trade (“CIT”) reversed the Commission majority’s determination to cumulate imports of cement from Japan and Mexico on the basis that there was no evidence that imports from Mexico already subject to an antidumping duty order caused present material injury, and remanded

¹ Commissioner Lynn M. Bragg did not participate in these reviews.

² Commissioner Askey dissenting. She writes separately to explain her views in this proceeding but joins in Sections I, II, III, IV, V.A, V.B, VI.A, VI.B, and VI.C of this opinion. See Concurring and Dissenting Views of Commissioner Thelma J. Askey.

³ The two reviews regarding Venezuela involve an original countervailing duty investigation and an original antidumping duty investigation, both of which were conducted at the same time.

⁴ Gray Portland Cement and Cement Clinker from Mexico, Inv. No. 731-TA-451 (Final), USITC Pub. 2305 (Aug. 1990) (“Mexico Cement”).

⁵ The Southern-tier Region consists of the States of Florida, Alabama, Mississippi, Louisiana, Texas, New Mexico, Arizona, and California. Mexico Cement, USITC Pub. 2305 at 14-17 and 53.

⁶ 55 Fed. Reg. 35443 (Aug. 30, 1990).

⁷ Gray Portland Cement and Cement Clinker from Japan, Inv. No. 731-TA-461 (Final), USITC Pub. 2376 (April 1991) (“Japan Cement”).

⁸ 56 Fed. Reg. 21658 (May 10, 1991).

the Commission majority's present material injury determination.⁹ The CIT subsequently affirmed the Commission majority's affirmative remand determination finding a threat of material injury by reason of LTFV imports from Japan.¹⁰

In July 1991, the Commission determined that there was a reasonable indication that an industry in the United States was being materially injured by reason of imports of gray portland cement and cement clinker from Venezuela that allegedly were subsidized and being sold at less than fair value.¹¹ In making its determination, the Commission concluded that appropriate circumstances existed for a regional industry analysis, with the regional industry consisting of the U.S. producers in the "State of Florida Region". On August 21, 1991, Commerce issued a preliminary determination that imports of gray portland cement and cement clinker from Venezuela were being subsidized, and on November 11, 1991, a preliminary determination that such imports were being sold at LTFV. Commerce subsequently entered into suspension agreements with Venezuela and suspended the antidumping duty investigation with respect to subject imports on February 27, 1992, and suspended the countervailing duty investigation on March 17, 1992.¹²

On August 2, 1999, the Commission instituted these reviews pursuant to section 751(c) of the Act to determine whether termination of the suspended investigations on gray portland cement and cement clinker from Venezuela and revocation of the antidumping duty orders on gray portland cement and cement clinker from Mexico and Japan would likely lead to continuation or recurrence of material injury.¹³

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses of interested parties to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by each of the two groups of interested parties - domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) - demonstrate a sufficient willingness within each group to participate and provide information requested in a full review.¹⁴ If the Commission finds the responses from both groups of interested parties to be adequate, or if other appropriate circumstances warrant, it will determine to conduct a full review.

In a joint response to the notice of institution in these reviews, the Commission received company specific information for each represented domestic producer broken out by the three separate regional domestic industries defined in the original investigations, as follows: The Committee For Fairly Traded Mexican Cement (an *ad hoc* coalition of 21 Southern Tier U.S. producers of the domestic like product); The Committee For Fairly Traded Japanese Cement (an *ad hoc* association of five Southern California U.S. producers of the domestic like product); and The Committee For Fairly Traded

⁹ Mitsubishi Materials Corp. v. United States, 820 F. Supp. 608, 628-29 (CIT 1993).

¹⁰ Gray Portland Cement and Cement Clinker from Japan, Inv. No. 731-TA-461 (Remand), USITC Pub. 2657 (June 1993), *aff'd*, Mitsubishi Materials Corp. v. United States, 918 F. Supp. 422 (CIT 1996).

¹¹ Gray Portland Cement and Cement Clinker from Venezuela, Inv. Nos. 303-TA-21 and 731-TA-519 (Preliminary), USITC Pub. 2400 (July 1991) ("Venezuela Cement").

¹² See Agreement Suspending the Antidumping Investigation on Gray Portland Cement and Cement Clinker from Venezuela ("Venezuelan AD Suspension Agreement"), in 57 Fed. Reg. 6706 (Feb. 27, 1992) and Agreement Suspending the Countervailing Duty Investigation on Gray Portland Cement and Cement Clinker from Venezuela ("Venezuelan CVD Suspension Agreement"), in 57 Fed. Reg. 9242 (Mar. 17, 1992).

¹³ 64 Fed. Reg. 41958 (Aug. 2, 1999).

¹⁴ See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

Venezuelan Cement (an *ad hoc* association of four Florida U.S. producers of the domestic like product). This joint response also was on behalf of three labor unions representing workers engaged in the production of the domestic like product (the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers; the Paper, Allied-Industrial Chemical and Energy Workers International Union; and the International Union of Operating Engineers). The Commission also received adequate responses from two other regional U.S. producers of the domestic like product (Rio Grande Portland Cement Corporation and Sunbelt Cement of Texas, LP). In the Mexican and Venezuelan reviews, the Commission received responses from Cementos Apasco, S.A. de C.V. ("Apasco") (a Mexican producer of subject merchandise); CEMEX, S.A. de C.V. ("CEMEX") (a Mexican producer and exporter of subject merchandise), jointly with its wholly owned subsidiary, Sunbelt Cement of Texas, LP ("CEMEX USA") (a U.S. producer and the exclusive U.S. importer of Mexican and Venezuelan subject merchandise for CEMEX), and its subsidiary Corporacion Venezolana de Cementos, S.A. de C.A. ("Vencemos") (a Venezuelan producer of subject merchandise); Cementos de Chihuahua, S.A. de C.V. ("CDC") (a Mexican producer of the subject merchandise); Rio Grande Portland Cement Corporation (a U.S. affiliate of CDC that is a U.S. producer and U.S. importer of the subject merchandise from Mexico); and Cementos Caribe, C.A. ("Caribe") (a Venezuelan producer and exporter of the subject merchandise). The Commission did not receive a response to the notice of institution from any respondent interested party in the review concerning Japan.

On November 4, 1999, the Commission determined that both the domestic and respondent interested party group responses to its notice of institution for the reviews concerning Mexico and Venezuela were adequate.¹⁵ Pursuant to 19 U.S.C. § 1675(c)(5), the Commission decided to conduct full reviews with regard to Mexico and Venezuela. Because no respondent interested party responded for the review concerning Japan, the Commission determined that the respondent interested party group response for that review was inadequate. However, the Commission decided to conduct a full review of the order regarding Japan to promote administrative efficiency in light of the Commission's decision to conduct full reviews with respect to Mexico and Venezuela.

The three Committees and the three labor unions listed above (collectively, "Domestic Producers") filed briefs and appeared at the hearing in opposition to revocation of the orders and termination of the suspended investigations. CEMEX and GCC Cemento, S.A. de C.V. ("GCCC") (formerly CDC) filed briefs and appeared at the hearing in support of revocation of the antidumping duty order on imports from Mexico. Vencemos filed briefs and appeared at the hearing in support of termination of the suspended Venezuelan investigations. Taiheiyo Cement Corporation, Mitsubishi Materials Corporation, Ube Industries, Ltd., Sumitomo Osaka Cement Co., Ltd., and Tokuyama Corporation (collectively, "Japanese Respondents") jointly filed briefs and appeared at the hearing in support of revocation of the antidumping duty order on imports from Japan.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines "the domestic like product" and the "industry."¹⁶ The Act defines "domestic like product" as "a product which is like, or in

¹⁵ See Explanation of Commission Determination on Adequacy in Gray Portland Cement and Cement Clinker from Japan, Mexico, and Venezuela. See also 64 Fed. Reg. 62689 (Nov. 17, 1999).

¹⁶ 19 U.S.C. § 1677(4)(A).

the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁷

In its final full sunset review of the antidumping duty order on gray portland cement and cement clinker from Mexico, Commerce defined the scope of the review as the subject merchandise covered by the order, including:

gray portland cement and clinker (“portland cement”) from Mexico. Gray portland cement is a hydraulic cement and the primary component of concrete. Clinker, an intermediate material product produced when manufacturing cement, has no use other than of being ground into finished cement. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule (“HTS”) item number 2523.29 and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also been entered under HTS item number 2523.90 as other hydraulic cements. In its only scope ruling, the Department determined that masonry cement is not within the scope of the order. The HTS subheadings are provided for convenience and customs purposes only. Our written description of the scope of the proceeding is dispositive.¹⁸

Commerce’s definition of the subject merchandise for each of the four reviews— Japanese,¹⁹ Mexican, Venezuelan antidumping duty,²⁰ and Venezuelan countervailing duty²¹— is similar.²²

¹⁷ 19 U.S.C. § 1677(10). See *NEC Corp. v. Department of Commerce*, 36 F. Supp.2d 380, 383 (CIT 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (CIT 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁸ 65 Fed. Reg. 41049, 41050 (July 3, 2000).

¹⁹ In its final expedited sunset review of the antidumping duty order on gray portland cement and cement clinker from Japan, Commerce defined the subject merchandise as:

gray portland cement and cement clinker (“portland cement”) from Japan. Gray portland cement is a hydraulic cement and the primary component of concrete. Cement clinker, an intermediate material produced when manufacturing cement, has no use other than grinding into finished cement. Microfine cement was specifically excluded from the antidumping duty order. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule (“HTS”) item number 2523.29 and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also been entered under HTS item number 2523.90 as other hydraulic cements. The Department made two scope rulings regarding the subject merchandise.

65 Fed. Reg. 11549, 11550 (March 3, 2000). In footnote 2 of this notice, Commerce elaborated on these scope rulings as follows:

See Scope Rulings, 57 FR 19602 (May 7, 1992), classes G and H of oil well cement are within the scope of the order; and Scope Ruling, 58 FR 27542 (May 10, 1993), nittetsu super fine cements is not within the scope of the order.

Id.

²⁰ In its final full sunset review of the suspended Venezuelan antidumping duty investigation, Commerce defined the subject merchandise as:

gray portland cement and cement clinker (“portland cement”) from Venezuela. Gray portland cement is a hydraulic cement and the primary component of concrete. Clinker, an intermediate material product produced when manufacturing cement, has no use other than of being ground into finished cement. Oil well cement is also included within the scope of the investigation. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule (“HTS”) item

(continued...)

The subject merchandise is a hydraulic cement used predominantly in the production of concrete, which in turn is consumed almost entirely by the construction industry.²³ The principal end uses of portland cement are highway construction, using ready-mix concrete, and building construction, using ready-mix concrete, concrete blocks, and precast concrete units. All cement, including imports, generally conforms to the standards established by the American Society for Testing and Materials (“ASTM”). While there are five types of gray portland cement as defined by ASTM, types I and II account for approximately 90 percent of U.S. shipments.²⁴ In processing gray portland cement, raw materials containing chemical components of calcium carbonate, silica alumina, and iron oxide are ground, blended, and sintered in a kiln to produce cement clinker. Cement clinker, which is in the form of small, grayish-black pellets, is ground with gypsum to produce finished cement, which is in the form of grayish powder. Cement clinker has no use other than being ground into finished cement.

In each of the original determinations, the Commission found that gray portland cement and cement clinker constituted a single domestic like product.²⁵ The record indicates that the product itself has remained essentially unchanged since the original investigations. The parties have presented no

²⁰ (...continued)

number 2523.29 and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also been entered under HTS item number 2523.90 as other hydraulic cements. The HTS subheadings are provided for convenience and customs purposes only. Our written description of the scope of the proceeding is dispositive.

65 Fed. Reg. 41050, 41051 (July 3, 2000).

²¹ In its final expedited sunset review of the suspended Venezuelan countervailing duty investigation, Commerce defined the subject merchandise covered by this suspended investigation as:

gray portland cement and cement clinker (“portland cement”) from Venezuela. Gray portland cement is a hydraulic cement and the primary component of concrete. Cement clinker, an intermediate material produced when manufacturing cement, has no use other than grinding into finished cement. Oil well cement is also included within the scope. Microfine cement was specifically excluded from the scope. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule (“HTS”) item number 2523.29 and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also been entered under HTS item number 2523.90 as other hydraulic cements. The HTS subheadings are provided for convenience and customs purposes only. The written product description remains dispositive as to the scope of the product coverage.

65 Fed. Reg. 11554 (Mar. 3, 2000).

²² The differences between the scopes of the four reviews are: 1) the definition for the Mexican review explicitly excludes masonry cement, while the other reviews are silent on this item; 2) the definition for the Japanese and two Venezuelan reviews explicitly includes oil well cement within the scope of review, while the Mexican review is silent on this item; and 3) the definition for the Japanese and the Venezuelan antidumping duty reviews explicitly exclude microfine cement from the scope of review, while the Mexican and Venezuelan countervailing duty reviews are silent on this item.

²³ Confidential Staff Report (“CR”) at I-26-I-33; Public Staff Report (“PR”) at I-23 - I-28.

²⁴ CR at I-27; PR at I-23. Type II cement meets all the requirements of type I cement and may be used in lieu of type I. *Id.*

²⁵ Mexico Cement, USITC Pub. 2305 at 3; Japan Cement, USITC Pub. 2376 at 13; Venezuela Cement, USITC Pub. 2400 at 4.

arguments²⁶ that the Commission should revisit its original definition of the domestic like product, and the record does not suggest any reason for doing so. We therefore define a single domestic like product consisting of gray portland cement and cement clinker coextensive with the scope of review for each of the four reviews.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”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, provided that adequate production-related activity is conducted in the United States.²⁸ The Commission bases its analysis on a firm’s production-related activities in the United States.²⁹ Consistent with our domestic like product determination, we find one domestic industry, consisting of all domestic producers of gray portland cement and cement clinker within the defined regions.

Two domestic industry issues have been raised in these reviews as discussed below regarding: (1) whether appropriate circumstances exist to conduct regional industry analyses for these reviews, and (2) whether appropriate circumstances exist to exclude any related parties.

III. REGIONAL INDUSTRY ANALYSIS

A. Background

In each of the original investigations, the Commission found appropriate circumstances existed to conduct a regional industry analysis.³⁰ The Commission defined different regions for each of the original, separately-conducted investigations.³¹ In the original Mexican Cement investigation, the Commission defined the appropriate region as the Southern Tier Region consisting of the States of Florida, Alabama, Mississippi, Louisiana, Texas, New Mexico, Arizona, and California.³² In the original

²⁶ We note that in each of the underlying investigations the parties also did not dispute the definition of the domestic like product.

²⁷ 19 U.S.C. § 1677(4)(A).

²⁸ See, e.g., Uranium from Russia, Ukraine, and Uzbekistan, Inv. Nos. 731-TA-539-C, E and F (Review), USITC Pub. 3334 at 14-15 (Aug. 2000); Manganese Sulfate from the People’s Republic of China, Inv. No. 731-TA-725 (Final), USITC Pub. 2932, at 5 & n.10 (Nov. 1995) (“the Commission has generally included toll producers that engage in sufficient production-related activity to be part of the domestic industry”). See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (CIT 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

²⁹ See Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391 and 731-TA-816-821 (Final), USITC Pub. 3273 at 8-9 (Jan. 2000).

³⁰ The Commission has found it appropriate to use a regional industry analysis in 13 of the 14 previous investigations concerning portland cement. In the one national case, the petitioner proposed a national, rather than regional, industry. See Venezuela Cement, USITC Pub. 2400 at 6, n.11 and A-5 (Table 1).

³¹ The cases under review were filed and conducted as separate single country investigations. The regions proposed and ultimately used by the Commission in each investigation differed based on the particular facts of each investigation.

³² Mexico Cement, USITC Pub. 2305 at 14-17 and 53. The Commission majority used the Southern Tier Region (continued...)

Japanese Cement investigation, the Commission considered whether the Southern California region, as proposed by petitioners, or a larger region, the State of California, was the appropriate region.³³ The Commission determined that both regions satisfied the market isolation criteria but found the more appropriate region for its analysis was Southern California.³⁴ In the original Venezuelan preliminary investigations, the Commission found that the statewide Florida region, as proposed by petitioners, was the appropriate region.³⁵

The parties to these reviews acknowledged that three separate, but overlapping, regions appear to exist and assumed that the Commission would adopt regional industry definitions similar to those in the original investigations. Domestic Producers contended that “the Commission should consider either the Southern Tier Region or the CA-AZ-NM-TX Region” for the Mexican review, the State of California for the Japanese review, and the State of Florida for the Venezuelan reviews.³⁶ While Mexican respondent CEMEX had originally stated that a national industry analysis was appropriate and that the Southern Tier was an arbitrary delineation of a regional industry, it later acknowledged that “a regional industry appears to exist in the Southern Tier and appears likely to continue to exist in the foreseeable future.”³⁷ CEMEX, however, argued that “subject imports from Mexico are not likely to be concentrated in the Southern Tier in the foreseeable future. . . . [and thus] the Commission must issue a negative determination here.”³⁸ The Japanese respondents indicated that their arguments would be the same whether the Commission defined Southern California or a larger region for its analysis.³⁹ The Venezuelan respondent “assume[d] arguendo the existence of a domestic regional industry,” but charged that “there is no concentration of Venezuelan imports in any region sufficient to analyze injury on a regional basis under the statute.”⁴⁰

B. General Considerations

Section 752(a)(8) of the Act provides the Commission a special rule in five-year reviews for regional industries. The statute states that in a five-year review involving a regional industry:

³² (...continued)

in its analysis, although it found that either the Southern Tier Region or the alternative Southern Tier Region (excluding northern California and the inland counties of the Gulf States) appeared to meet the statutory test. Id. Petitioners had proposed that four states -- Arizona, New Mexico, Texas, and Florida -- were the appropriate region or regions to consider regarding subject imports from Mexico. Mexico Cement -- Preliminary, USITC Pub. 2235 at 7. The Commission rejected proposals for multiple regions and added the States of Louisiana, Mississippi, and Alabama to make the proposed states a contiguous region. The Commission also added the State of California to the Southern Tier Region in part because 20-30 percent of subject imports from Mexico entered that state. Mexico Cement, USITC Pub. 2305 at 9 and 53; Mexico Cement -- Preliminary, USITC Pub. 2235 at 7-15.

³³ Japan Cement, USITC Pub. 2376 at 13, 17-20, and 47-50.

³⁴ Japan Cement, USITC Pub. 2376 at 17-20 and 47-50.

³⁵ Venezuela Cement, USITC Pub. 2400 at 7.

³⁶ Domestic Producers' Posthearing Brief at 10, 19, and 23; Domestic Producers' Prehearing Brief at 20-28, 30-31, and Exhibits 11 and 12; Domestic Producers' Response to Commission Questions at 56-57.

³⁷ Mexican Respondent - CEMEX's Prehearing Brief at 2, 62, 63, 70-71; Mexican Respondent - CEMEX and GCCC's Comments on Draft Questionnaires at 2-4; Mexican Respondent - CEMEX's Comments on Adequacy at 3.

³⁸ Mexican Respondent - CEMEX's Prehearing Brief at 63-70. CEMEX contends that if the Mexican order is revoked subject imports from Mexico will be sold in regions outside the Southern Tier. It points to business plans *** to support this argument. Id. at 75-80.

³⁹ Japanese Respondents' Prehearing Brief at 5.

⁴⁰ Venezuelan Respondent's Prehearing Brief at 2.

the Commission may base its determination on the regional industry defined in the original investigation under this subtitle, another region that satisfies the criteria established in section 1677(4)(C) of this title, or the United States as a whole. In determining if a regional industry analysis is appropriate for the determination in review, the Commission shall consider whether the criteria established in section 1677(4)(C) of this title are likely to be satisfied if the order is revoked or the suspended investigation is terminated.⁴¹

The Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) clarifies that “the Commission is not bound by any determination it may have made in the original investigation regarding the existence of a regional industry.”⁴² However, the SAA, on the other hand, seems to contemplate that the Commission have “sufficient evidence” to warrant revisiting its original regional industry determination.⁴³

The Commission takes into account any effect that the order or suspension agreement may have had on the marketing and distribution patterns for the subject product in analyzing whether the market isolation and import concentration criteria are likely to be satisfied in the event of revocation or termination.⁴⁴ The Commission also takes into account any prior regional industry definition, any product characteristics that lend themselves to a regional market, and whether any changes in the isolation of the region or import concentration are related to the importation of the order or suspension agreement.⁴⁵

In considering whether appropriate circumstances exist to use a regional industry analysis, the statute directs the Commission to take a series of steps. The statute, 19 U.S.C. § 1677(4)(C), provides that:

⁴¹ 19 U.S.C. § 1675a(a)(8).

⁴² SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

⁴³ SAA at 887. Specifically, the SAA states:

If there is sufficient evidence to warrant revisiting the original regional industry determination, the Commission may base its likelihood determination on: (1) the regional industry defined by the Commission in the original investigation; (2) another regional industry satisfying the criteria of amended section 771(4)(C); or (3) the United States industry as a whole.

Id. at 887-888.

⁴⁴ SAA at 888. The SAA specifically states:

Given the predictive nature of a likelihood of injury analysis, the Commission’s analysis in regional industry investigations will be subject to no greater degree of certainty than in a review involving a national industry. Because the issuance of an order or the acceptance of a suspension agreement may have affected the marketing and distribution patterns of the product in question, the Commission’s analysis of a regional industry should take into account whether the market isolation and import concentration criteria in section 771(4)(C) are likely to be satisfied in the event of revocation or termination. Neither the Commission nor interested parties will be required to demonstrate that the regional industry criteria currently are satisfied.

Id.

⁴⁵ SAA at 888. Specifically, the SAA states:

The Commission should take into account any prior regional industry definition, whether the product at issue has characteristics that naturally lead to the formation of regional markets (*e.g.*, whether it has a low value-to-weight ratio and is fungible), and whether any changes in the isolation of the region or in import concentration are related to the imposition of the order or the acceptance of a suspension agreement.

In appropriate circumstances, the United States, for a particular product market, may be divided into 2 or more markets and the producers within each market may be treated as if they were a separate industry if--

- (i) the producers within such market sell all or almost all of their production of the like product in question in that market, and
- (ii) the demand in that market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States.

In such appropriate circumstances, material injury, the threat of material injury, or material retardation of the establishment of an industry may be found to exist with respect to an industry even if the domestic industry as a whole, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of that product, is not injured, if there is a concentration of dumped imports or imports of merchandise benefitting from a countervailable subsidy into such an isolated market and if the producers of all, or almost all, of the production within that market are being materially injured or threatened by material injury, or if the establishment of an industry is being materially retarded, by reason of the dumped imports or imports of merchandise benefitting from a countervailable subsidy. The term "regional industry" means the domestic producers within a region who are treated as a separate industry under this subparagraph.⁴⁶

The CIT has described the steps taken by the Commission in a regional industry analysis as follows:

The statute sets up three prerequisites which must be satisfied before the Commission can reach an affirmative determination under a regional industry analysis. The Commission must determine that there is: (1) a regional market satisfying the requirements of the statute, (2) a concentration of dumped imports into the regional market, and (3) material injury or threat thereof to producers of all or almost all of the regional production, or material retardation to the establishment of an industry, due to the subsidized or dumped imports. The Commission will move on to the next step only if each preceding step is satisfied.⁴⁷

⁴⁶ 19 U.S.C. § 1677(4)(C). The URAA changes to the regional industry provisions were not intended to affect substantive Commission practice. The definition of "regional industry" in the last sentence was added and technical language changes were made by the URAA. The URAA also amended the statute to require that Commerce "to the maximum extent possible, direct that duties be assessed only on the subject merchandise of the specific exporters or producers that exported the subject merchandise for sale in the region concerned during the period of investigation." 19 U.S.C. § 1673e(d). Therefore, Commerce will "exclude from the [antidumping duty] order, to the 'maximum extent possible,' those exporters or producers that did not export for sale in the region during the period of investigation." SAA at 859 and 860.

⁴⁷ Texas Crushed Stone Co. v. United States, 822 F. Supp. 773, 777 (CIT 1993), aff'd, 35 F.3d 1535 (Fed. Cir. 1994) ("the ITC's case-by-case approach represents a 'legitimate policy choice [] made by the agency in interpreting and applying the statute.'" Id. at 1542), aff'g Crushed Limestone from Mexico, Inv. No. 731-TA-562 (Preliminary), USITC Pub. 2533 (July 1992) ("Limestone"). See also Atlantic Sugar, Ltd. v. United States, 519 F. Supp. 916, 920 (CIT 1981)(court cautioned against "[a]rbitrary or free handed sculpting of regional markets.").

C. Analysis

According to the SAA, the Commission should take into account in five-year reviews involving regional industries any prior regional industry definition and whether the subject product has characteristics that naturally lead to the formation of regional markets (e.g., whether it has a low value-to-weight ratio and is fungible).⁴⁸ We have taken into account each of the Commission's prior regional industry definitions in our analysis and determine that the record again supports finding three separate regional industries, which correspond, or are similar, to those defined in the original investigations. As in the original investigations, separate and different regions are appropriate in each of these reviews to reflect the particular region likely to be affected by the subject imports. Regarding characteristics that naturally lead to the formation of regional markets, the evidence shows that gray portland cement is a fungible product, with domestically produced product and subject imports interchangeable.⁴⁹ Its relatively low value-to-weight ratio substantially affects transportation costs and limits the distances within which cement is shipped. Due to high inland transportation costs, nearly 80 percent of domestic gray portland cement and virtually all imports in the Southern Tier region are shipped to customers located within 200 miles of the production site or import terminal.⁵⁰ Moreover, the industry practice of "base point" pricing, which results in a "freight equalization" system,⁵¹ makes transportation costs an important component of cement prices.⁵²

1. Market Isolation Criteria

a. Mexican Cement Review

Producers in the Southern Tier region shipped 85 percent of their U.S. shipments of gray portland cement within the region throughout the period of review.⁵³ While the regional producers' percentage of within region shipments has declined somewhat since the original Mexican Cement

⁴⁸ SAA at 888. The Commission has found, in the past, that "appropriate circumstances" exist for the Commission to engage in a regional industry analysis for products with low value-to-weight ratios and where high transportation costs make the areas in which the product is produced necessarily isolated and insular. See, e.g., Limestone, USITC Pub. 2533; Nepheline Syenite, USITC Pub. 2502; Venezuela Cement, USITC Pub. 2400; Japan Cement, USITC Pub. 2376; Mexico Cement, USITC Pub. 2305.

⁴⁹ CR at I-26 and Tables II-2 and II-3; PR at I-23 and Tables II-2 and II-3.

⁵⁰ CR at I-15, II-1, V-1, and Table I-2; PR at I-13, II-1, V-1 and Table I-2. Average inland transportation costs per ton nearly double if cement in any of the three regions is shipped from 100-199 miles compared with less than 100 miles. Id. at Table I-2. For example, average transportation costs per ton for shipments of cement of 0-99 miles are \$7.50 in the Southern Tier region, \$7.02 in the Southern California region, and \$7.00 in the Florida region, compared with \$13.91, \$12.97, and \$14.50 for shipments of 100-199 miles in the respective regions. Id.

⁵¹ Equalizing freight means that the customer pays only the cost of the freight from the nearest source, while the producer pays the difference in freight from the plant. CR at V-6; PR at V-2 - V-4.

⁵² U.S. inland transportation costs were estimated by U.S. producers to range between 8 and 18 percent of total delivered cost. CR/PR at V-1. Based on official import data, transportation costs for subject imports from Japan, Mexico, and Venezuela to the United States (excluding U.S. inland costs) are estimated to be 26.8 percent, 32.1 percent, and 21.9 percent, respectively, of the total cost of subject products on a c.i.f. basis compared to customs values. Id.

⁵³ CR/PR at Table I-3A. In the original Mexican Cement determination, the Commission found that "the share of within-region shipments of cement was between 89 and 91 percent for producers in the southern-tier region during the period of investigation." Mexico Cement, USITC Pub. 2305 at 14 and 53.

investigation, we find the current level satisfies the statutory criterion that “producers within such market sell all or almost all of their production of the domestic like product in that market.”⁵⁴

The share of consumption in the Southern Tier region that was supplied by U.S. producers outside the region was lower during the period of review than during the original Mexican Cement investigation, 6.8 percent in 1997, 5.1 percent in 1998, and 4.9 percent in 1999.⁵⁵ We find that these percentages satisfy the statutory criterion that “demand in that market is not supplied to any substantial degree, by producers of the product in question located elsewhere in the United States.”⁵⁶

Having found that the two market isolation criteria are satisfied, we determine that a regional industry exists for the Southern Tier region.

b. Japanese Cement Review

Over the period of review, producers in the Southern California region shipped, on average, about 63 percent of their U.S. shipments of gray portland cement within the region.⁵⁷ This percentage is lower than the range that the Commission typically considers to satisfy the statutory market isolation

⁵⁴ 19 U.S.C. § 1677(4)(C)(i). This level is within the range the Commission previously has considered sufficient to satisfy this criterion. See Texas Crushed Stone, 822 F. Supp. 773, aff'd, 35 F.3d 1535 (Fed. Cir. 1994); Cemex, S.A. v. United States, 790 F. Supp. 290, 292-294 (CIT 1992), aff'd, 989 F.2d 1202 (Fed. Cir. 1993).

⁵⁵ CR/PR at Table I-1A.

⁵⁶ 19 U.S.C. § 1677(4)(C)(ii). These percentages fall within the range that the Commission previously has considered sufficient to satisfy this criterion. The Court of International Trade has suggested that a level of 12 percent of total supply from outside of the region may be too high to be considered insubstantial “in the abstract,” but nonetheless affirmed a Commission determination holding that the market isolation criteria were satisfied when 12 percent of regional consumption was supplied by producers outside the region. Atlantic Sugar, 519 F. Supp. at 919-920 (CIT 1981). The Commission has found that an average of 10.5 percent of outside supply was acceptable and on several occasions that percentages of less than 10 percent were acceptable. See, e.g., Venezuela Cement, USITC Pub. 2400 at 8-10; Mexico Cement, USITC Pub. 2305 at 15; Sugars and Syrups from Canada, Inv. No. 731-TA-3 (Final), USITC Pub. 1047 at 4, 14 (March 1980); Portland Hydraulic Cement from Australia and Japan, Inv. Nos. 731-TA-108 and 109, USITC Pub. 1310 at 9 (November 1982); Frozen French Fried Potatoes from Canada, Inv. No. 731-TA-93 (Preliminary), USITC Pub. 1259 at 7 (June 1982); 12-Volt Lead-Acid Type Automotive Storage Batteries from the Republic of Korea, Inv. No. 731-TA-261 (Preliminary), USITC Pub. 1710 at 8 (June 1985).

⁵⁷ CR/PR at Table I-3B. Southern California regional producers’ shipments within the region were 63 percent in 1997, 60 percent in 1998, and 63 percent in 1999. Id. This is lower than the level in the original Japanese Cement investigation, when the Commission found that producers within the region shipped 82.6 percent of their production within the Southern California region in 1990. Japan Cement, USITC Pub. 2376 at 18 and 48.

criteria.⁵⁸ In this review, the Commission finds sufficient evidence to warrant revisiting the originally defined region.⁵⁹

The Domestic Producers have proposed that the entire State of California is a more appropriate region for the Japanese Cement review because the Southern and Northern California markets have now become more integrated markets than during the original investigation.⁶⁰ The Japanese Respondents have indicated that their arguments are the same whether the region is defined as Southern California or the larger State of California region.⁶¹ In the original Japanese Cement investigation, the Commission determined that both regions met the statutory criteria but decided that the smaller region, Southern California, was the appropriate region primarily because it appeared more isolated at the time and differences in market trends were apparent.⁶² In making this finding, the Commission majority in Japan Cement, however, noted that “Southern California producers shipped an increasing percentage of their production to destinations in Northern California during the period of investigation.”⁶³

While it is not clear what, if any, effect the order has had on marketing and distribution patterns for California producers,⁶⁴ there has been an apparent integration of the Southern and Northern California markets since the original investigation. We find that this increased integration, which the Commission contemplated in the original determination, is sufficient evidence to warrant revising the originally defined region. California cement producers shipped 80-85 percent of their U.S. shipments within the State of California during the period of review.⁶⁵ We find this level satisfies the statutory criterion that

⁵⁸ CR/PR at Table I-3B. See, e.g., Steel Concrete Reinforcing Bars from Turkey, USITC Pub. 3034 at 14 (April 1997) (about 90 percent found to be sufficient); Venezuela Cement, USITC Pub. 2400 at 7 and 27 (July 1991) (over 95 percent found to be sufficient); Japan Cement, USITC Pub. 2376 at 18, 44 (April 1991) (82.6 percent found to be sufficient); Operators for Jalousie and Awning Windows from El Salvador, Inv. Nos. 701-TA-272 and 731-TA-319 (Final), USITC Pub. 1934 at 9 (January 1987) (over 80 percent found to be sufficient); Round White Potatoes, Inv. No. 731-TA-124 (Final), USITC Pub. 1463 at 7 (December 1983) (84 percent found to be sufficient); Portland Hydraulic Cement from Australia and Japan, Inv. Nos. 731-TA-108 and 109 (Final), USITC Pub. 1310 at 5 (October 1983) (92 percent found to be sufficient); Frozen French Fried Potatoes, Inv. No. 731-TA-93 (Preliminary), USITC Pub. 1259 at 7 (June 1982) (66 percent found not to be sufficient). There is no precise numerical percentage required to meet this criterion. See Texas Crushed Stone, 822 F. Supp. 773, *aff'd*, 35 F.3d 1535 (Fed. Cir. 1994); Cemex, S.A., 790 F. Supp. at 292-294, *aff'd*, 989 F.2d 1202 (Fed. Cir. 1993) (In reviewing the regional industry analysis, the CIT held that “there is nothing in the statute, case law, or administrative practice to indicate Congressional intent to bind the ITC to a precise numerical percentage.”).

⁵⁹ 19 U.S.C. § 1675a(a)(8) and SAA at 887-888.

⁶⁰ In evaluating the order on Japan, Domestic Producers propose that “the Commission should define the region as California. . . [since it] satisfies the statutory market isolation criteria better than Southern California and would encompass a greater proportion of post-order imports from California.” They contend that “Southern and Northern California have now become more integrated markets” than during the original investigation and acknowledge that CEMEX “has demonstrated that northern and southern California are ‘cointegrated.’” Domestic Producers’ Posthearing Brief at 19; Domestic Producers’ Prehearing Brief at 24-27, 31-32, and Exhibit 13.

⁶¹ Japanese Respondents’ Prehearing Brief at 5.

⁶² Japanese Cement, USITC Pub. 2376 at 19-20 and 48-50.

⁶³ Japan Cement, USITC Pub. 2376 at 19.

⁶⁴ SAA at 888.

⁶⁵ Calculated from CR/PR at Table C-6. State of California regional producers’ shipments within the region were 79.9 percent in 1997, 84.2 percent in 1998, 85.8 percent in 1999, 83.5 percent in interim period (Jan.-Mar.) 1999, and 85.7 percent in interim period (Jan.-Mar.) 2000. *Id.*

“producers within such market sell all or almost all of their production of the domestic like product in that market.”⁶⁶

The percentage of consumption in the State of California region that was supplied by U.S. producers outside the region was low during the period of review and similar to that during the original Japanese Cement investigation.⁶⁷ U.S. producers outside the State of California region supplied from 3 percent to 6 percent of the State of California regional consumption during the period of review.⁶⁸ We find that these percentages satisfy the statutory criterion that “demand in that market is not supplied to any substantial degree, by producers of the product in question located elsewhere in the United States.”⁶⁹

Having found that the two market isolation criteria are satisfied, we determine that a regional industry exists for the State of California region.

c. Venezuelan Cement Reviews⁷⁰

Producers in the Florida region shipped about 95 percent of their U.S. shipments of gray portland cement within the region throughout the period of review.⁷¹ We find this level satisfies the statutory criterion that “producers within such market sell all or almost all of their production of the domestic like product in that market.”⁷²

The share of regional consumption supplied by U.S. producers outside the Florida region was 11.3 percent in 1997, 11.0 percent in 1998, and 9.1 percent in 1999, which was similar to that supplied in the original investigations.⁷³ We find that these percentages satisfy the statutory criterion that “demand

⁶⁶ 19 U.S.C. § 1677(4)(C)(i). This level is within the range the Commission previously has considered sufficient to satisfy this criterion. See Texas Crushed Stone, 822 F. Supp. 773, aff'd, 35 F.3d 1535 (Fed. Cir. 1994); Cemex, S.A., 790 F. Supp. at 292-294, aff'd, 989 F.2d 1202 (Fed. Cir. 1993). In the original Japanese Cement investigation, the Commission found that the State of California met this criterion since its producers shipped 93 percent of their production in 1990 within the state. Japan Cement, USITC Pub. 2376 at 18 and 48.

⁶⁷ CR/PR at Table I-1B. In the original Japanese Cement investigation, the Commission found that the second market isolation factor was met since producers outside the State of California region supplied only 3.5 percent of statewide consumption in 1990. The Commission also found that the Southern California region met this criterion since producers outside this region supplied only 1.6 percent of the region’s consumption in 1990. Japan Cement, USITC Pub. 2376 at 18-19 and 48.

⁶⁸ Domestic Producers’ Prehearing Brief, Exhibit 13 at 2. In addition, the share of regional consumption supplied by U.S. producers outside the Southern California region was 5.6 percent in 1997, 2.0 percent in 1998, and 7.5 percent in 1999. CR/PR at Table I-1B.

⁶⁹ 19 U.S.C. § 1677(4)(C)(ii). These percentages fall within the range that the Commission previously has considered sufficient to satisfy this criterion. See note 56 supra.

⁷⁰ Commissioner Miller does not join this section. She finds that a regional industry analysis is appropriate for the reviews on Venezuela. See Separate Views Of Commissioner Marcia E. Miller On Gray Portland Cement and Cement Clinker From Venezuela.

⁷¹ CR/PR at Table I-3C. Florida regional producers’ shipments within the region were 96 percent in 1997 and in 1998, and 95 percent in 1999. Id. This is similar to the level in the original Venezuelan Cement investigations, when producers in the State of Florida shipped over 95 percent of their cement production within the state throughout the period of investigation. Venezuela Cement, USITC Pub. 2400 at 7, 27, and 40.

⁷² 19 U.S.C. § 1677(4)(C)(i). This level is within the range the Commission previously has considered sufficient to satisfy this criterion. See Texas Crushed Stone, 822 F. Supp. 773, aff'd, 35 F.3d 1535 (Fed. Cir. 1994); Cemex, S.A., 790 F. Supp. at 292-294, aff'd, 989 F.2d 1202 (Fed. Cir. 1993).

⁷³ CR/PR at Table I-1C. This is similar to the levels in the original Venezuelan Cement investigations. In those investigations, the Commission noted that the percentage of outside shipments, which was 10.5 percent throughout

(continued...)

in that market is not supplied to any substantial degree, by producers of the product in question located elsewhere in the United States.”⁷⁴

Having found that the two market isolation criteria are satisfied, we determine that a regional industry exists for the State of Florida region.

2. Concentration of Imports

In the second step of the regional industry analysis, we determine whether the statutory requirement of concentration of imports within the pertinent region is satisfied. The statute does not define concentration. The legislative history to the URAA indicates that “no precise mathematical formula is reliable in determining the minimum percentage which constitutes sufficient concentration.”⁷⁵ The SAA provides that concentration of imports will be found to exist “if the ratio of the subject imports to consumption is clearly higher in the regional market than in the rest of the U.S. market, and if such imports into the region account for a substantial proportion of total subject imports entering the United States.”^{76 77} The SAA cautions that there is no “benchmark” for determining what constitutes a

⁷³ (...continued)

the period of investigation, exceeded percentages in several previous investigations, but concluded that it supported treating Florida as an isolated market. Venezuela Cement, USITC Pub. 2400 at 8-10, 27-29, and 40. The percentage of the Florida region consumption supplied by U.S. producers outside the state increased from 6.5 percent in 1988 to 15.6 percent in the first quarter of 1991. *Id.* at 8 and Table 4.

⁷⁴ 19 U.S.C. § 1677(4)(C)(ii). These percentages fall within the range that the Commission previously has considered sufficient to satisfy this criterion. See note 56 *supra*.

⁷⁵ SAA at 860. The Commission historically has found concentration percentages higher than 80 percent of total imports subject to investigation to be sufficient. See, e.g., Portland Hydraulic Cement, USITC Pub. 1310 at 10; Offshore Platform Jacket, USITC Pub. 1848 at 10; Sugars and Syrups from Canada, Inv. No. 731-TA-3 (Final), USITC Pub. 1047 (Mar. 1980). While the requisite concentration has also been found at levels as low as 43 percent, the Commission has questioned whether concentration levels of 60-80 percent are sufficient. See, e.g., Round White Potatoes, USITC Pub. 1463 at 7; Certain Steel Wire Nails from the Republic of Korea, Inv. No. 731-TA-26 (Final), USITC Pub. 1088 at 11 and 12 (Aug. 1980); Japan Cement, USITC Pub. 2376 at 20 and 21, 48-50, *aff'd*, although remanded on other grounds, Mitsubishi Materials Corp. v. United States, 820 F. Supp. 608, 615 (CIT 1993); Venezuela Cement, USITC Pub. 2400 at 10 and 11. Compare Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349 (Final), USITC Pub. 1994 (July 1987) and Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, Inv. Nos. 731-TA-293, 294, 296 (Final), USITC Pub. 1907 at 6 and 7, n. 19 (Nov. 1986).

⁷⁶ SAA at 860.

⁷⁷ Prior to the URAA, the Commission considered the import penetration ratio only in particular circumstances where imports outside the region were widely dispersed or the regional industry was a significant portion of the national industry. This Commission practice was affirmed by Texas Crushed Stone, 35 F.3d 1535 (Fed. Cir. 1994). See also Japan Cement, Inv. 731-TA-461 (Final), USITC Pub. 2376 (April 1991) at 21, n. 47 (the Commission “would not consider it of much weight if Southern California represented but a very small share of overall U.S. consumption”).

concentration; rather it should be decided on a case-by-case basis.^{78 79} The courts have affirmed the Commission's case-by-case approach to applying the statute.⁸⁰

a. Mexican Cement Review

During the period of review, 100 percent of total subject imports from Mexico entered the Southern Tier region.⁸¹ The ratio of subject imports from Mexico to consumption within the Southern Tier region was 3.0 percent and to consumption outside the Southern Tier region was 0.0 percent during the period of review.⁸²

Based on a comparison of the market share of subject imports from Mexico in the Southern Tier region to the market share of subject imports from Mexico outside the region, and consideration of the proportion of total subject imports from Mexico that enter the Southern Tier region, we find that subject imports from Mexico would likely be sufficiently concentrated in the Southern Tier region.⁸³ The pattern of these imports during the original investigation further indicates that such a concentration is likely if the orders were revoked. In particular, the evidence does not indicate that Mexican producers' shipping patterns are likely to shift upon revocation to concentration levels that are not sufficient to meet the criterion. Therefore, we proceed on a regional industry basis to the issue of whether there is a likelihood of continuation or recurrence of material injury if the antidumping duty order on subject imports from Mexico is revoked.

b. Japanese Cement Review

During the period of review, very small amounts of subject imports from Japan entered the United States. The percentage of total subject imports from Japan entering the State of California region

⁷⁸ SAA at 860. See also Mitsubishi Materials, 820 F. Supp. at 614-615 (CIT 1993).

⁷⁹ Similar to the Commission's findings in the original Mexico Cement and Japan Cement investigations, we find that it is not appropriate to aggregate imports from two countries for purposes of considering import concentration levels in our regional industry analysis even though we may or may not exercise our discretion to cumulate such imports for purposes of our material injury analysis. See Mexico Cement, USITC Pub. 2305 at 25, n.53, and 53; Japan Cement, USITC 2376 at 21, n.46, and 33-35. See also Steel Concrete Reinforcing Bars from Austria, Belarus, China, Indonesia, Japan, Korea, Latvia, Poland, Moldova, Russia, Ukraine, and Venezuela, Inv. Nos. 731-TA-872-883 (Preliminary), USITC Pub. 3343 at 12 (August 2000) ("we do not believe that the statutory language provides that subject imports into the region should be cumulated for purposes of determining whether there is sufficient import concentration within the region."). Accord Mexican Respondent - CEMEX's Prehearing Brief at 73-75.

⁸⁰ Texas Crushed Stone, 35 F.3d 1535 (Fed. Cir. 1994); Cemex, 790 F. Supp. at 292-294 (CIT 1992), aff'd, 989 F.2d 1202 (Fed. Cir. 1993).

⁸¹ CR/PR at Table I-3A.

⁸² CR/PR at Table I-3A.

⁸³ In the original Mexican Cement determination, the Commission found that the import concentration requirement was met; imports of Mexican cement into the Southern Tier region ranged from 91 percent to 95 percent of total imports from Mexico. The ratio of subject imports from Mexico to consumption within the Southern Tier region was 11 percent and to consumption outside the Southern Tier region was 1 percent in 1989. Mexico Cement, USITC Pub. 2305 at 16, n.30, and 53.

was 70 percent in 1998 and 97 percent in 1999.⁸⁴ Import penetration ratios for subject imports from Japan within and outside the State of California region were very small.⁸⁵

A comparison of the market share of subject imports from Japan in the State of California region to the market share of subject imports from Japan outside the region, and consideration of the proportion of total subject imports from Japan that enter the California region, indicates that subject imports from Japan would likely be sufficiently concentrated in the California region. The pattern of these imports during the original investigation further indicates that such a concentration is likely if the orders were revoked.⁸⁶ In particular, there is no indication that Japanese producers' shipping patterns are likely to change upon revocation. Therefore, we proceed on a regional industry basis to the issue of whether there is a likelihood of continuation or recurrence of material injury if the antidumping duty order on subject imports from Japan is revoked.

c. Venezuelan Cement Reviews

During the period of review, import penetration was higher within the Florida region than outside this region.⁸⁷ However, the proportion of total subject imports from Venezuela that entered the Florida region has declined during the period of review to levels the Commission previously has found insufficient to satisfy the concentration test. The percentage of total subject imports from Venezuela entering the Florida region fell substantially and steadily over the period of review, from 64 percent in 1997 to 53 percent in 1998 and 45 percent in 1999.⁸⁸ In contrast, during the original investigations, the Florida region accounted for an increasing concentration of Venezuelan imports of cement, reaching 98 percent of total Venezuelan imports in 1991.⁸⁹

The Commission is not required in a five-year review to demonstrate that the regional industry criteria are currently satisfied. However, the record does not indicate that the proportion of total subject imports from Venezuela entering the Florida region is likely to satisfy the import concentration criteria if the suspended investigations are terminated. In particular, we find that the record does not indicate that marketing and distribution patterns have been affected by the acceptance of the suspension agreements.⁹⁰ The imports of Venezuelan cement have been subject to an antidumping suspension agreement that

⁸⁴ CR/PR at Table I-3B.

⁸⁵ The ratio of subject imports from Japan to consumption within the State of California region was 0.1 percent in 1998, 0.2 percent in 1999, 1.1 percent in interim period (Jan.-Mar.) 1999, and 1.3 percent in interim period (Jan.-Mar.) 2000. In contrast, the ratio of subject imports from Japan to consumption outside the State of California region was 0.0 percent in each of these periods. CR/PR at Tables C-2, C-4, and C-6.

⁸⁶ In the original Japanese Cement investigation, imports of Japanese cement into the State of California region ranged from 67.5 percent to 79.2 percent of total imports from Japan during the period of investigation. The ratio of subject imports from Japan to consumption within the State of California region was 10.7 percent and to consumption outside the California region was 0.8 percent in 1990. Japan Cement, USITC Pub. 2376 at Table 4.

⁸⁷ The ratio of subject imports from Venezuela to consumption within the Florida region was 12.0 percent in 1997 and 10.0 percent in 1998 and 1999. In contrast, the ratio of subject imports from Venezuela to consumption outside the Florida region was less than 0.5 percent in 1997, and 1.0 percent in 1998 and 1999. CR/PR at Table I-3C.

⁸⁸ CR/PR at Table I-3C. In addition, there were imports of cement clinker from Venezuela into the Florida region during the period of review, accounting for 48.9 percent of total U.S. imports of cement clinker from Venezuela in 1999. CR/PR at Tables IV-2C and IV-2D.

⁸⁹ CR/PR at Table I-3C. During the original investigations, the percentage of total subject imports from Venezuela entering Florida was 66 percent in 1988, 64 percent in 1989, 83 percent in 1990, and 98 percent in 1991. Id.

⁹⁰ See SAA at 888.

established a floor price.⁹¹ There has been no cash deposit requirement under the countervailing duty suspension agreement.⁹² Thus, the Venezuelan suspension agreements do not limit the quantity of subject imports that can enter the Florida region, or in fact the entire U.S. market, at fairly traded prices.⁹³ There is no indication on the record that these agreements provide any incentive to ship subject imports to customers outside of the Florida region as opposed to those within that region. Thus, we find that the existence or absence of these suspension agreements has no appreciable effect on relative subject import levels within and outside of the Florida region.

While subject imports from Venezuela have remained at relatively constant volumes in the Florida region, they have increased substantially in other areas of the United States.⁹⁴ In fact, imports of gray portland cement from Venezuela into the Florida region during the period of review was at a level only slightly above that in 1991, immediately prior to the acceptance of the suspension agreements.⁹⁵ At the same time, apparent cement consumption in Florida has increased by 17.5 percent from 1997 to 1999 and non-subject imports of cement have entered the Florida region in substantially increasing volumes.⁹⁶ Subject imports of cement from Venezuela into the Florida region accounted for only 10.3 percent of apparent consumption in this region by quantity in 1999 compared to 18.2 percent in 1991.⁹⁷

⁹¹ Venezuelan AD Suspension Agreement in 57 Fed. Reg. 6706 (Feb. 27, 1992). The basis for the suspended antidumping investigation was an agreement by Vencemos and Caribe, producers/exporters that, at the time, accounted for substantially all of the subject products from Venezuela, to make necessary price revisions to eliminate completely any amount by which the foreign market value of their merchandise exceeded the United States price of the subject merchandise. Commerce has periodically reviewed and adjusted the floor price.

⁹² The countervailing duty suspension agreement “completely offset[s] or eliminate[s] the amount of net bounty or grant pertaining to the subject merchandise exported directly or indirectly to the United States.” 57 Fed. Reg. 9242, 9243 (Mar. 17, 1992) (Venezuelan CVD Suspension Agreement) and Issues and Decisions Memo for the Sunset Review of Gray Portland Cement and Cement Clinker from Venezuela: Final Results from Jeffrey A. May to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated Feb. 28, 2000 at 2 (“Memo”). At the time of the suspension agreement, Commerce terminated any cash deposit requirement regarding the countervailing duty investigation, and has indicated that the cash deposit requirement under the countervailing duty investigation for both Caribe and Vencemos would have been zero regardless of whether the suspension agreement was effectuated. 57 Fed. Reg. at 9244 and Memo at 2. While Commerce found, in its sunset review, that termination of the suspended investigation would be likely to lead to continuation or recurrence of a countervailable subsidy, it indicated that “we cannot determine the net countervailable subsidy likely to prevail under the instant review.” 65 Fed. Reg. 11554 (Feb. 28, 2000).

⁹³ The record also indicates that the prices for imports of Venezuelan cement have consistently exceeded the benchmark floor prices routinely adjusted by Commerce. Venezuelan Respondent’s Posthearing Brief at Attachment 1.

⁹⁴ CR/PR at Tables I-1C and I-1D.

⁹⁵ CR/PR at Table I-1C. Subject imports of cement from Venezuela into the Florida region were 861,000 tons in 1997, 777,000 tons in 1998, and 861,000 tons in 1999. Imports of cement clinker from Venezuela into the Florida region were 177,000 short tons in 1999. CR at Table IV-2C. During the original investigation, subject imports of cement from Venezuela into the Florida region were 414,000 tons in 1988, 444,000 tons in 1989, 1.1 million tons in 1990, and 762,000 tons in 1991. *Id.* at Table I-1C.

⁹⁶ CR/PR at Table C-3. The volume of non-subject imports entering the Florida region increased by 67.9 percent from 1997 to 1999. *Id.* In 1999, Florida apparent consumption by quantity was 19.3 percent higher than in 1988 and 82.6 percent higher than in 1991. *Id.* at Table I-1C.

⁹⁷ CR/PR at Table I-1C. Gray portland cement imported from Venezuela accounted for a declining share of total imports into the Florida region during the period of review, declining from 32.2 percent by quantity in 1997 to 22.0 percent in 1999. *Id.*

In contrast, imports of Venezuelan cement have entered various U.S. markets other than the Florida region in increasing volumes.⁹⁸ Imports of Venezuelan cement into the entire U.S. market increased by 42.5 percent from 1997 to 1999.⁹⁹ While Florida still may be a natural and significant market for Venezuelan cement, it appears that in part due to the ability to ship relatively long distances by ocean freight, Venezuelan imports have become more geographically diversified, increasingly entering the east and gulf coast markets of the United States.¹⁰⁰ These differing import trends have occurred despite the lack of barriers to increased entry into the Florida region for these imports during the period of review. As discussed above, there is no evidence to indicate that these changes in market and distribution patterns are due to the suspension agreements, and no evidence that import patterns likely would shift toward more concentration in the Florida region if the suspended investigations were terminated.^{101 102}

While subject imports from Venezuela were higher in the Florida region than outside the region during the period of review, we find that subject imports from Venezuela into the Florida region are not likely to account for a substantial proportion of total U.S. imports of cement from Venezuela in the reasonably foreseeable future if the suspended investigations are terminated. Thus, we find that imports from Venezuela are not likely to be sufficiently concentrated to satisfy the import concentration requirements for a regional industry analysis, and therefore cannot proceed to the analysis of likely continuation or recurrence of material injury. We therefore find that suspended investigations on imports of gray portland cement and cement clinker from Venezuela should be terminated.¹⁰³

⁹⁸ In 1999, 45.7 percent of imports of Venezuelan cement entered through the Miami and Tampa, FL customs districts, 11.4 percent through the Baltimore, MD district, 11.3 percent through the New Orleans, LA district, 8.1 percent through the San Juan, PR district, 4.4 percent through the Charlotte, NC district, 4.2 percent through the Savannah, GA district, and 4.2 percent through the Boston, MA district. CR at I-53; PR at I-42. Venezuelan producers reportedly shipped *** of their total cement shipments to export markets other than the U.S. market during the period of review, which is similar to the share reported for those shipments in the original investigations. Id. at Table IV-8 and Venezuela Cement, USITC Pub. 2400 at A-47, Table 20.

⁹⁹ CR/PR at Tables C-3 and C-4.

¹⁰⁰ While the imposition of an antidumping duty order against Venezuelan cement by Brazil in July 2000 may result in some additional imports into the U.S. market, the quantity of Venezuelan cement entering Brazil was relatively small and there is no evidence that any shifting of such imports to the U.S. market would be more likely to enter Florida than other U.S. markets. CR at IV-50 and Table IV-8; PR at IV-30 and Table IV-8.

¹⁰¹ We have considered evidence provided by Domestic Producers alleging reductions in purchases of Venezuelan cement in non-Florida markets by U.S. importers in 2000- 2003 and do not find it compelling on the issue of whether import concentration likely will increase in the Florida region if the suspended investigations are terminated. Our conclusion on likely concentration is based on the subject imports' pronounced trend away from concentration in the Florida region, not on any particular sales or contracts. Domestic Producers' Posthearing Brief at 27-28; Venezuelan Respondent's Final Comments at 4-8 and Attachment 2.

¹⁰² We also note that further increases in Venezuelan exports likely are limited by cement clinker capacity constraints. While Venezuelan producers' capacity utilization for cement was *** in 1999. CR/PR at Tables IV-8 and IV-9.

¹⁰³ 19 U.S.C. § 1677(4)(C). In Texas Crushed Stone, the Federal Circuit upheld the Commission's determination to terminate the investigation upon finding that import concentration was not sufficient. 35 F.3d at 1543 (Fed. Cir. 1994), aff'g, 822 F. Supp. at 781 (CIT 1993) ("the Commission determined that the first criteria . . . was satisfied. The second criteria . . . was not satisfied. Therefore, the Commission could not proceed to the third criteria. . . ."), aff'g, Limestone, USITC Pub. 2533. The Federal Circuit stated:

Here, the ITC determined that the requirement of concentration of dumped imports into the regional market was not satisfied. Under these circumstances, it could not proceed to the issue of material injury or threat

(continued...)

IV. RELATED PARTIES

In defining the domestic regional industries in these reviews, we have considered whether any U.S. producers of gray portland cement and cement clinker should be excluded from the relevant regional industries pursuant to 19 U.S.C. § 1677(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic regional industry for the purposes of an injury determination producers that are related to an exporter or importer of the subject merchandise, or which are themselves importers.¹⁰⁴ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.¹⁰⁵

In the original investigations, the Commission considered whether domestic producers that either were owned by a foreign producer, imported subject product, or ground imported subject product should be excluded as related parties, and found that appropriate circumstances to do so did not exist.¹⁰⁶

The record indicates that a number of domestic producers in each of our defined regional industries have imported subject merchandise and/or are related to subject foreign producers. In the Southern Tier region, U.S. producers CEMEX USA and Rio Grande imported subject merchandise from their corporate parents, Mexican producers CEMEX and GCCC, respectively.^{107 108} As importers of

¹⁰³ (...continued)

of material injury. Accordingly, there was no need to examine evidence relevant only to that issue.

35 F.3d at 1543.

¹⁰⁴ 19 U.S.C. § 1677(4)(B).

¹⁰⁵ See Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (CIT 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (CIT 1987). 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and
- (3) the position of the related producer *vis-a-vis* the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, *e.g.*, Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (CIT 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. See, *e.g.*, Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand, Inv. Nos. 731-TA-308-310 and 520-521 (Review), USITC Pub. 3263 at 5-7 (Dec. 1999); Stainless Steel Plate from Sweden, Inv. No. AA1921-114 (Review), USITC Pub. 3204 at 10 (July 1999); Sugar from the European Union; Sugar from Belgium, France, and Germany; and Sugar and Syrups from Canada, Inv. Nos. 104-TAA-7, AA1921-198-200, and 731-TA-3 (Review), USITC Pub. 3238 at 14 (Sept. 1999). See also S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979) ("where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry").

¹⁰⁶ Mexico Cement, USITC Pub. 2305 at 21 and 53; Japan Cement, USITC Pub. 2375 at 13 and n.24; Venezuela Cement, USITC Pub. 2400 at 13.

¹⁰⁷ CR at I-49; PR at I-38. During the period of review, CEMEX USA and Rio Grande accounted for all imports from Mexico into the Southern Tier region, which increased from 978,000 tons in 1997 to 1.2 million tons in 1999.

(continued...)

subject merchandise, CEMEX USA and Rio Grande are related parties and thus can be excluded from the Southern Tier regional industry if appropriate circumstances exist.

CEMEX USA and Rio Grande accounted for *** and ***, respectively, of Southern Tier regional production during the period of review.¹⁰⁹ While each company's imports relative to their regional production appear to be substantial, about *** in 1999,¹¹⁰ they have investments in U.S. production operations that indicate their interests are in both importing and in domestic production.¹¹¹ Finally, CEMEX USA's financial position is *** to the other regional producers,¹¹² and Rio Grande's financial position is *** the other regional producers.¹¹³ Based on this record, we find that appropriate circumstances do not exist to exclude either CEMEX USA or Rio Grande from the Southern Tier regional industry.

In the State of California region, U.S. producers Mitsubishi and California Portland are owned by Japanese cement producers Mitsubishi and Taiheiyo, respectively.¹¹⁴ Imports from Japan into the California region, which had been as high as 1.7 million short tons in 1989, declined to zero after the order in 1991 and essentially remained at zero through 1997.¹¹⁵ California Portland¹¹⁶ and Mitsubishi accounted for *** of the small volume of imports from Japan into the region in 1998 and 1999.¹¹⁷ As importers of subject merchandise, California Portland and Mitsubishi are related parties and thus can be excluded from the California regional industry if appropriate circumstances exist.

Mitsubishi accounted for *** of State of California regional production during the period of review.¹¹⁸ California Portland's two facilities combined accounted for *** of State of California regional production during the period of review.¹¹⁹ Both Mitsubishi and California Portland have made investments in U.S. production operations indicating that their interests are in both importing and

¹⁰⁷ (...continued)

Id. and Table I-1A. In 1999, CEMEX USA accounted for about *** imported by Rio Grande. CR at I-49, n.64; PR at I-38, n.64.

¹⁰⁸ We recognize that CEMEX recently publicly announced plans to acquire another U.S. producer, Southdown, including its four Southern Tier production operations and numerous inland and import terminals. We reopened the record in these reviews to include new factual information on this announced acquisition and to accept comments from parties on this issue. See INV-X-211 (Oct. 2, 2000). This acquisition, which is conditional on two-thirds of Southdown's shares being tendered and is subject to regulatory approval, is not final. Thus, we have given it limited consideration in our analysis.

¹⁰⁹ Calculated from CR/PR at Table E-1.

¹¹⁰ CEMEX USA stated that it imported because there was "****." CR at I-49, n.63; PR at I-38, n.63. Rio Grande indicated that it "****." Id.; Mexican Respondent - GCCC's Prehearing Brief at 19-22.

¹¹¹ CR at I-49, n.64 and Table E-1, PR at I-38, n.64 and Table E-1. Mexican Respondents - GCCC's Prehearing Brief at 16-17.

¹¹² CR/PR at Table E-8. CEMEX USA was ranked *** Southern Tier regional producers by its operating income margin in 1999, which at ***. Id.

¹¹³ CR/PR at Table E-8. Rio Grande was ranked *** Southern Tier regional producers by its operating income margin in 1999, which at ***. Id.

¹¹⁴ CR at I-51; PR at I-41 - I-42.

¹¹⁵ Japan Cement, USITC Pub. 2376 at A-21 and CR at Table I-1B and I-51; PR at Table I-1B and I-41 - I-42.

¹¹⁶ In the original investigation, California Portland's predecessor was one of three firms that accounted for *** imports from Japan into Southern California. CR at I-51, n.71; PR at I-41, n.71.

¹¹⁷ Imports from Japan into the California region were 16,000 short tons in 1998 and 32,000 short tons in 1999. CR/PR at Table C-6. Japanese Respondents' Prehearing Brief at 4-5.

¹¹⁸ Calculated from CR/PR at Table E-1.

¹¹⁹ Calculated from CR/PR at Table E-1.

domestic production.¹²⁰ The Japanese respondents contend that CPC and Mitsubishi are both significant regional producers with massive capital investments whose interests lie first and foremost as domestic regional producers.¹²¹ While Mitsubishi and California Portland-Mojave's financial positions have *** the other regional producers, California Portland-Colton's financial position has consistently been *** the other regional producers.¹²² Based on this record, we find that appropriate circumstances do not exist to exclude either Mitsubishi or California Portland from the California regional industry.

V. CUMULATION

A. Framework

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.¹²³

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.¹²⁴ We note that neither the statute nor the SAA provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry. With respect to this provision, the Commission generally considers the likely volume of the subject

¹²⁰ CR at I-51-52; PR at I-41-42. Japanese Respondents' Prehearing Brief at 4-5; Japanese Respondents' Posthearing Brief, Appendix A at 3.

¹²¹ Japanese Respondents' Prehearing Brief at 4-5. The Japanese respondents have argued that CPC and Mitsubishi should be included in the domestic industry and that exclusion of the *** producers in the region, CPC and Mitsubishi respectively, would "irretrievably skew the data." These respondents allege that imports have represented only a *** of CPC's and Mitsubishi's total business, ranging from *** in 1999 of combined imports and production of the two companies. They attribute the increase in imports to the soaring demand in California. *Id.*

¹²² CR/PR at Table E-9. Mitsubishi and California Portland-Mojave were ranked *** Southern California regional producers by their operating income margins in 1999, which at ***. California Portland-Colton, on the other hand, was ranked *** Southern California regional producers by its operating income margin in 1999, which at ***. *Id.*

¹²³ 19 U.S.C. § 1675a(a)(7). As discussed above, we have rendered negative determinations with respect to the two suspended investigations of subject imports from Venezuela, and thus we do not consider these imports as candidates for cumulation.

¹²⁴ 19 U.S.C. § 1675a(a)(7).

imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.^{125 126}

The Commission has generally considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.¹²⁷ Only a “reasonable overlap” of competition is required.¹²⁸ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission’s traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.^{129 130}

¹²⁵ For a discussion of the analytical framework of Chairman Koplan and Commissioners Miller and Hillman regarding the application of the “no discernible adverse impact” provision, see Malleable Cast Iron Pipe Fittings From Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review). For a further discussion of Chairman Koplan’s analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 803-TA-13 (Review); 701-TA-249 (Review) and 731-TA-262, 263, and 265 (Review) (Views of Commissioner Stephen Koplan Regarding Cumulation).

¹²⁶ Commissioner Askey notes that the Act clearly states that the Commission is precluded from exercising its discretion to cumulate if the imports from a country subject to review are likely to have “no discernible adverse impact on the domestic industry” upon revocation of the order. 19 U.S.C. § 1675a(a)(7). Thus, the Commission must focus on whether the imports will impact the condition of the industry discernibly as a result of revocation, and not solely on whether there will be a small volume of imports after revocation, i.e., by assessing their negligibility after revocation of the order. For a full discussion of her views on this issue, see Additional Views of Commissioner Thelma J. Askey in Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999).

¹²⁷ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

¹²⁸ See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996)). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff’d sub nom. Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); SRAMs from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

¹²⁹ See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission’s determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallwerken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

¹³⁰ The cumulation provision of the statute includes a provision regarding regional industry determinations, which limits those imports that may be cumulated to subject imports entering the region or regions determined by

(continued...)

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied.

B. Likelihood of No Discernible Adverse Impact

Although Japanese respondents and Mexican respondents urged the Commission to find that imports from Japan would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked,¹³¹ we find that the no discernible adverse impact provision is not satisfied with respect to subject imports from either Mexico or Japan.

While there were virtually no imports of gray portland cement from Japan into the California region after imposition of the antidumping duty order, imports from Japan in very small but increasing volumes returned to this region in 1998 and 1999.¹³² Moreover, during the original investigation, substantial volumes of Japanese cement imports entered the California region.¹³³ Japanese cement producers have substantial excess capacity.¹³⁴ While Japan's home market accounted for 89.0 percent of its total shipments of cement in 1999, substantial volumes of cement are shipped to export markets other than the United States.¹³⁵ Accordingly, we do not find that the subject imports from Japan would be likely to have no discernible adverse impact on the domestic industry if the antidumping duty order is revoked.

Subject imports from Mexico have remained in the Southern Tier market in the years since the imposition of the antidumping duty order. Moreover, the quantity of U.S. imports of gray portland cement and cement clinker from Mexico into the Southern Tier region has increased by 24.4 percent from 1997 to 1999.¹³⁶ Based on the current level of imports from Mexico and the likely volume of subject imports in the reasonably foreseeable future, we do not find that the subject imports from Mexico would be likely to have no discernible adverse impact on the Southern Tier region if the order is revoked.

¹³⁰ (...continued)

the Commission. See 19 U.S.C. § 1677(7)(G)(iv); see also SAA at 850 ("any cumulation analysis is based on imports entering the pertinent region(s)").

¹³¹ Japanese Respondents' Prehearing Brief at 9-10; Japanese Respondents' Posthearing Brief at 11. Mexican Respondents argued that cumulation was not permitted because there is no likelihood that imports from Japan would have a discernible adverse impact on the domestic Southern Tier regional industry. Mexican Respondents -- CEMEX and GCCC's Response to Commission Questions at 18-21. Conversely, Domestic Producers argued that "[s]ubject imports from all three countries will unquestionably have a discernible adverse impact." Domestic Producers' Response to Commission Questions at 92.

¹³² CR/PR at Table C-6. Subject imports of cement from Japan into the California region were 16,000 tons in 1998, 32,000 tons in 1999 and interim period (Jan.-Mar.) 1999, and 36,000 tons in interim period (Jan.-Mar.) 2000.

¹³³ During the original investigation, subject imports of cement from Japan into the California region were 349,000 tons in 1986, 486,000 tons in 1987, 1.2 million tons in 1988, 1.7 million tons in 1989, and 1.3 million tons in 1990. Japan Cement, USITC Pub. 2376 at A-21.

¹³⁴ CR/PR at Tables IV-6 and IV-7. In 1999, the industry in Japan had 90.0 million short tons of production capacity for gray portland cement clinker and 83.8 million short tons of production capacity for cement. The industry's capacity utilization was 78.2 percent for cement clinker and 88.7 percent for cement. Id. In 1999, the Japanese industry's excess capacity was 19.6 million short tons for cement clinker and 9.4 million short tons for cement. Id. The Japanese respondents indicated that Japanese producers track clinker but not cement capacity. Thus, according to these respondents, "[c]linker capacity, for the Japanese producers, is the most accurate and reliable measure of capacity in this industry as well as the meaningful measure of any excess Japanese capacity." Japanese Respondents' Posthearing Brief, Appendix A (Responses to Commission Questions) at 1-2.

¹³⁵ CR/PR at Table IV-6.

¹³⁶ CR/PR at Table C-1.

C. Reasonable Overlap of Competition and Other Considerations¹³⁷

In the original Mexico Cement and Japan Cement determinations, the Commission majority found the statutory criteria for mandatory cumulation were satisfied and cumulated imports of cement from Japan and Mexico.¹³⁸ In these reviews, Domestic Producers urged the Commission to exercise its discretion and cumulate appropriate subject imports for each review.¹³⁹ The Mexican respondents and Japanese respondents contended that imports of cement from Japan should not be cumulated with imports from Mexico because there is only minimal overlap in the regions and the conditions of competition differ.¹⁴⁰

In determining whether to exercise our discretion to cumulate subject imports from Mexico with those from Japan, we examined whether, upon revocation of the antidumping duty orders, subject imports from Mexico would likely compete in the U.S. market under similar conditions of competition with subject imports from Japan and with the domestic like product. As an initial matter, we considered the likelihood of a reasonable overlap of competition among the products from Mexico, Japan, and the United States. In this regard, the parties generally agree that gray portland cement is a fungible product, and that gray portland cement from one country is generally physically interchangeable with gray portland cement from another.¹⁴¹ These subject imports and the U.S. product have similar channels of distribution and are likely to be simultaneously present in the regional markets.¹⁴² However, any geographic overlap of sales is likely to be limited.¹⁴³ Subject imports from Mexico are shipped throughout the Southern Tier region whereas subject imports from Japan would likely be limited to only

¹³⁷ Commissioner Askey does not join Section V.C. See Concurring and Dissenting Views of Commissioner Thelma J. Askey.

¹³⁸ Mexico Cement, USITC Pub. 2305 at 25-26 (Commissioner Brunsdale), and 53 (Concurrence by Commissioner Lodwick) (“I therefore determine that consideration of the cumulation issue in these circumstances is required as a matter of law.”); Japan Cement, USITC Pub. 2376 at 30-35. The Commission majority’s cumulation decision in the original Japan Cement determination was reversed on appeal on the basis that Mexican imports were not still subject to investigation, which was a criterion for staggered case cumulation in the pre-URAA statute. See Mitsubishi Materials, 820 F. Supp. at 619-622 (CIT 1993).

¹³⁹ Domestic Producers’ Prehearing Brief at 56-57; Domestic Producers’ Response to Commission Questions at 88-100.

¹⁴⁰ Japanese Respondents’ Posthearing Brief at 10-11; Japanese Respondents’ Prehearing Brief at 5-15; Mexican Respondents’ -- CEMEX and GCCC -- Response to Commission Questions at 21-23. Mexican and Japanese Respondents’ argument that the statute does not authorize cumulation in a five year review of a regional industry case fails to recognize that cumulation is provided for in five year reviews and there is no specific direction in the statute or legislative history that instructs the Commission not to apply it in such regional industry cases. Moreover, section 1677 of this title, including the definitions of domestic like product, related parties, and regional industry in 19 U.S.C. § 1677(4), may be applied to five-year reviews unless a more specific provision in section 1675a applies. Mexican Respondents -- CEMEX and GCCC’s Response to Commission Questions at 15-18; Japanese Respondents’ Final Comments at 15, n.67.

¹⁴¹ CR at I-26, I-33, II-27 and Tables II-3 and II-4; PR at I-23, I-28, II-14 and Tables II-3 and II-4. Gray portland cement, whether U.S., Mexican, Japanese, or from other countries, is principally consumed by the construction industry and sold to ready-mix concrete manufactures. CR at I-28 and I-29 and Table I-6; PR at I-24 and I-25 and Table I-6.

¹⁴² Gray portland cement from subject countries have traveled through the same or similar channels of distribution as U.S. gray portland cement. The majority of gray portland cement is distributed to readymix concrete operations. CR at I-33, V-2, and Tables I-6 and V-1; PR at I-28, V-2, and Tables I-6 and V-1.

¹⁴³ Only small volumes of Mexican cement and Japanese cement were simultaneously present in California with the U.S. product in 1998 and 1999. CR/PR at Table C-6.

one subsection of the Southern Tier, the State of California.¹⁴⁴ Moreover, although significant volumes of imports from Mexico have continued to enter other parts of the Southern Tier region since imposition of the antidumping duty order, only small amounts of such imports have entered the State of California.¹⁴⁵ While subject imports from Mexico may enter the State of California in larger volumes if the order was revoked, the established Mexican distribution arrangements in California would likely limit the geographical overlap with imports from Japan, particularly in Northern California.¹⁴⁶

In addition, the record indicates that if the orders were revoked, subject imports from Mexico and Japan would likely not compete under similar conditions of competition. First, while Mexican cement producers currently have no U.S. affiliates that produce subject merchandise in California,¹⁴⁷ U.S. subsidiaries of Japanese cement producers accounted for a significant percentage of domestic production in the California region during the period of review.¹⁴⁸ Second, while the Southern Tier overall may be a natural market for Mexico, sections of this region other than California are closer to Mexican cement plants. California, on the other hand, is a natural shipping destination for Japanese cement exports. Finally, Japanese and Mexican cement producers have substantial differences in the absolute levels and trends of production capacity, as well as in the levels of excess capacity.¹⁴⁹ While Japanese producers have reduced their capacity since the original investigation, their production capacity still is extremely large and their capacity utilization levels have declined during the period of review.¹⁵⁰ Thus, Japanese producers have extremely large volumes of excess capacity.¹⁵¹ While Mexican producers have increased

¹⁴⁴ California accounted for about 30 percent of Southern Tier regional consumption in 1999. Calculated from CR/PR at Tables C-1 and C-6.

¹⁴⁵ CR/PR at Table C-6 and Japan Cement, USITC Pub. 2376 at A-21.

¹⁴⁶ While the Japanese producers have access to substantial import terminal capacity in both Northern and Southern California, CEMEX's import terminal capacity is substantial in Southern California, and more limited in Northern California. CEMEX currently has two active import terminals in Southern California with an annual throughput capacity of *** and one active import terminal in Northern California with an annual throughput capacity of ***. CR/PR at Table II-1. Japanese producers control one import terminal (MCC-Lucky) and are affiliated through a limited partnership with another import terminal (Allied) in Southern California with total throughput capacity of *** and are in the processing of building a deep water import terminal in Northern California with an expected annual throughput capacity of 700,000 to 800,000 short tons to replace the "Golden Arrow" floating terminal, which has an annual throughput capacity of 1.0 million short tons. CR at I-51- I-52; PR at I-41 - I-42, and Tr. at 20.

¹⁴⁷ While there are publicly announced plans for Mexico's CEMEX to acquire U.S. producer Southdown, including its California production operation, this acquisition is not final and thus as discussed above we have given it limited consideration in our analysis.

¹⁴⁸ Japanese producers owned regional production facilities accounting for *** of regional production in 1997 and *** in 1999. Calculated from CR/PR at Table E-1. See, e.g., Color Picture Tubes from Canada, Japan, Korea, and Singapore, Inv. Nos. 731-TA-367-370 (Review), USITC Pub. 3291 at 13 (Apr. 2000); Brass Sheet and Strip from Brazil, Canada, France, Germany, Italy, Japan, Korea, the Netherlands, and Sweden, Inv. Nos. 701-TA-269&270, and 731-TA-311-317 and 379-380 (Review), USITC Pub. 3290 at 14 (Apr. 2000).

¹⁴⁹ See, e.g., Certain Steel Wire Rope from Japan, Korea, and Mexico, Inv. Nos. AA1921-124 and 731-TA-546-547 (Review), USITC Pub. 3259 at 11 (Dec. 1999); Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125 and 126 (Review), USITC Pub. 3245 at 10 (Oct. 1999).

¹⁵⁰ Japanese production capacity was 83.8 million short tons for cement and 90.0 million short tons for cement clinker in 1999. Its capacity utilization for cement declined from 98.8 percent in 1997 to 88.7 percent in 1999 and for cement clinker declined from 91.2 percent in 1997 to 78.2 percent in 1999. CR/PR at Tables IV-6 and IV-7.

¹⁵¹ In 1999, Japanese excess capacity was 19.6 million short tons for cement clinker and 9.4 million short tons for cement. CR/PR at Tables IV-6 and IV-7. As discussed above, Japanese respondents have indicated that cement clinker capacity was the more meaningful figure. See note 134 *supra*.

their production capacity since the original investigation and have substantial production capacity, their capacity is less than half that of the Japanese producers.¹⁵² Production capacity utilization for Mexican producers increased slightly during the period of review; although there still is substantial Mexican excess capacity, it is lower than that in Japan.¹⁵³

Thus, we find that if the orders were revoked, subject imports from Mexico and Japan would likely have limited geographical overlap and would likely not compete under similar conditions of competition, and therefore we do not exercise our discretion to cumulate subject imports from Mexico and Japan in these reviews.

VI. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ON MEXICO AND JAPAN ARE REVOKED

A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order or terminate a suspended investigation unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order or termination of a suspended investigation “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”¹⁵⁴ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”¹⁵⁵ Thus, the likelihood standard is prospective in nature.¹⁵⁶ The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”¹⁵⁷ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations].”^{158 159}

¹⁵² Mexican cement production capacity was *** short tons in 1999. CR/PR at Table IV-4.

¹⁵³ Mexican capacity utilization for cement increased from *** in 1999. Its excess capacity for cement was *** short tons in 1999. CR/PR at Table IV-4.

¹⁵⁴ 19 U.S.C. § 1675a(a).

¹⁵⁵ SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

¹⁵⁶ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

¹⁵⁷ 19 U.S.C. § 1675a(a)(5).

¹⁵⁸ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

¹⁵⁹ In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplán examines all the current

(continued...)

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated.”¹⁶⁰ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).¹⁶¹

We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination.¹⁶² We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties’ suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.”¹⁶³ In this case, a few respondent interested parties did not provide questionnaire responses and/or participate in these reviews. Accordingly, we have relied on the facts available in these reviews, which consist primarily of the information collected by the Commission since the institution of these reviews, and information submitted by the domestic producers, respondent parties and other parties in these reviews.

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of subject imports would be significant either in absolute terms or relative to the production or consumption in the United States.¹⁶⁴ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories;

¹⁵⁹ (...continued)

and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

¹⁶⁰ 19 U.S.C. § 1675a(a)(1).

¹⁶¹ 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

¹⁶² 19 U.S.C. § 1675(e).

¹⁶³ SAA at 869.

¹⁶⁴ 19 U.S.C. § 1675a(a)(2).

(3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.¹⁶⁵

In evaluating the likely price effects of subject imports if the order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of domestic like products.¹⁶⁶

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.¹⁶⁷ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.¹⁶⁸ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order or suspension agreements at issue and whether the industry is vulnerable to material injury if the order is revoked.¹⁶⁹

For the reasons stated below, we determine that revocation of the antidumping duty order on gray portland cement and cement clinker from Mexico and Japan would be likely to lead to continuation

¹⁶⁵ 19 U.S.C. § 1675(a)(2)(A)-(D).

¹⁶⁶ 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

¹⁶⁷ 19 U.S.C. § 1675a(a)(4).

¹⁶⁸ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In its expedited review of the antidumping duty order on gray portland cement and cement clinker from Japan, Commerce found that revocation of this order would likely lead to continuation or recurrence of dumping and assigned company-specific margins of 69.89 percent for Nihon, 70.52 percent for Onoda, and an all other rate of 70.23 percent. 65 Fed. Reg. at 11550 (Mar. 3, 2000). In the final results of its full review regarding subject imports from Mexico, Commerce found revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Commerce assigned Mexican company-specific margins of 91.94 percent for CEMEX/GCCC/Hidalgo, 53.26 percent for Apasco, and an all other Mexican rate of 59.91 percent. 65 Fed. Reg. at 41050 (July 3, 2000).

¹⁶⁹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

or recurrence of material injury to the Southern Tier regional industry and the California regional industry, respectively, within a reasonably foreseeable time.¹⁷⁰

B. All or Almost All Standard in Regional Industry Injury Analysis

Under a regional industry injury analysis, producers of “all or almost all” of the production in the region must be materially injured or threatened with material injury by reason of the subject imports.¹⁷¹ There is no specification in the statute or prior Commission determinations as to what percentage of domestic production constitutes “all or almost all” in the context of regional injury analysis. The Court of International Trade has held that, for determining the “all” criterion, “a numerical analysis would not be appropriate under the regional injury provision . . . [because] numerous factors must be considered and a quantitative analysis is inappropriate.”¹⁷² The CIT has held that the “Commission did not err in failing to apply a fixed percentage test of eighty to eighty-five percent” in determining whether a regional industry was injured.¹⁷³

Generally, after determining whether the aggregate regional data shows material injury, the Commission next examines individual producer data “as appropriate to determine whether anomalies exist that an aggregate analysis would disguise.”¹⁷⁴ In examining individual producer data, the Commission is “not required to adopt the pure plant-by-plant inquiry” and “[u]se of either a straight aggregate or pure plant-by-plant method in determining injury in a regional analysis is not mandated by statute or case law.”¹⁷⁵

While the statute or legislative history provide no specific guidance on how the “all, or almost all” requirement should be applied to the prospective likelihood of continuation or recurrence of material injury analysis in a five-year review, some guidance may be garnered from the CIT’s approval of the

¹⁷⁰ Commissioner Askey dissenting. See Concurring and Dissenting Views of Commissioner Thelma J. Askey.

¹⁷¹ 19 U.S.C. § 1677(4)(C).

¹⁷² Mitsubishi Materials Corp. v. United States, 820 F. Supp. 608, 616 and 617 (CIT 1993); Cemex, S.A. v. United States, 790 F. Supp. 290, 294 (CIT 1992), aff’d, 989 F.2d 1202 (Fed. Cir. 1993).

¹⁷³ Mitsubishi Materials, 820 F. Supp. at 616 and 617 (CIT 1993); Cemex, 790 F. Supp. at 294 (CIT 1992), aff’d, 989 F.2d 1202 (Fed. Cir. 1993).

¹⁷⁴ Rebar from Turkey, USITC Pub. 3034 at 23 and nn.141-142. Accord Mitsubishi Materials, 820 F. Supp. at 617 and 618 (CIT 1993); compare, Mitsubishi Materials Corp. v. United States, 918 F. Supp. 422, 427 (CIT 1996) (aggregate analysis of regional producers sufficient to satisfy the “all or almost all” standard where industry conditions were common to each regional producer); Cemex, 790 F. Supp. at 294 -296 (“to the extent that some safeguard is required to assure that the ‘all or almost all’ standard is met, it was satisfied by examination of data regarding individual plants.”) (CIT 1992), aff’d, 989 F.2d 1202 (Fed. Cir. 1993).

¹⁷⁵ Mitsubishi Materials, 820 F. Supp. at 618 (CIT 1993); Cemex, 790 F. Supp. at 294 and 296 (CIT 1992), aff’d, 989 F.2d 1202 (Fed. Cir. 1993).

Commission's application in an affirmative threat determination.¹⁷⁶ In these reviews, the parties disagreed on how the "all or almost all" standard should be applied in a five-year review.¹⁷⁷

C. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."¹⁷⁸ The following conditions of competition in the gray portland cement and cement clinker industry are relevant to our determination.

Gray portland cement is a fungible, commodity product, with domestically-produced product and imported (subject and non-subject) product readily interchangeable.¹⁷⁹ Price is an important factor in purchasing decisions.¹⁸⁰ Due to cement's relatively low value-to-weight ratio, U.S. inland transportation costs account for a relatively large share of the delivered price of gray portland cement and are a limiting factor on the distances to which cement is shipped.¹⁸¹ As a result, the market for gray portland cement tends to be regional in nature.¹⁸²

Demand for gray portland cement in the Southern Tier and the California regions has increased substantially since the original investigations and during the period of review. In the Southern Tier region, apparent consumption increased by 30.7 percent from 1989 to 1999 and by 19.3 percent from

¹⁷⁶ In affirming the Commission's affirmative threat determination on remand in *Japanese Cement*, the *Mitsubishi Materials* court stated:

This Court does not need to determine, however, whether the Commissioners' analysis in this regard was sufficient to satisfy the all or almost standard because their use of aggregate data in this case was appropriate. The factors supporting imminent threat to all or almost all of the industry are based on industry conditions common to each and every domestic producer in the Southern California market.

918 F. Supp. at 427 (CIT 1996).

¹⁷⁷ Domestic Producers contended that "[w]here the Commission's analysis is prospective -- as in a threat case or a sunset review -- there is no basis whatsoever for conducting a plant-by-plant analysis. . . . [since] the Commission does not need to make a 'separate determination regarding current material injury.'" Domestic Producers' Response to Commission Questions at 60-65. In contrast, Mexican Respondents - CEMEX and GCCC maintained that the "counter-factual nature of a sunset review makes an aggregate analysis particularly susceptible to disguising anomalies that examination of individual plant information would otherwise highlight" and that a plant-by-plant analysis is required of all or almost all producers in a regional industry sunset review. Mexican Respondents -- CEMEX and GCCC's Response to Commission Questions at 41-44. The Japanese respondents contended that operational differences between the different producers compels "the Commission to examine the data on both a plant-by-plant and aggregate basis." Japanese Respondents' Prehearing Brief at 30-33; Japanese Respondents' Response to Commission Questions at 8.

¹⁷⁸ 19 U.S.C. § 1675a(a)(4).

¹⁷⁹ CR at I-26 - I-27, I-33, and II-27 - II-28; PR at I-23 - I-24, I-28, and II-14 - II-15. All cement generally conforms to ASTM standards.

¹⁸⁰ CR at II-26; PR at II-14. More than half of responding purchasers ranked price as the most important factor in purchasing decisions.

¹⁸¹ CR at I-15, II-1, V-1, and Table 1-2; PR at I-13, II-1, V-1, and Table 1-2. Average inland transportation costs per ton nearly double if cement in either of the two regions is shipped from 100-199 miles compared with less than 100 miles. *Id.* at Table I-2. Conversely, ocean freight transportation is relatively inexpensive and does not result in substantial additional costs for shipping further distances.

¹⁸² CR/PR at II-1.

1997 to 1999 alone.¹⁸³ Increases in demand differed somewhat by state within the Southern Tier region, with the strongest growth markets since 1991 in Arizona (102 percent), Texas (80 percent), Florida (62 percent), Mississippi (60 percent), and New Mexico (55 percent).¹⁸⁴ Demand in the California region declined substantially from 1990 to 1993, but increased by 6.5 percent from 1990 to 1999 and by 30.6 percent from 1997 to 1999.¹⁸⁵ In 1999, apparent consumption in the California region essentially returned to its 1989 peak level.¹⁸⁶

Demand for cement is dependent on the demand for concrete, which is essential to all types of construction, particularly residential building, commercial building, and highways.¹⁸⁷ Since demand for cement is derived entirely from the demand for concrete and cement accounts for only a small component of the cost of construction, it is relatively inelastic.¹⁸⁸ Demand for cement tends to be cyclical in nature because it is determined by the level of general construction. However, overall demand for cement is less volatile than any individual construction markets since cement is used in nearly every type of construction. Moreover, increased government expenditures for public infrastructure work, including expenditures pursuant to laws such as the Transportation Equity Act for the 21st Century (“TEA-21”) and the Aviation Investment and Reform Act for the 21st Century (“AIR-21”), may lessen the magnitude of any cyclical downturns for the cement industry resulting from declines in residential and commercial building in the reasonably foreseeable future.¹⁸⁹ Demand for cement also tends to be seasonal, with peaks in consumption occurring in the summer months when the level of construction is highest.¹⁹⁰

Parties disagreed on whether the sharp increases in demand for cement from 1997 to 1999 will continue or whether demand for cement reached a peak in 1999 and will remain relatively constant at that level through 2003.¹⁹¹ A number of industry forecasts provided to the Commission suggest that demand for cement in the Southern Tier region will continue to increase, although at a slower rate or will remain relatively constant in 2000, 2001, and 2002, and will increase at relatively moderate levels in

¹⁸³ CR/PR at Table I-1A.

¹⁸⁴ CR at II-20; PR at II-10.

¹⁸⁵ CR at II-20; PR at II-10, CR/PR Table C-6, and Japan Cement, USITC Pub. 2376 at Table 6.

¹⁸⁶ CR at II-20; PR at II-10, CR/PR at Table C-6, and Japan Cement, USITC Pub. 2376 at Table 6.

¹⁸⁷ CR at II-1 and II-19; PR at II-1 and II-10.

¹⁸⁸ CR at II-25; PR at II-13 - II-14.

¹⁸⁹ CR at II-22, II-23, and n.35; PR at II-11, II-12, and n.35.

¹⁹⁰ CR at II-19; PR at II-10.

¹⁹¹ Domestic Producers’ Posthearing Brief, Response to Commission Questions at 5-6; Tr. at 70; Mexican Respondents’ Posthearing Brief at 4 and 13.

California in 2001, 2002, 2003.¹⁹² ¹⁹³ Moreover, responses to Commission questionnaires tend to support the proposition that the growth in demand is slowing or softening in the Southern Tier region.¹⁹⁴

Increases in regional production capacity have not kept pace with increases in demand since the original investigations and particularly during the period of review.¹⁹⁵ Constraints in production capacity have resulted in the need for substantial and increasing volumes of subject and non-subject imports to meet regional market demand during the period of review.¹⁹⁶ In 1999, imports from all sources held 30.0 percent of the Southern Tier regional market and 26.1 percent of the California regional market.¹⁹⁷ U.S. producers and their foreign affiliates have been and continue to be responsible for virtually all imports of

¹⁹² Domestic Producers' Posthearing Brief, Response to Commission Questions at Attachment 3. For the Southern Tier region, Portland Cement Association ("PCA") (Aug. 2000) forecasts cement consumption to increase by 10.6 percent in 1999, 1.2 percent in 2000, 0.7 percent in 2001, 1.5 percent in 2002, and 1.2 percent in 2003; Greystone Insider (Spring 2000) forecasts cement consumption to increase by 11.4 percent in 1999, and decline by 0.2 percent in 2000, 0.8 percent in 2001, and 0.6 percent in 2002, and increase by 1.6 percent in 2003; International Cement Review (May 2000) forecasts cement consumption to increase by 9.4 percent in 1999, 3.6 percent in 2000, and decline by 3.7 percent in 2001, 0.7 percent in 2002, and increase by 6.9 percent in 2003. For the California region, PCA (Aug. 2000) forecasts cement consumption to increase by 13.9 percent in 1999, 5.6 percent in 2000, 4.0 percent in 2001, 2.6 percent in 2002, and 2.2 percent in 2003; Greystone Insider (Spring 2000) forecasts cement consumption to increase by 15.4 percent in 1999, 4.5 percent in 2000, 7.3 percent in 2001, and 4.9 percent in 2002, and decline by 0.7 percent in 2003; International Cement Review (May 2000) forecasts cement consumption to increase by 14.6 percent in 1999, 5.1 percent in 2000, and decline by 4.2 percent in 2001, 1.2 percent in 2002, and increase by 6.3 percent in 2003. *Id.*

¹⁹³ Mexican respondents provided statements by industry analysts such as Deutsche Bank, Value-Line and PCA, and domestic producers Southdown and Lafarge that predict slower growth, but not a decline, in demand over the next few years. We placed less weight on the state-to-state forecasts provided by Mexican respondents and generated for these reviews that rely heavily on forecasts pertaining to only a single variable, construction employment. CR at II-23, II-24, and nn. 30 and 35. Mexican Respondent's -- CEMEX -- Prehearing Brief at 12-24; Mexican Respondent's -- CEMEX -- Final Comments at 12.

¹⁹⁴ CR at I-38, n.52; PR at I-31, n.52. In response to the Commission's questionnaires, producers operating 30 of the 37 plants in the Southern Tier region indicated that demand in this region was slowing or softening; 12 of 20 Southern Tier importers and 21 of 34 Southern Tier purchasers made similar observations. *Id.*

¹⁹⁵ Apparent consumption in the Southern Tier region exceeded regional production capacity by 777,000 short tons in 1997, 3.6 million short tons in 1998, and 7.3 million short tons in 1999. CR/PR at Table I-1A. Production capacity in the Southern Tier region remained relatively constant during the period of review, while capacity utilization increased from 91.4 percent in 1997 to 92.6 percent in 1999. *Id.* Apparent consumption in the California region was less than regional production capacity by 1.6 million short tons in 1997 and 67,000 short tons in 1998, but exceeded production capacity by 1.2 million short tons in 1999. CR/PR at Table C-6. Production capacity in the California region remained relatively constant during the period of review, while capacity utilization increased from 94.5 percent in 1997 to 95.5 percent in 1999. *Id.*

¹⁹⁶ Imports of gray portland cement held an increasing share of the Southern Tier regional market, ranging from 17.6 percent in 1997 to 30 percent in 1999. While the share of the Southern Tier market held by imports from Mexico was 2.7 percent in 1997, 3.2 percent in 1998, and 2.8 percent in 1999, the share of this market held by non-subject imports was 12.5 percent in 1997, 19.7 percent in 1998, and 24.8 percent in 1999. CR/PR at Table I-1A. Imports of gray portland cement held an increasing share of the California regional market, ranging from 11.1 percent in 1997 to 26.1 percent in 1999. While the share of the California market held by imports from Japan was 0.0 percent in 1997, 0.1 percent in 1998, and 0.2 percent in 1999, the share of this market held by non-subject imports was 10.9 percent in 1997, 20.6 percent in 1998, and 25.5 percent in 1999. CR/PR at Table C-6.

¹⁹⁷ CR/PR at Tables C-1 and C-6. In 1999, non-subject imports accounted for 24.8 percent of Southern Tier apparent consumption, up from 12.5 percent in 1997, and for 25.5 percent of California apparent consumption. *Id.* and Table I-1A.

nonsubject cement.¹⁹⁸ Producers in both regions are in the process of increasing, or have plans to increase, production capacity in both regions. Expansions generally take from three to five years from planning to production.¹⁹⁹ We recognize that all announced expansion plans will not necessarily be completed and have considered that those in the construction phase, generally two years in duration, are more certain of completion than those in the planning or permitting phases. In the next two years alone, over 5 million short tons in production capacity is expected to come into service in the Southern Tier region and about *** short tons in the California region.²⁰⁰

The gray portland cement and cement clinker industry is highly capital intensive. Because of the industry's high fixed costs, production facilities must operate at high capacity utilization rates in order to maximize return on investment. The Southern Tier regional producers' capacity utilization for cement grew from 75.1 percent in 1989 to 92.6 percent in 1999.²⁰¹ The California regional producers' capacity utilization for cement grew from 84.1 percent in 1990 to 95.5 percent in 1999.²⁰² Gray portland cement facilities generally cannot be used to produce other products.²⁰³

A substantial amount of the cement industry in both regions is owned by large international corporations. About half of the regional operations have changed ownership since the original investigations, with the share of foreign ownership increasing substantially.²⁰⁴ During the period of review, foreign ownership accounted for 63 percent of Southern Tier production capacity and 65 percent of California production capacity as opposed to roughly 50 percent in each region during the original investigations.²⁰⁵ Similar to the original investigations, most imports of gray portland cement and cement clinker are controlled by U.S. producers and their affiliated foreign producers.²⁰⁶ Overall, 13 of the 23 Southern Tier producers reported imports of cement and cement clinker, mostly from non-subject sources, during the period of review.²⁰⁷ Southern Tier regional producers with foreign affiliations owned or controlled 38 of the total 44 import terminals in the region; 19 of these terminals were owned by producers affiliated with Mexican producers and one import terminal was affiliated with a Japanese producer.²⁰⁸ Finally, there is a significant degree of vertical integration between regional cement producers and the downstream ready-mix concrete operations. The share of regional producers' gray

¹⁹⁸ CR at I-53.

¹⁹⁹ CR at I-35; PR at I-29, and Tr. at 73-74 and 98-99. The permitting process can take as long as two and a half years for approvals and the construction phase takes two years, with construction for some projects completed in separate phases. *Id.*

²⁰⁰ CR at I-35 and Table I-7; PR at I-29 and Table I-7. Additional production capacity announced by Southern Tier regional producers by year are: *** in 2004. Additional production capacity announced by California regional producers by year are: *** short tons in 2003. CR/PR at Table I-7.

²⁰¹ CR/PR at Table I-1A.

²⁰² CR/PR at Table C-6 and Japan Cement, USITC Pub. 2376 at A-36, Table 7.

²⁰³ CR at II-7; PR at II-4.

²⁰⁴ CR at I-39; PR at I-32.

²⁰⁵ CR at I-34; PR at I-28-29, and Questionnaire responses. By comparison, in 1989, foreign ownership accounted for approximately 47 percent of Southern Tier production capacity and 53 percent of California production capacity. CR at I-34; PR at I-28-29 and Table I-1A, Questionnaire responses, and USITC Pub. 2376 at Table 7.

²⁰⁶ CR at I-46; PR at I-38.

²⁰⁷ CR at I-53; PR at I-42.

²⁰⁸ CR/PR at Table I-9. Of the 19 import terminals affiliated with Mexican producers, 14 terminals were considered active. California regional producers with foreign affiliations owned or controlled 6 of the total 7 import terminals in the region; 4 of these terminals were owned by producers affiliated with Mexican producers and one import terminal was affiliated with a Japanese producer. *Id.*

portland cement shipments that went to affiliated customers was 21 percent in the Southern Tier region and 13 percent in the California region in 1999.²⁰⁹

We find that the foregoing conditions of competition are likely to remain unchanged for the reasonably foreseeable future and thus provide an adequate basis by which to assess the likely effects of revocation within the reasonably foreseeable future.²¹⁰

D. Revocation of the Antidumping Duty Order on Imports of Gray Portland Cement and Cement Clinker from Mexico Is Likely to Lead to Continuation or Recurrence of Material Injury to the Southern Tier Regional Industry Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

During the period of the original investigation, subject imports from Mexico entering the Southern Tier region increased significantly in both volume and value.²¹¹ Moreover, the Commission found that the market penetration by subject imports from Mexico was significant.²¹²

The quantity of U.S. imports of gray portland cement from Mexico into the Southern Tier region increased from 1997 to 1999.²¹³ Subject imports of cement from Mexico into the Southern Tier region accounted for 2.8 percent of U.S. apparent consumption in this region by quantity in 1999.²¹⁴ Mexican producer CEMEX has publicly indicated that if the antidumping duty order was revoked, imports of cement to the United States could reach four million tons per year.²¹⁵ Thus, if the order is revoked, CEMEX believes it could triple the current level of subject imports from Mexico entering the U.S. market.

Mexican producers have significant excess production capacity and thus have the ability to significantly increase shipments of cement to the Southern Tier region.²¹⁶ Mexico had an average

²⁰⁹ CR at II-4; PR at II-2, and Questionnaire responses. Since 1989, the degree of vertical integration increased slightly in the Southern Tier. The degree of vertical integration in the California region remained a constant level from 1997 to 1999, although it fluctuated between years. *Id.*

²¹⁰ Commissioner Askey does not join the remainder of this opinion. See Concurring and Dissenting Views of Commissioner Thelma J. Askey.

²¹¹ From 1986 to 1989, subject imports of cement from Mexico into the Southern Tier region increased by 20 percent by quantity and 13 percent by value. CR/PR at Table I-1A.

²¹² Mexico Cement, USITC Pub. 2305 at 33 and 60.

²¹³ CR/PR at Table I-1A. Subject imports of cement from Mexico into the Southern Tier region increased from 978,000 tons in 1997 to 1.2 million tons in 1999. *Id.* During the original investigation, subject imports of cement from Mexico into the Southern Tier region were 3.0 million tons in 1986, 3.5 million tons in 1987, 4.1 million tons in 1988, and 3.6 million tons in 1989. *Id.*

²¹⁴ CR/PR at Table I-1A. Subject imports from Mexico accounted for 12.6 percent of Southern Tier regional consumption in 1989 and 10.7 percent in 1990. *Id.*

²¹⁵ El Financiero, July 20, 2000 (Domestic Producers' Prehearing Brief, Exhibit 71) and El Financiero, August 4, 2000 (Domestic Producers' Response to Commission Questions at Attachment 23); Tr. at 173. CEMEX has indicated that the El Financiero statements reflect "the outside limit of what would be theoretically possible." Mexican Respondents' -- CEMEX and GCCC-- Response to Commission Questions at 2 and Attachment 3 (Affidavit of Javier Prieto de la Fuente).

²¹⁶ While the parties disagreed on the exact level of Mexican capacity, the Commission verified Mexican producer CEMEX's capacity records and reconciled any discrepancies. CR at IV-21 - IV-24; PR at IV-14 - IV-16.

production capacity for gray portland cement of *** in 1999.²¹⁷ Its capacity utilization for cement was *** in 1999.²¹⁸ Thus, Mexico had excess capacity of *** of cement in 1999, a level equal to *** of current regional apparent.²¹⁹

While Mexico's home market accounted for *** of its producers' total shipments in 1999, the Southern Tier region is a natural market for Mexican imports. Even with the order in place, the Southern Tier region was Mexico's main export market, accounting for over half of its export shipments of cement in 1999.²²⁰ Moreover, Mexican producers have more export infrastructure and control substantially more import infrastructure in the Southern Tier region today than during the original investigation.²²¹ Mexico's largest producer, CEMEX, has transformed into a large global concern since the original investigation, with an increased export-oriented focus.²²² In fact, CEMEX imported significant volumes of non-subject imports into the United States during the period of review, which CEMEX likely would substitute with imports from Mexico, with their lower transportation costs, if the order is revoked.²²³

Mexican producers have acquired Southern Tier production facilities since the original investigation.²²⁴ We do not believe, however, that Mexican producers' ownership of these facilities would impede the increase of subject imports to a significant level if the discipline of the antidumping duty order is removed. These facilities are operating at *** and there are no plans to expand their capacity in the reasonably foreseeable future.²²⁵ In fact, free of the restraining effects of the order, firms with a global presence would have more flexibility to supply the Southern Tier market through a combination of production and importation. Moreover, the established customer base and distribution

²¹⁷ CR/PR at Tables IV-4 and IV-5. *** provided production data that is estimated to account for *** of Mexican cement production. CEMEX and GCCC exported cement to the Southern Tier region during the period of review and all of these Mexican producers exported cement to the region during the original investigation. *Id.* at IV-14 and IV-27, n.38; PR at IV-11 and IV-17, n.38.

²¹⁸ CR/PR at Tables IV-4 and IV-5.

²¹⁹ CR/PR at Tables IV-4 and C-1.

²²⁰ CR/PR at Table IV-4.

²²¹ Tr. at 173 and 178-180 (CEMEX official acknowledged that "we do have more [import terminal] capacity than we had ten years ago.") CEMEX exported from six plants to the Southern Tier during the original investigation, but only exported from two of these plants during the period of review; CEMEX indicated that seven of its plants have the capability to export. CR at IV-25 and n.32. CEMEX USA has 12 active and 5 inactive terminals located in California, Arizona, Texas, and Florida; the active terminals reportedly have an annual throughput capacity of *** of unused capacity. Rio Grande has 2 terminals located in New Mexico and Texas, which have an annual throughput capacity of ***. CR at I-49-50; PR at I-38 -41. The record indicates that Apasco, which could only export to the Florida and the Gulf Coast of the United States by sea from its Veracruz terminal on the Gulf Coast of Mexico prior to the order, could now export to California by sea from its new plant in Tecoman and its associated marine terminal at Manzanillo on the Pacific Coast of Mexico. While Cruz Azul did not export to the U.S. market during the original investigation or the period of review, it has a marine terminal at Salina Cruz in southern Mexico that has been used to export to South America in recent years and may be used to export to California by sea. The record also indicates that CEMEX can export by rail from its plants at Ensenada, Campana, Yaqui, Torreon, Hidalgo, and Monterrey; Apasco can export to by rail from its new 1.4 million ton capacity plant at Ramos Arizpe; and GCCC can export by rail from its plants in Ciudad Juarez, Samalayuca, and Chihuahua. CR at I-49, I-50, II-11, II-16, II-17, IV-25 -IV-29, and Table I-9; PR at I-38, I-41, II-6, II-7, II-8, IV-16 -IV-19, and Table I-9. Domestic Producers' Posthearing Brief at 14-15; Domestic Producers' Prehearing Brief at 92-94, 101-105, and Exhibits 49 and 66; Domestic Producers' Final Comments at 15-17; Tr. at 32.

²²² Tr. at 150 and 180-181 (Clyburn).

²²³ CR at I-49, nn. 64 and 66; PR at I-38, nn. 64 and 66, and Tr. at 154.

²²⁴ CR at I-49 - I-50 and IV-28; PR at I-38 - I-41 and IV-18.

²²⁵ CR/PR at Tables I-7 and E-1.

system of their subsidiaries in the Southern Tier region would facilitate the Mexican producers' ability to increase sales of imported subject merchandise if the order was revoked.²²⁶

Inventories, which generally are not a significant factor in the cement industry, were increasing but relatively small.²²⁷ In addition, the record indicates that Mexican producers face tariff barriers to gray portland cement and cement clinker importation into several third country markets.²²⁸

The evidence shows that Mexican producers have the ability and incentive to increase exports to the Southern Tier region, notwithstanding their regional operations. Consequently, based on the record in this review, we conclude that the volume of subject imports entering the Southern Tier region likely would be significant in the reasonably foreseeable future if the antidumping duty order is revoked.

2. Likely Price Effects

In the original investigation, the Commission found that dumped imports depressed prices for the domestic product.²²⁹ The evidence showed that underselling predominated in 9 of the 10 market areas in which price comparisons were possible.²³⁰ Moreover, although prices trends differed between markets, average unit values in the region declined.²³¹

We find that the significantly increased volumes of subject imports of gray portland cement and cement clinker from Mexico that would be likely to enter the Southern Tier region if the antidumping duty order was revoked likely would have significant negative price effects for the U.S. product. As discussed above, cement is a commodity product for which price is an important purchasing factor.²³² Moreover, there is a relatively high degree of substitutability between subject imports and the domestic product.²³³

²²⁶ Tr. at 151 and 153 (CEMEX official acknowledged that CEMEX's import terminals "have the ability to take in another 1.5 million tons per year . . . [consisting of] roughly 650,000 excess tons of rail through-put capacity in Arizona, and 850,000 excess tons of rail and marine terminal capacity in California."). While we have given it limited consideration in our analysis as discussed above, we note that if CEMEX's announced plans to acquire U.S. producer Southdown are realized, CEMEX would increase its Southern Tier distribution network. In 2000, Southdown has more than 10 inland and import distribution terminals in the Southern Tier region. CR/PR at Table I-9 and Figures I-2, I-3, and I-4; ***, Domestic Producers' Comments on Announced Acquisition Plans at 4.

²²⁷ Inventories of cement as a share of production remained less than *** during the period of review, with inventories of cement clinker as a share of production increasing from *** in 1999. CR/PR at Table IV-4.

²²⁸ CR at IV-29 and IV-30; PR at IV-19. On July 12, 2000, the Government of Brazil imposed antidumping duties of 22.5 percent on exports of Mexican cement to certain Brazilian states. On January 17, 2000, the Government of Guatemala imposed antidumping duties of 89.54 percent on exports of cement by Mexican producer Cruz Azul. On January 14, 2000, the Government of Ecuador imposed antidumping duties of 20 percent for a period of six months on imports of cement from Mexico; this order should have expired on July 14, 2000. *Id.*

²²⁹ Mexico Cement, USITC Pub. 2305 at 46 and 64.

²³⁰ Mexico Cement, USITC Pub. 2305 at A-77 - A-84 and Tables 31-40. Underselling predominated in Tampa, FL (33 of 51 months), West Palm Beach, FL (5 of 8 months), New Orleans, LA (24 of 24 months), Houston, TX (23 of 36 months), San Antonio, TX (29 of 38 months), Phoenix, AZ (41 of 48 months), San Diego, CA (36 of 44 months), Orange County, CA (31 of 47 months), and San Francisco (38 of 38 months) markets. Overselling was predominant in one market, Albuquerque, NM (37 of 40 months), and no price comparisons were possible for two markets, Mobile, AL, and Tucson, AZ. *Id.*

²³¹ Mexico Cement, USITC Pub. 2305 at Tables 8 and 14.

²³² CR at I-26 - I-27, I-33, and II-26; PR at I-23, I-28, and II-14. Prices, which are negotiated with customers, tend to fall in a small range and are essentially set by meeting the competition's prices. Tr. at 58.

²³³ CR at II-27 - II-28; PR at II-14.

The pricing data collected in this review do not give clear evidence of patterns of underselling or overselling, though the data do indicate that some underselling occurred, even with the orders in place and the substantial increases in demand during the period of review.²³⁴ While prices generally increased slightly during the period of review, an increase in prices, and possibly even a substantial one, would have been likely due to the substantial increases in demand from 1997-1999.²³⁵

We find that without the discipline of the antidumping duty order, there is a substantial likelihood that Mexican cement would be priced aggressively in the Southern Tier market in order to gain market share. The likelihood of price depression or suppression in this market is accentuated by the substantial excess capacity in Mexico. The high fixed costs faced by cement producers provide significant incentive to the Mexican producers to sell their additional excess product even at low costs in order to meet their fixed costs. Moreover, increasing Mexican imports have been subject to high cash deposit rates under the order; in their absence Mexican imports could be priced significantly lower in the United States, including the Southern Tier region.²³⁶ Mexican producer CEMEX has indicated that it likely would substitute Mexican imports for the large volumes of non-subject imports that it has imported into the Southern Tier region with the order in place.²³⁷ Such a substitution would allow CEMEX to lower its prices in the Southern Tier region to reflect decreases in transportation costs for Mexican imports compared to those for more distant non-subject sources.²³⁸ Conversely, the regional domestic industry's capacity expansion projects, and the resultant increase in supply, is likely to increase price sensitivity in the market.

²³⁴ Subject imports from Mexico undersold domestic product in 71 months and oversold domestic product in 85 months. Price comparisons of Mexican and domestic product were only possible in four markets -- Phoenix, AZ, Tuscon, AZ, Albuquerque, NM, and San Diego, CA. Subject imports from Mexico predominately undersold the domestic product in the Phoenix, AZ market (36 of 39 months), with consistent underselling from August 1998 to March 2000, and had mixed underselling in the Tuscon, AZ market (20 of 39 months). The predominant underselling in the Arizona market where subject imports from Mexico face competition with two domestic producers, California Portland and Phoenix Cement, even with the order in place, provides an indication of the likely pricing patterns for subject imports from Mexico if the order is revoked. Tr. at 177 (CEMEX official acknowledged excess capacity at CEMEX's Hermosillo plant, which supplies customers in Arizona). Moreover, in Albuquerque, NM, where the subject imports compete with a regional producer owned by a Mexican producer, subject imports undersold the domestic product in 15 of 39 months. Subject imports from Mexico consistently oversold the domestic product in the San Diego market. CR/PR at V-8 and Tables V-4, F-15, F-16, F-17, and F-18.

²³⁵ CR at V-7; PR at V-5.

²³⁶ In reaching our conclusion on likely price effects, we have weighed all the pertinent evidence on price and taken into account Commerce's duty absorption finding on Mexico, although we note respondents' argument that a recent CIT decision calls into question the validity of Commerce's duty absorption findings with respect to transition orders. 65 Fed. Reg. 13943 (March 15, 2000); see also Issues and Decisions Memo for the Administrative Review of Gray Portland Cement and Clinker from Mexico -- August 31, 1997 through July 31, 1998 from Richard W. Moreland to Robert S. LaRussa, Assistant Secretary for Import Administration, dated March 15, 2000 at 47 and 48; 65 Fed. Reg. at 41050 (July 3, 2000); see also Issues and Decisions Memo for the Sunset Review of Gray Portland Cement and Cement Clinker from Mexico; Final Results from Jeffrey A. May to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated June 27 at 8-15; SKF USA, Inc. v. United States, 94 F. Supp.2d 1351 (CIT 2000), remand aff'd, Slip Op. 00-101 (CIT, Aug. 18, 2000). However, we do not rely on the duty absorption findings in making our determination that significant effects are likely upon revocation of the order.

²³⁷ Tr. at 154 (Clyburn).

²³⁸ Tr. at 172 and 175. CEMEX stated that it would realize a cost savings of \$3 per ton if it were to replace the cement imports from China that it is currently selling in the United States with cement from Mexico if the antidumping duty order were removed. *Id.* The difference of \$3 per ton is substantial, particularly for a highly-substitutable, price-sensitive product, such as cement. These reduced transportation costs provide CEMEX with the flexibility to lower its price for cement imports from Mexico in the U.S. market without reducing its profit margins.

For the foregoing reasons, we find that revocation of the antidumping duty order on gray portland cement and cement clinker would be likely to lead to significant underselling by the subject imports of the domestic like product in the Southern Tier region, as well as significant price depression and suppression, within a reasonably foreseeable time.

3. Likely Impact

In the original investigation, the Commission found material injury by reason of subject imports due to the volume of imports, the relatively high market penetration, and the effect of the dumped imports on prices.²³⁹ The Commission particularly noted the effects of the dumped imports on the condition of the regional industry and that it examined the record pertaining to individual producers in the region.²⁴⁰

We find that the likely significant volume of subject imports would adversely impact the regional industry if the antidumping duty order is revoked. The order appears to have had a beneficial effect on the regional industry's performance. The condition of the regional industry has improved since imposition of the order. While production capacity in the Southern Tier region increased by less than five percent from 1989 to 1999, regional production increased by almost 30 percent for the same period.²⁴¹ Thus, the regional producers' capacity utilization has increased from 75.1 percent in 1989 to 92.6 percent in 1999.²⁴² However, while regional producers' shipments in absolute terms have increased since the original investigation, the increases for these shipments during the period of review have not been at the same rate as the substantial growth in apparent consumption in the Southern Tier region.²⁴³ Therefore, the regional industry's share of apparent consumption in the Southern Tier declined, from 75.6 percent in 1997 to 65.1 percent in 1999.²⁴⁴ The regional industry's market share in 1999 was lower than its market share of 69.7 percent in 1989.²⁴⁵ The strong demand for gray portland cement during the period of review has contributed to the regional industry's positive financial performance. The regional industry's operating income margin was 5.6 percent in 1989 as compared to 29.0 percent in 1997, 30.5 percent in 1998, and 32.4 percent in 1999.²⁴⁶ Based on the industry's recent overall performance, we do not find that the regional industry is currently in a vulnerable state.

As discussed above, revocation of the antidumping duty order would likely lead to a significant increase in the volume of subject imports into the Southern Tier region, and these shipments would likely undersell the domestic product and significantly depress or suppress the regional industry's prices. With demand in the Southern Tier region projected to increase at slower rates or remain flat in a price-sensitive market, the increase in subject imports is likely to cause decreases in both the prices and volume of regional producers' shipments. In addition, the volume and price effects of subject imports would likely cause the regional industry to lose further market share. This loss in market share and subsequent decrease in capacity utilization would be particularly harmful in this capital intensive

²³⁹ USITC Pub. 2305 at 46-51 and 65-67.

²⁴⁰ USITC Pub. 2305 at 47-51 and 67.

²⁴¹ CR/PR at Table I-1A.

²⁴² CR/PR at Table I-1A.

²⁴³ CR/PR at Table I-1A. Regional producers' shipments within the Southern Tier region and to the entire U.S. market increased by 2.8 percent and 4.2 percent, respectively, from 1997 to 1999. By comparison, apparent consumption in the Southern Tier region increased by 19.3 percent from 1997 to 1999. Id.

²⁴⁴ CR/PR at Table I-1A.

²⁴⁵ CR/PR at Table I-1A.

²⁴⁶ CR/PR at Tables I-1A and III-6A, III-7A, and III-8A.

industry -- producers require high capacity utilization levels and operating margins to meet fixed costs and to justify capital expenditures.

The Southern Tier regional producers have undertaken, or have announced plans to begin, a number of production capacity expansion projects in order to meet increased demand.²⁴⁷ As discussed above, the process of expanding production capacity takes three to five years for planning, permitting, and construction. Thus, these extremely capital intensive projects were begun as demand accelerated and have begun to be placed on line, or will be placed on line in the reasonably foreseeable future.²⁴⁸ The evidence shows that capital expenditures by Southern Tier regional producers have increased substantially from 1997 to 1999.²⁴⁹ Moreover, the demand cycle appears to have reached a peak with slower growth or constant demand expected in the Southern Tier region in the reasonably foreseeable future. Thus, the regional producers' investments in additional capacity will be particularly susceptible to the likely significant increases in subject imports if the order is revoked, and the result likely would be an adverse impact on the regional industry's capacity utilization levels and profitability due to high fixed costs.

We do not find that the regional industry's current level of operating income indicates that it likely would not be materially injured upon revocation of the order. Due to the cyclical nature of the cement industry, high profits at the peak of a cycle are typical and do not indicate that the industry is immune from material injury. Moreover, due to the high fixed costs in this industry, relatively high levels of profitability are needed to justify investments and capital expenditures.²⁵⁰

While we analyzed the statutory factors regarding the aggregate data for the regional industry, we also examined the performance of individual regional producers to look for anomalies as a safeguard "to assure that the 'all or almost all' standard [was] met."²⁵¹ Mexican respondents have argued that the regional producers representing all or almost all of the production in the Southern Tier region would not experience continuation or recurrence of material injury if the order is revoked.²⁵² First, we are not convinced that the Mexican producers would refrain from using their excess capacity to ship cement to the Southern Tier region at volumes or price levels that would injure regional producers including their regional subsidiaries. As discussed above, the large capacity of the Mexican cement industry with its low capacity utilization levels and need to meet high fixed costs would provide necessary incentive for the Mexican producers to increase shipments to the Southern Tier region if the order is revoked. Without the discipline of the order, the interests of the Mexican operations likely would not be secondary to those of their smaller Southern Tier subsidiaries, which are running ***.

Second, we also are not convinced by respondents' arguments that, due to the regional nature of the cement industry, certain markets are insulated from competition with subject imports from Mexico and thus producers of all or almost all regional production would not be materially injured. While transportation costs tend to limit the distances that cement is shipped, we note that 20 percent of

²⁴⁷ CR/PR at Table I-7; Domestic Producers' Final Comments at 4-7; Domestic Producers' Prehearing Brief at 78-83.

²⁴⁸ As noted earlier, we recognize that all announced expansion plans will not necessarily be completed and have considered that those in the construction phase, generally two years in duration, are more certain of completion than those in the planning or permitting phases. In the next two years alone, over 5 million short tons in production capacity is expected to come into service in the Southern Tier region. CR/PR at Table I-7.

²⁴⁹ CR/PR at Table III-10A. Capital expenditures reported by Southern Tier regional producers were: \$159.1 million in 1997, \$277.9 million in 1998, \$620.8 million in 1999, \$93.5 million in interim period (Jan.-Mar.) 1999, and \$145.6 million in interim period (Jan.-Mar.) 2000. *Id.*

²⁵⁰ Tr. at 49

²⁵¹ *Cemex*, 790 F. Supp. at 296. CR/PR at Tables E-1 - E-8.

²⁵² Mexican Respondents' Posthearing Brief at 16-21.

regionally-produced cement in the Southern Tier region is shipped more than 200 miles²⁵³ (imports into the Southern Tier region primarily are shipped within 100 miles of an import terminal).²⁵⁴ However, the distance cement can be economically shipped is expanded if rail transport rather than truck transport is used.²⁵⁵ Moreover, regional producers operate an extensive network of rail-served distribution terminals in the Southern Tier region that extends their marketing range.²⁵⁶ When the distribution terminals are taken into account, there are only limited areas in the Southern Tier region that may be somewhat insulated from direct competition with subject imports.²⁵⁷ Finally, we note that California Portland's announced expansion of its Rillito, Arizona facilities would enable it to serve the New Mexico market, which Mexican respondents argued was insulated from domestic producers other than its subsidiary, Rio Grande.²⁵⁸ Based on the record in this review, we therefore conclude that the "all or almost" requirement is likely to be met.

We have concluded that revocation of the antidumping duty order would likely lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. We also find that the volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the regional industry. This reduction in the industry's production, shipments, sales, market share, and revenues would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments.

Accordingly, based on the record in this review, we conclude that, if the antidumping duty order is revoked, subject imports from Mexico would be likely to have a significant adverse impact on the regional industry within a reasonably foreseeable time.

²⁵³ CR/PR at Table I-2.

²⁵⁴ CR/PR at Table I-2. Imports shipped within 100 miles of the import terminal accounted for 89 percent of total imports with another 10 percent shipped within 200 miles of such a terminal. *Id.*

²⁵⁵ Domestic Producers' Response to Commission Questions at 70.

²⁵⁶ *Tr.* at 179 (CEMEX official recognized the regional industry's rail-fed inland distribution network); Domestic Producers' Response to Commission Questions at 71. There are almost twice as many distribution terminals in the Southern Tier region as plants. *Tr.* at 128 (Dorn).

²⁵⁷ CR/PR at Figure II-1; Domestic Producers' Response to Commission Questions at Exhibit 38. Compare Mexican Respondent's -- GCCC -- Final Comments at 3. There are four plants in Northern Alabama and two plants in central Texas that may be somewhat more insulated from direct competition with subject imports than other regional producers. These regional producers combined, however, accounted for only *** of regional production in 1999. Calculated from CR/PR at Table E-1. While we have not relied on a "ripple effects" analysis to reach our conclusion, we recognize, as Commissioner Lodwick did in the original investigation, that producers throughout the region may be affected due to the transporting of shipments from the area of direct competition to surrounding areas, where, in turn, others shipments may be displaced. USITC Pub. 2305 at 66, n.52, aff'd, Cemex, 790 F. Supp. at 296.

²⁵⁸ GCCC argued that its imports will not affect the profitability or operations of domestic producers other than its subsidiary Rio Grande. Mexican Respondent - GCCC's Prehearing Brief at 34-35.

E. Revocation of the Antidumping Duty Order on Imports of Gray Portland Cement and Cement Clinker from Japan Is Likely to Lead to Continuation or Recurrence of Material Injury to the California Regional Industry Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

During the period of the original investigation, substantial and increasing volumes of Japanese cement imports entered the California region.²⁵⁹ After imposition of the antidumping duty order, subject imports from Japan ceased and there were virtually no imports of gray portland cement from Japan into the California region during the period of review.²⁶⁰ Subject imports of cement from Japan into the California region accounted for 0.2 percent of U.S. apparent consumption in this region by quantity in 1999.²⁶¹

Several factors support our conclusion that subject import volume is likely to be significant if the order is revoked. Japanese producers' production capacity is substantial. In 1999, Japan's average production capacity for gray portland cement clinker was 90.0 million short tons, and for cement, 83.8 million short tons.²⁶² Its capacity utilization for cement clinker was 78.2 percent, and for cement, 88.7 percent.²⁶³ Thus, Japanese producers had excess capacity for cement clinker of 19.6 million short tons and for cement of 9.4 million short tons in 1999.²⁶⁴ If the order is revoked, Japanese producers have the ability to supply the entire demand in the State of California with additional production using their excess capacity.

Similar to the original investigation, Japanese producers owned or controlled California production facilities during the period of review.²⁶⁵ Ownership of such facilities did not prevent Japanese producers from shipping significant quantities of subject merchandise to the California market during the original investigation. Thus, it is not likely that ownership of these California subsidiaries would impede the increase of subject imports to a significant level if the discipline of the antidumping duty order is removed. In fact, free of the restraining effects of the order, producers in Japan, many of which are global companies, would have the flexibility to supply the California market through a combination of production and importation. Moreover, the established customer base and distribution system of the California subsidiaries would facilitate the Japanese producers' ability to increase sales of imported

²⁵⁹ During the original investigation, subject imports of cement from Japan into the California region were 349,000 tons in 1986, 486,000 tons in 1987, 1.2 million tons in 1988, 1.7 million tons in 1989, and 1.3 million tons in 1990. Japan Cement, USITC Pub. 2376 at A-21.

²⁶⁰ CR/PR at Table C-6. Subject imports of cement from Japan into the California region were 16,000 tons in 1998, 32,000 tons in 1999 and interim period (Jan.-Mar.) 1999, and 36,000 tons in interim period (Jan.-Mar.) 2000.

²⁶¹ CR/PR at Table C-6 and Japan Cement, USITC Pub. 2376 at Table 6. Subject imports from Japan accounted for 13.1 percent of regional consumption in 1989 and 10.7 percent in 1990.

²⁶² CR/PR at Tables IV-6 and IV-7. The Japanese respondents indicated that Japanese producers track clinker but not cement capacity. Thus, according to these respondents, "[c]linker capacity, for the Japanese producers, is the most accurate and reliable measure of capacity in this industry as well as the meaningful measure of any excess capacity. Japanese Respondents' Posthearing Brief, Appendix A (Responses to Commission Questions) at 1-2. Therefore, our analysis of Japanese production capabilities and excess capacity has focused on cement clinker rather than cement.

²⁶³ CR/PR at Tables IV-6 and IV-7.

²⁶⁴ CR/PR at Tables IV-6 and IV-7.

²⁶⁵ CR at I-51 - I-52 and IV-38- IV-40; PR at I-41 - I-42 and IV-26- IV-27.

subject merchandise if the order was revoked.²⁶⁶ Further, these U.S. production facilities are operating ***.²⁶⁷ While there is no indication that these subsidiaries have significantly increased production capacity since the original investigation, Japanese producer Taiheiyo is in the process of building a \$35 million permanent import terminal in Northern California with an annual throughput capacity of about 700,000 to 800,000 short tons to replace its floating import terminal.²⁶⁸

While Japan's substantial home market demand accounted for 89.0 percent of its total shipments of cement in 1999, the California market is closer than existing alternative markets such as the Middle East.²⁶⁹ Moreover, due to the extremely large capacity of the Japanese cement industry, the 1989 peak level of Japanese imports of cement into the California region would be reached if only about 2 percent of total 1999 shipments of cement by Japanese producers was exported to the region.²⁷⁰ Inventories of cement, which generally are not a significant factor in the cement industry, were less than five percent of production during the period of review, with inventories of cement clinker as a share of production remaining about 1.0 percent for the same period.²⁷¹

The evidence shows that the Japanese producers have the ability and incentive to increase exports to the California region, notwithstanding their regional operations. Consequently, based on the record in this review, we conclude that the volume of subject imports entering the California region likely would increase significantly within a reasonably foreseeable time if the antidumping duty order is revoked.

2. Likely Price Effects

In the original investigation, the evidence showed that subject imports from Japan consistently undersold the domestic product in all four market areas in which price comparisons were possible.²⁷²

The record in this review contains no evidence about the prices of the subject imports in the California region because such imports have virtually ceased to enter the market subsequent to imposition of the order. However, as discussed above, the record indicates that there would be a high degree of substitutability between domestic and Japanese cement, if the Japanese producer were to enter the California region in commercial quantities.²⁷³ Price is an important determinant in purchasing decisions in the cement industry.²⁷⁴

²⁶⁶ CR at I-51; PR at I-41. In addition to the Southern California production facility, Japanese producer Mitsubishi is a general partner with Lucky Cement Corporation in the operation of an import terminal (MCC-Lucky) in Long Beach, California, which has an annual throughput capacity of ***. California Portland, which is owned by Japanese producer Taiheiyo, has two production facilities and is affiliated with Allied Cement, an importing operation in Wilmington, CA with an annual throughput capacity of ***. *Id.* Taiheiyo also is in the process of building a deep water terminal at Stockton, CA that reportedly will replace its "Golden Arrow" floating silo at Stockton. *Id.* at I-52; PR at I-42, and Tr. at 229-231.

²⁶⁷ CR/PR at Table E-1.

²⁶⁸ CR at I-52, n.78; PR at I-42, n.78.

²⁶⁹ CR/PR at Table IV-6.

²⁷⁰ CR/PR at Table IV-6 and USITC Pub. 2376 at Table 6.

²⁷¹ CR/PR at Tables IV-6 and IV-7.

²⁷² Japan Cement, USITC Pub. 2376 at A-66 - A-68 and Tables 31-34. During the original investigation, subject imports from Japan predominantly undersold the domestic product in the Los Angeles, CA market (60 of 60 months); the Orange County, CA market (57 of 60 months); the Riverside County, CA market (59 of 59 months); and the San Diego, CA market (12 of 12 months). *Id.*

²⁷³ CR at I-26 - I-27, I-33, and II-27 - II-28; PR at I-23, I-28, and II-14.

²⁷⁴ CR at II-26; PR at II-14.

We find that without the discipline of the antidumping duty order, there is a substantial likelihood that the Japanese cement would be priced aggressively in the California market in order to gain market share. The likelihood of price depression or suppression in this market is accentuated by the substantial excess capacity in Japan. The high fixed costs faced by cement producers provide significant incentive to the Japanese producers to sell their additional excess product even at low costs in order to meet their fixed costs. Conversely, the regional industry's capacity expansion projects and the resultant increase in supply is likely to increase price sensitivity in this market.

For the foregoing reasons, we find that revocation of the antidumping duty order on gray portland cement and cement clinker would be likely to lead to significant underselling by the subject imports of the domestic like product in the California region, as well as significant price depression and suppression, within a reasonably foreseeable time.

3. Likely Impact

We find that the likely significant volume of subject imports would adversely impact the regional industry if the antidumping duty order is revoked. The order appears to have had a beneficial effect on the regional industry's performance. The condition of the regional industry has improved since imposition of the order. While production capacity in the California region increased by less than two percent from 1990 to 1999, regional production increased by almost 16 percent for the same period.²⁷⁵ Thus, the regional producers' capacity utilization has increased from 84.1 percent in 1990 to 95.5 percent in 1999.²⁷⁶ However, while regional producers' shipments in absolute terms have increased since the original investigation, the increases for these shipments during the period of review have not been at the same rate as the substantial growth in apparent consumption in the California region.²⁷⁷ Therefore, the regional industry's share of apparent consumption in the California region declined from 88.9 percent in 1997 to 73.9 percent in 1999.²⁷⁸ The regional industry's market share in 1999 was the same as its market share of 73.9 percent in 1990.²⁷⁹ The strong demand for gray portland cement during the period of review has contributed to the regional industry's positive financial performance. The regional industry's operating income margin was 18.6 percent in 1990 as compared to 23.1 percent in 1997, 26.9 percent in 1998, and 28.2 percent in 1999.²⁸⁰ Based on the industry's recent overall performance, we do not find that the regional industry is currently in a vulnerable state.

As discussed above, revocation of the antidumping duty order would likely lead to a significant increase in the volume of subject imports into the California region, and these shipments would likely undersell the domestic product and significantly depress or suppress the regional industry's prices. With demand in the California region projected to increase at slower rates or remain flat in this price-sensitive market, the increase in subject imports is likely to cause decreases in both the prices and volume of regional producers' shipments. In addition, the volume and price effects of subject imports would likely cause the regional industry to lose further market share. This loss in market share and subsequent decrease in capacity utilization would be particularly harmful in this capital intensive industry --

²⁷⁵ CR/PR at Table C-6 and USITC Pub. 2376 at Table 7.

²⁷⁶ CR/PR at Table C-6 and USITC Pub. 2376 at Table 7.

²⁷⁷ CR/PR at Table C-6. Regional producers' shipments within the California region and to the entire U.S. market increased by 8.6 percent and 1.1 percent, respectively, from 1997 to 1999. By comparison, apparent consumption in the California region increased by 30.6 percent from 1997 to 1999. Id.

²⁷⁸ CR/PR at Table C-6.

²⁷⁹ CR/PR at Table C-6 and USITC Pub. 2376 at Table 6.

²⁸⁰ CR/PR at Tables C-6 and USITC Pub. 2376 at Table 17.

producers require high capacity utilization levels and operating margins to meet fixed costs and to justify capital expenditures.

The California regional producers have undertaken, or have announced plans to begin, a number of production capacity expansion projects in order to meet increased demand.²⁸¹ As discussed above, the process of expanding production capacity takes three to five years for planning, permitting, and construction. Thus, these extremely capital intensive projects were begun as demand accelerated and have begun to be placed on line, or will be placed on line in the reasonably foreseeable future.²⁸² The evidence shows that capital expenditures by California regional producers have increased substantially from 1997 to 1999.²⁸³ Moreover, the demand cycle appears to have reached a peak, with slower growth expected in the California region in the reasonably foreseeable future. Thus, the regional producers' investments in additional capacity will be particularly susceptible to the likely significant increases in subject imports if the order is revoked, and the result likely would be an adverse impact on the regional industry's capacity utilization levels and profitability due to high fixed costs.

We do not find that the regional industry's current level of operating income indicates that it likely would not be materially injured upon revocation of the order. Due to the cyclical nature of the cement industry, high profits at the peak of a cycle are typical and do not indicate that the industry is immune from material injury. Moreover, due to the high fixed costs in this industry, relatively high levels of profitability are needed to justify investments and capital expenditures.²⁸⁴

While we analyzed the statutory factors regarding the aggregate data for the regional industry, we also examined the performance of individual regional producers to look for anomalies as a safeguard "to assure that the 'all or almost all' standard [was] met."²⁸⁵ Japanese respondents have argued that the regional producers representing all or almost all of the production in the California region would not experience continuation or recurrence of material injury if the order is revoked.²⁸⁶ First, we are not convinced that the Japanese producers would refrain from using their excess capacity to ship cement to the California region at volumes or price levels that would injure regional producers including their regional subsidiaries.²⁸⁷ As discussed above, the extremely large capacity of the Japanese cement industry, with its low capacity utilization levels and need to meet high fixed costs, would provide necessary incentive for the Japanese producers to increase shipments to the California region if the order is revoked. Without the discipline of the order, the interests of the Japanese operations likely would not be secondary to those of their small California subsidiaries, which are running at ***. Ownership of California facilities did not prevent Japanese producers from shipping significant quantities of cement at

²⁸¹ CR/PR at Table I-7; Domestic Producers' Final Comments at 4-7; Domestic Producers' Prehearing Brief at 78-83.

²⁸² We recognize that all announced expansion plans will not be undertaken and have considered that those in the construction phase, generally two years in duration, are more certain of completion than those in the planning or permitting phases. In the next two years alone, over *** in production capacity is expected to come into service in the California region. CR/PR at Table I-7.

²⁸³ CR/PR at Table III-10B and Questionnaire responses. Capital expenditures reported by California regional producers were: \$59.9 million in 1997, \$51.8 million in 1998, \$103.9 million in 1999, \$21.4 million in interim period (Jan.-Mar.) 1999, and \$37.0 million in interim period (Jan.-Mar.) 2000. *Id.*

²⁸⁴ Tr. at 49

²⁸⁵ *Cemex*, 790 F. Supp. at 296. CR/PR at Tables E-1 - E-9.

²⁸⁶ Japanese Respondents' Prehearing Briefs at 30-34; Japanese Respondents' Final Comments at 1-5 and 11-12. The Japanese respondents contended that Japanese producers would not ship excessive volumes of imports at price levels that would injure their regional investments and production, and that "the 'all or almost all' standard is not met here because ***." *Id.* at 2 and 11.

²⁸⁷ Japanese Respondents' Final Comments at 11-12.

low prices to the California region in the original investigation. Moreover, Taiheiyo has invested \$35 million in a new permanent import terminal.

Second, we do not find that respondents' arguments regarding some regional producers' neutral position on revocation of the order provides an adequate basis for determining whether a regional producer is likely to experience material injury if the order is revoked.²⁸⁸ Moreover, we note that statements made by regional producers in response to Commission questionnaires indicate that producers accounting for all or almost all of regional production believe they would be adversely affected by revocation of the order.²⁸⁹ Based on the record in this review, we therefore conclude that the "all or almost" requirement is likely to be met.

We have concluded that revocation of the antidumping duty order would likely lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. We also find that the volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenue levels of the regional industry. This reduction in the industry's production, shipments, sales, market share, and revenues would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments.

Accordingly, based on the record in this review, we conclude that, if the antidumping duty order is revoked, subject imports from Japan would be likely to have a significant adverse impact on the regional industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on gray portland cement and cement clinker from Mexico and Japan would be likely to lead to continuation or recurrence of material injury to the Southern Tier regional industry and California regional industry, respectively, within a reasonably foreseeable time.

²⁸⁸ Mitsubishi Materials, 820 F. Supp at 617, n.2 (producer's position on petition "does not, ipso facto, signify that the producer was not injured.").

²⁸⁹ See INV-X-167 dated July 26, 2000. *** Response to the Domestic Producers' Questionnaire, Question II-4. *** Response to the Domestic Producers' Questionnaire, Question II-4.

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**SEPARATE VIEWS OF COMMISSIONER MARCIA E. MILLER ON
GRAY PORTLAND CEMENT AND CEMENT CLINKER FROM VENEZUELA**

Based on the record in these five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended, that termination of the suspended antidumping and countervailing duty investigations on gray portland cement and cement clinker from Venezuela, would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Because I reach this determination through a regional industry analysis, I write separately to express my views.

I. Regional Industry Analysis

In the original investigations regarding Venezuelan cement, the Commission defined the State of Florida as the appropriate region to consider regarding subject imports from Venezuela. I do not find sufficient evidence in these reviews to warrant revisiting the original regional industry determination.

With respect to the market isolation criteria set forth in the statute, data for the current period of review indicates that, as they did at the time of the original investigations, Florida producers ship over 95 percent of their production within the State of Florida.¹ U.S. cement producers located elsewhere in the United States supplied between 9 and 11 percent of Florida's cement consumption during the current review period, a level again comparable to that found during the original investigations.²

In examining whether there is a concentration of subject imports into the State of Florida, the record of the current reviews shows that, during the 1997-1999 period, the proportion of total U.S. imports of Venezuelan cement that entered Florida ranged from 64 to 45 percent. During the original investigations, this proportion was higher, ranging from 64 to 98 percent.³ With respect to the other criteria generally considered by the Commission in determining import concentration, the ratio of subject imports to consumption both in and outside of the region, the current data is consistent with the original period of investigation. In both periods, Venezuelan cement accounted for a much higher percentage of consumption in the State of Florida than it did outside of Florida.⁴

Considering this record as a whole, I conclude that a regional industry analysis, based on the State of Florida, is appropriate for these reviews. While the proportion of total U.S. imports of Venezuelan cement entering Florida has declined, Florida continues to be the primary U.S. market for Venezuelan cement as its U.S. shipments outside Florida are widely dispersed across a number of States, particularly along the east coast. The port of entry with the next highest concentration of imports from Venezuela is Baltimore, Maryland, accounting for only 11.4 percent of total subject imports.⁵ In addition, the absolute level of Venezuelan cement entering Florida remained within the range of that during the original period of investigation.⁶ Moreover, the Commission in original investigations has found import concentration to exist at such levels, although generally the criteria are satisfied at higher levels.⁷

¹ CR/PR at Table I-3C.

² CR/PR at Table I-3C.

³ CR/PR at Table I-3C.

⁴ During 1997-1999, Venezuelan cement in Florida accounted for 10-12 percent of apparent consumption, while outside the region, this share was one percent or lower. CR/PR at Table I-3C.

⁵ CR at I-53; PR at I-42.

⁶ CR/PR at Table I-1C.

⁷ See, Footnote 74 in the Majority Views.

Accordingly, based on current market isolation and import concentration levels and the lack of evidence that these levels will decline in the absence of the suspension agreements, I find that the criteria for conducting a regional industry analysis, based on the State of Florida, are likely to be satisfied if the suspended investigations are terminated.

II. Related Parties

In the State of Florida, three producers (Rinker, Lafarge, and Southdown) imported subject product from Venezuela into the region.⁸ Rinker, Lafarge, and Southdown accounted for ***, respectively, of the Florida regional production in 1999.⁹ These U.S. producers stated that they imported Venezuelan cement into the Florida region to meet market demand and did not have sufficient volume due to the lack of Florida production facilities (non-regional producers).¹⁰ While Southdown-Brooksville's financial position has *** that of the other regional producers, Rinker and Lafarge's financial positions have consistently been *** those of the other regional producers.¹¹ I find that appropriate circumstances do not exist to exclude these companies from the domestic industry. Given that the three producers together account for *** of production within the region, excluding them would likely distort the industry data. The record does not indicate that they currently are benefitting significantly from their importing Venezuelan cement or are substantially shielded from the effects of import competition. Also, given the likely conditions of competition in the cement industry, I do not find that they are likely to be significantly insulated from import competition if the orders are revoked. Accordingly, inclusion of these companies would not present a distorted picture of the effects of revocation on the domestic industry as a whole.

III. Cumulation

In these reviews, I consider whether the likely volume and effect of subject imports from Venezuela and Mexico into the Florida region should be cumulated.¹² The statutory requirement for cumulation that these reviews be initiated on the same day is satisfied.

A. No Discernible Adverse Impact

I do not find that subject imports from Venezuela and Mexico are likely to have no discernible adverse impact on the domestic industry if the suspended investigations are terminated and the order is revoked. During the original investigation, imports of Mexican cement into Florida ranged up to 1.6 million short tons, but left the market after the order was imposed. Based on excess Mexican capacity and the general fungibility of cement, as discussed in the Majority Views at Section V.B., I do not find

⁸ ***

⁹ Calculated from Table E-1.

¹⁰ CR at I-52, n. 80; PR at I-42.

¹¹ CR/PR at Table E-10. For example, Southdown-Brooksville was ranked *** Florida regional producers by its operating income margin in 1999, which at ***. Rinker and Lafarge were ranked *** Florida regional producers by their operating income margins in 1999, which at ***. *Id.*

¹² I do not analyze cumulation on the Venezuela reviews with respect to Japan because Japanese cement has never entered the Florida market.

that subject imports from Mexico are likely to have no discernible adverse impact in the reasonably foreseeable future.¹³

Given the continued presence of imports from Venezuela into the region since the original investigations and the likely volume of subject imports from Venezuela in the reasonably foreseeable future, as discussed below, I do not find that the subject imports are likely to have no discernible adverse impact on the domestic industry in the Florida region if the suspended investigations are terminated. However, for the reasons set forth below, I do not exercise my discretion to cumulate subject imports from Venezuela and Mexico.

B. Reasonable Overlap of Competition

In these reviews, the domestic parties in favor of continuation of the orders argue that there is a reasonable overlap of competition among cement from Venezuela, Mexico, and the United States, given that cement is a fungible product, is sold in similar channels of distribution, and is likely to be simultaneously present and compete in the Florida and Southern Tier regions.¹⁴

However, there are important differences between the Venezuelan and Mexican cement that limit competition. First, Venezuelan cement has been subject to suspension agreements that have set benchmark floor prices and no cash deposit requirements, while Mexican cement has been subject to an antidumping duty order. While the volume of U.S. imports from Venezuela entering Florida during the review period was at levels similar to those during the original period of investigation, no imports from Mexico that entered Florida during the review period. Since the original period of investigation, imports from Venezuela have increased their presence in markets outside of Florida; however, these imports entered along the eastern coast of the United States, with only a limited amount entering ports in the Southern Tier region outside Florida, despite Venezuela's greater proximity to this area.¹⁵ Finally, cement production capacity in Venezuela, at *** short tons in 1999 is substantially smaller than that in Mexico, at ***.¹⁶ Thus, I find that, if the suspended investigations are terminated and the order is revoked, subject imports from Venezuela and Mexico would likely not compete under similar conditions of competition and therefore I do not exercise my discretion to cumulate subject imports in this review.

IV. Conditions of Competition

I find that the conditions of competition discussed in the Majority Views on Japan and Mexico are relevant to the Venezuela review. With respect to Florida, during the review period, demand for gray portland cement increased substantially, by 17.5 percent from 1997 to 1999.¹⁷ Current consumption is well above that during the original period as well.¹⁸

¹³ CR/PR at Table I-1C.

¹⁴ Prehearing Brief of Petitioners, pp. 56-67.

¹⁵ CR at I-6, n. 14 and I-53; PR at I-42.

¹⁶ CR/PR at Tables IV-4 and IV-8, I-1C.

¹⁷ CR/PR at Table C-3 or I-1C.

¹⁸ CR/PR at Table I-1C.

V. Whether Termination of the Suspended Investigations on Subject Imports is Likely to Lead to Continuation or Recurrence of Material Injury Within A Reasonably Foreseeable Time

I determine that termination of the suspended investigations on cement and cement clinker from Venezuela would not be likely to lead to continuation or recurrence of material injury to the regional domestic industry in Florida within a reasonably foreseeable time.

Although the absolute volume of subject imports is significant, I do not find that the volume would likely increase considerably should the suspended investigations be terminated. Since 1991, Venezuelan cement has been subject to suspension agreements that have required Vencemos and Caribe, the primary Venezuelan producers during the original investigation period, to adjust prices to eliminate any amount by which the foreign market value of their product exceeded the U.S. price.¹⁹ Thus, the agreements set floor prices, but did not limit the quantity of subject imports that could enter the Florida region. During the review period, subject imports from Venezuela into Florida have been at levels similar to those in 1991, the year of the original investigation just prior to the Venezuelan acceptance of the suspension agreements. In contrast, outside of the Florida region, such imports have increased sharply.²⁰ In Florida, apparent consumption followed national trends, increasing during the review period by 17.5 percent. Venezuelan cement has accounted for a decreasing share of this consumption, falling to 10.3 percent in 1999 from 12.0 percent in 1997 and 18.2 percent in 1991. Thus, despite strong growth in the market during the review period and since the original investigation,²¹ Venezuela has not shipped increasing volumes to Florida, while its shipments to U.S. markets outside the Florida region have increased sharply.

Current reported cement production capacity in Venezuela is within the range found during the original investigations.²² Current capacity utilization has been moderate, although cement clinker capacity has been operating ****²³****. Finally, although Brazil has imposed an antidumping duty order on Venezuelan cement, the volumes that had been shipped to the Brazilian market are small in relation to its other export markets, and would result in only a small shift to the U.S. market, if at all.²⁴

With respect to price effects, I do not find a substantial likelihood of price depression or suppression in the Florida market absent the discipline of the suspension agreements. Pricing data in these reviews indicate that Venezuelan cement undersold its Florida counterpart in most comparisons, as the Commission found during the original investigations, despite the fact that Venezuelan prices were required to be at or above the benchmark floor price set by the suspension agreements.²⁵ However, in the three Florida market areas for which data were collected domestic price movements did not appear to have responded to movements in Venezuelan cement prices.²⁶ This lack of effect of the Venezuelan cement prices is likely tied to the strong demand in the market during the review period along with the high level of capacity utilization of the domestic producers. Market prices have exceeded the floor price, even though some underselling has occurred. Nevertheless, given the continuing strong demand in that

¹⁹ 57 Fed. Reg. 6706 (Feb. 27, 1992). Commerce has periodically reviewed and adjusted the floor price.

²⁰ CR/PR at Tables I-1C and I-1D.

²¹ Since 1991, the Florida market has grown by 62 percent. CR at II-20; PR at II-10.

²² Production capacity for cement in Venezuela *** short tons in 1991. In 1999, Venezuelan cement capacity was *** short tons, while cement clinker capacity was *** short tons. *Venezuelan Cement*, USITC Pub. 2400 at Table 20 and CR/PR at Tables IV-8 and IV-9.

²³ CR/PR at Tables IV-8 and IV-9.

²⁴ CR at IV-50; PR at IV-30-31.

²⁵ *Venezuelan Cement*, pp. 20-21 and CR/PR at Tables V-5 and V-6.

²⁶ CR/PR at Tables F-1, F-3 - F-5; Figures F-1 - F-5.

market and the likely limited increase in Venezuelan cement entering the region, I do not find it likely that Venezuelan cement will enter the Florida regional market at prices that would have a significant adverse effect on prices for the domestic like product.

The regional industry in Florida shows significant improvement since the original preliminary investigations when the Commission found a reasonable indication of material injury by reason of subject Venezuelan imports due to increasing volumes and market penetration, and likely negative price effects. The performance of the domestic industry has improved significantly since the original investigations. Regional production capacity is essentially the same as 1991, while production has increased by more than 50 percent, resulting in capacity utilization of about 86 percent in 1999, compared to 61.3 percent in 1991. The domestic industry's share of the regional market has not grown since the original investigations, however, since the industry has been operating at near full capacity. This growth in consumption during the review period has benefitted the industry, resulting in strong financial returns in each of the three years. The industry's operating margin increased from 24.9 percent in 1997 to 31.4 percent in 1999.²⁷ Based on the industry's performance in the Florida region, I do not find that the regional industry is currently in a vulnerable state.²⁸

As discussed above, I do not find that termination of the suspended investigations would likely lead to a significant increase in the volume of subject imports from Venezuela into the Florida region or that domestic prices would be significantly depressed or suppressed. While there are numerous demand projections for the Florida market, in general, downturns have been forecast for 2001, although beyond that, demand is expected to grow modestly.²⁹ Petitioners noted generally, however, that the precise timing and extent of the next downturn, which is expected in a cyclical industry such as cement, is difficult to predict.³⁰ Florida producers have increased capital expenditures sharply during the review period, from \$16.4 million in 1997 to \$94.4 million in 1999,³¹ in an effort to meet increased demand. New and expanded domestic capacity totaling *** million short tons is expected to come on line in 2001-2002.³² Despite the current volume of subject imports, in the absence of significant changes in volume and price effects, I find that it is not likely that termination of the suspended investigations will result in a significant adverse impact on the domestic industry.

I find that termination of the suspended investigations on cement and cement clinker from Venezuela is not likely to lead to continuation or recurrence of material injury to the U.S. cement industry in the Florida region within a reasonably foreseeable time.

²⁷ CR/PR at Table I-1C.

²⁸ In order to consider the "all or almost all" standard in regional industry analysis, I have also examined the performance of individual regional producers.

²⁹ CR at II-21, n. 28 and Transcript of the Hearing, pp. 42-43. See also, Domestic Industry Response to Questions and Requests at the August 15, 2000 Hearing, Attachment 3.

³⁰ CR at II-21; PR at II-11.

³¹ CR/PR at Table III-10C.

³² CR/PR at Table I-7.

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CONCURRING AND DISSENTING VIEWS OF COMMISSIONER THELMA J. ASKEY

Section 751(d) of the Tariff Act of 1930, as amended, requires the Department of Commerce to revoke an antidumping duty or countervailing duty order in a five-year (“sunset”) review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the Commission determines that material injury would be likely to continue or recur within a reasonably foreseeable time.¹ Based on the record in these five-year reviews, I determine that revocation of the antidumping duty orders on gray portland cement and cement clinker (“cement”) from Japan and Mexico would not be likely to lead to continuation or recurrence of material injury to regional industries in the United States within a reasonably foreseeable time. I also determine that the suspended investigations of gray portland cement and cement clinker from Venezuela should be terminated.

I write separately to explain my determinations with respect to the orders on cement from Japan and Mexico. I concur with my colleagues’ findings concerning the domestic like product, the domestic regional industries and related parties, the termination of the suspended investigations of cement from Venezuela, no discernible adverse impact, conditions of competition and the legal standards governing the Commission’s cumulation and causation analysis in sunset reviews. Accordingly, I join the Commission’s joint views discussing these issues.

A. CUMULATION

1. *General*

In sunset reviews, the Commission has the discretion to assess cumulatively the volume and effect of imports of the subject merchandise from all countries with respect to which reviews were initiated on the same day if those imports would be likely to compete with each other and with the domestic like product within a reasonably foreseeable time if the orders are revoked.² Thus, in five-year reviews, the relevant inquiry is whether there would likely be competition among the domestic and subject merchandise within the reasonably foreseeable future, even if none currently exists. Because of the prospective nature of five-year reviews and the discretionary nature of the cumulation decision, the Commission has also examined other conditions of competition that are likely to prevail upon revocation when deciding whether to cumulate in sunset reviews.

Although cumulation is discretionary in sunset reviews, the statute unambiguously states that the Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise if those imports are “likely to have no discernible adverse impact on the domestic industry” upon revocation of the order covering those imports.³ As can be seen, the statute does not direct the Commission to focus its discernability analysis solely on the likely volume levels of the imports; instead, the statute expressly directs the Commission to assess whether the subject imports will have a discernible adverse “impact” on the industry upon revocation. Accordingly, when I assess whether I am permitted to cumulate the subject imports in sunset reviews, I first focus on whether the imports will impact the

¹ 19 U.S.C. §§ 1675(d)(2), 1675a(a)(1).

² 19 U.S.C. § 1675a(a)(7).

³ 19 U.S.C. § 1675a(a)(7).

condition of the industry in a discernible way as a result of revocation, and not solely on whether there will be a small -- i.e., negligible -- volume of imports after revocation.⁴

In this case, the reviews of the orders covering cement from Japan and Mexico were initiated on the same day. Accordingly, I have considered first whether the subject imports from the subject countries are likely to have a “discernible adverse impact” on the domestic industry upon revocation of the orders. If I find that imports from any one of these countries are not likely to have a discernible adverse impact on the domestic industry upon revocation of the order, then I am precluded from cumulating the imports from that country with those of any other subject country. If I find that they are likely to have a discernible adverse impact on the industry upon revocation of the order, I must then consider whether it is appropriate to exercise my discretion to cumulate the subject countries.

2. *Discernible Adverse Impact*

a. The Subject Imports from Japan and Mexico Are Not Likely to Have No Discernible Adverse Impact on the Domestic Regional Industries Within The Reasonably Foreseeable Future If Those Orders are Revoked

For the reasons discussed in Section V.B. of the Commission’s views, I do not find that subject imports from either Japan or Mexico would have no discernible adverse impact on the respective domestic regional industries within the reasonably foreseeable future if those orders are revoked.

3. *Likelihood of a Reasonable Overlap of Competition and Discretion to Cumulate*

a. Likely Overlap of Competition Among Subject Imports from Japan and Mexico and Exercise of Discretion to Cumulate Subject Imports for Purposes of the Japanese Order

I have chosen to exercise my discretion to cumulate the subject imports of cement from Japan and Mexico that are likely to enter the California region for purposes of my analysis with respect to the review concerning the order on imports from Japan. The record indicates that there is likely to be a reasonable overlap of competition among the Japanese and Mexican imports into the California region upon revocation of the orders. In particular, the record indicates that the Japanese, Mexican and domestic merchandise are viewed by market participants as interchangeable in their end uses and that most purchasers find the subject imports to be similar to the domestic product with regard to their specific requirements.⁵ Thus, there appears to be a high degree of fungibility between and among subject imports and the domestic product. Imports from both countries have been simultaneously present in the California market, with import volumes from both having been more substantial during the original investigation periods and less so during the review period.⁶ Moreover, the record shows that the Japanese, Mexican and domestic merchandise is sold primarily to end users throughout the California

⁴ I discussed the rationale for my approach in more detail in my Additional Views in Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, at 31 (Oct. 1999). I also further explained my views in Brass Sheet and Strip from Brazil, Canada, France, Germany, Italy, Japan, Korea, the Netherlands, and Sweden, Invs. Nos. 701-TA-269 & 270 (Review) and 731-TA-311-317 & 379-380 (Review), USITC Pub. 3290, at 36-37 (Apr. 2000).

⁵ CR at I-26, I-33, II-27 and Tables II-3 and II-4, PR at I-23, I-28, II-14.

⁶ See CR and PR at Table C-6; Gray Portland Cement and Cement Clinker from Japan, Inv. No. 731-TA-461 (Final) USITC Pub. 2376 (Apr. 1991) (“Japan Cement”) at Table 6.

market.⁷ Accordingly, the record indicates a sufficient likelihood of product fungibility, presence and competition in the same geographic market, and sales through the same channels of distribution that show a likely competitive overlap between and among the domestic and subject merchandise, which warrants cumulating subject imports from both countries.

b. Likely Overlap of Competition Among Subject Imports from Japan and Mexico and Exercise of Discretion to Cumulate Subject Imports for Purposes of the Japanese Order

As discussed above, imports from Japan and Mexico and the U.S. product are likely to compete with each other in California, which represents a substantial portion of Southern Tier consumption.⁸ Accordingly, for the reasons discussed above, I exercise my discretion to cumulate subject imports from Japan with imports from Mexico for purposes of my analysis concerning imports from Mexico that enter the Southern Tier region.⁹

B. REVOCATION OF THE ANTIDUMPING DUTY ORDERS COVERING IMPORTS OF CEMENT FROM JAPAN AND MEXICO ARE NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY TO ALL OR ALMOST ALL OF A REGIONAL INDUSTRY WITHIN A REASONABLY FORESEEABLE TIME

1. *Conditions of Competition*

In addition to the conditions of competition discussed in the Views of the Commission I have taken the following conditions of competition into account in my analysis in this review.

First, supply and demand for cement are often imbalanced within a particular region, primarily because producers in one portion of a region generally will not supply purchasers in another portion due to the high transportation costs involved with the shipment of cement.¹⁰ As a result, supply and demand conditions can vary significantly from state to state, and even within states in some cases.¹¹ This imbalance is particularly true in the Southern Tier region, which reaches from Florida to Northern California. At any given point in time, cement consumers in one state within the Southern-tier region may be facing supply shortages, while consumers in another state within that region have ready access to sufficient supplies of cement.

Second, some domestic production is insulated from import competition due to transportation costs in that domestic producers that are located inland, particularly those more than 200 miles from import and inland terminals and rail lines, will face a more limited degree of import competition than producers located closer to such import supply sources.¹² Similarly, 21 percent of Southern Tier cement

⁷ CR at I-33, PR at I-24-25; CR and PR at Table I-6.

⁸ California consumption makes up roughly 30 percent of Southern Tier consumption. See CR and PR at Tables C-1 and C-6.

⁹ With respect to the Southern Tier region, in the original investigation concerning Mexico, the Commission cumulated subject imports from Japan and Mexico. Gray Portland Cement and Cement Clinker from Mexico, Inv. No. 731-TA-451 (Final) USITC Pub. 2305 (Aug. 1990) ("Mexico Cement") at 25-26 and 53.

¹⁰ CR and PR at II-1 and Table I-2.

¹¹ CR at II-1, PR at II-1; CR and PR at Figure II-1.

¹² CR at II-1, PR at II-1; CR and PR at Figure II-1.

production goes to affiliated ready-mix producers as does 13 percent of California cement production, which diminishes the effect of import competition on that portion of the market.¹³

Third, Southern Tier regional demand has increased substantially in recent years, with apparent consumption increasing from 33 million short tons in 1989 to 36.2 million short tons in 1997 and to 43.1 million short tons in 1999.¹⁴ Domestic production capacity has remained essentially unchanged throughout that time, increasing from 34.2 million short tons in 1989 to 35.8 million short tons in 1999.¹⁵ As a result of these trends, demand has substantially outstripped available domestic supply in the region. In fact, 10 of 24 responding Southern Tier producers reported that they either put customers on allocation, were unable to serve all of these customers' needs, or observed spot shortages in their market areas since 1990.¹⁶ Accordingly, because of regional producers' inability to meet increased demand, nonsubject imports have entered the market in substantial quantities. While nonsubject market share declined during the original review period, from 10.7 percent in 1986 to 6.5 percent in 1989, it increased substantially during the period reviewed, to 12.5 percent in 1997 and to 24.8 percent in 1999.¹⁷ Nonsubject imports' absolute import volumes, in short tons, were 3.7 million in 1986, 2.2 million in 1989, 4.5 million in 1997 and 10.7 million in 1999.¹⁸ Domestic producers, through their relationships with subject and nonsubject producers, are responsible for the large majority of these nonsubject imports; the record indicates that these producers have imported nonsubject cement both to supplement their own production to meet local market demand and to participate in local markets within the region(s) where they do not maintain cement production facilities.¹⁹ Thus, the record shows the importance of imports to the region in meeting increased demand.

Fourth, demand in the California region increased substantially, outstripping regional producer capacity. During the original regional investigation period, California apparent consumption increased from 10.6 million short tons in 1986 to 13.2 million tons in 1989 before declining to 12.2 million short tons in 1990, for an overall increase of 1.6 million short tons.²⁰ Regional capacity remained relatively stable, at between 11.5 and 11.7 million short tons, but capacity utilization increased as production increased, to 84-90 percent in 1988-90.²¹ Nonsubject import volumes were low and decreasing at that time.²² Accordingly, because demand increased substantially to levels exceeding regional industry capacity and regional producers were operating at high capacity utilization levels, subject imports entered the market to fill regional demand that was not being met by regional producers. During the period reviewed, California apparent consumption increased by 30 percent, from 10.0 million short tons in 1997 to 13.0 million short tons in 1999, while regional producer capacity increased only slightly, from 11.6 million short tons in 1997 to 11.8 million short tons in 1999, with domestic producer capacity utilization running at above 93 percent in each year.²³ Thus, with demand exceeding domestic supply, nonsubject imports entered the California regional market to satisfy unmet demand, having increased

¹³ CR at II-4, PR at II-2. See also Domestic Producer Questionnaire Responses.

¹⁴ CR and PR at Table I-1A.

¹⁵ CR and PR at Table I-1A.

¹⁶ CR at II-6, PR at II-4.

¹⁷ CR and PR at Table I-1A.

¹⁸ CR and PR at Table I-1A.

¹⁹ CR at I-46, PR at I-38.

²⁰ Japan Cement at A-21.

²¹ Japan Cement at A-36.

²² Japan Cement at A-21.

²³ CR and PR at Table C-6.

their share of apparent consumption from 10.9 percent in 1997 to 25.5 percent in 1999.²⁴ As with the Southern Tier as a whole, domestic producers are responsible for the large majority of nonsubject imports. Accordingly, the record shows the importance of imports to the region in meeting increased domestic demand.

Finally, California regional producers reported projects that are expected to lead to additional production capacity of about *** short tons by 2001 and additional projected increases of almost *** short tons by 2003.²⁵ Southern Tier producers reporting projects expected to lead to additional production capacity of more than *** short tons by 2001 and additional projected increases of roughly *** short tons by 2004.²⁶

2. Revocation of the Japanese Order Is Not Likely to Cause a Continuation or Recurrence of Material Injury

a. *Likely Volume of Cumulated Subject Imports*

In evaluating the likely volume of imports of subject merchandise if an antidumping duty order is revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.²⁷ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.²⁸

As directed by the statute, I have considered the Commission’s previous findings and record. The record shows that in the original investigation concerning Japan, the volume of cumulated subject imports from Japan and Mexico in California increased from 1.0 million short tons in 1986 to 2.6 million short tons in 1989 before declining to 2.3 million short tons in 1990.²⁹ Japanese imports represented roughly 20-50 percent of total subject imports during that period.³⁰ Cumulated subject imports represented 9.8 percent of California regional consumption in 1986 and 18.9 percent in 1990.³¹ Currently, import volumes from Japan and Mexico into the California region have been low. Together, the subject imports from Japan and Mexico represented between 0.2 and 0.6 percent of domestic regional consumption in each of the three years reviewed.³²

I have also considered whether there is sufficient current unused available capacity in the subject countries that is likely to be used to increase their import volumes within a reasonably foreseeable time.

²⁴ CR and PR at Table C-6.

²⁵ See CR and PR at Table I-7.

²⁶ See CR and PR at Table I-7.

²⁷ 19 U.S.C. § 1675a(a)(2).

²⁸ 19 U.S.C. § 1675a(a)(2)(A)-(D).

²⁹ Japan Cement at A-21.

³⁰ See Japan Cement at A-21.

³¹ See Japan Cement at A-21.

³² CR and PR at Table C-6. Japanese import volumes were less than 35,000 short tons in each year and Mexican import volumes were less than 50,000 in each year. Id.

Production capacity in Japan declined over the original POI and has continued to decline in recent years.³³ Japanese cement production capacity declined from 85.5 million short tons in 1997 to 83.8 million short tons in 1999,³⁴ with no indication on the record that capacity is likely to increase in the reasonably foreseeable future. Although capacity utilization declined from 98.8 percent in 1997 to 88.7 percent in 1999, these levels remain very high.³⁵ Moreover, as was the case during the original POI, the Japanese industry remains highly focused on its domestic market, with 89-92 percent of Japanese producers' shipments during the period reviewed being sent to domestic consumers, with the rest sent to third country markets or captively consumed.³⁶ While Japanese producers have excess capacity that could be directed to the California market should the order be revoked, I find it unlikely that they will do so to a significant degree given their high capacity utilization rates, their historical focus upon the Japanese domestic market, existing third country markets, the lack of barriers for Japanese exports to other countries,³⁷ and the lack of any potential for product shifting in this market.³⁸

With respect to Mexico, the record evidence indicates that current Mexican capacity is *** short tons and production has ranged between *** and *** tons during the past three years; current Mexican capacity utilization is higher than it was during the original investigation period, ranging from *** percent in the last three years³⁹ while it was at 60-68 percent in 1986-88.⁴⁰ Thus, based upon 1997-99 data, the record shows up to *** short tons of excess total Mexican capacity.⁴¹ However, not all of this excess capacity will be directed at the United States. Just as U.S. domestic producers are divided into regions and do not ship to all parts of the United States, so too are Mexican producers limited in their range of markets given transportation costs and infrastructure constraints.⁴² Based on export data from the original investigation and data gathered during these reviews, it appears that roughly *** short tons of Mexican capacity is in plants that are both capable of and likely to export to the United States, which represents roughly *** of overall Mexican capacity.⁴³ Accordingly, of the current available excess capacity, it is reasonable to consider at most *** short tons as being at least potentially available for shipment to the Southern Tier of the United States. Moreover, not all of this excess capacity is likely to be directed to California because only a limited number of Mexican production facilities are likely to ship cement to California; at best, only 5-6 Mexican facilities are likely to ship cement to California,⁴⁴ leaving only a relatively small portion of available excess capacity that could be directed to California. During the review period, Mexican imports into the Southern Tier overall have been relatively low and

³³ Japan Cement at A-71; CR and PR at Table IV-6.

³⁴ CR and PR at Table IV-6. See also CR and PR at Table IV-7 (regarding Japanese cement clinker production data).

³⁵ CR and PR at Table IV-6.

³⁶ CR and PR at Table IV-6.

³⁷ CR at IV-41, PR at IV-28.

³⁸ CR at II-8, PR at II-5.

³⁹ CR and PR at Table IV-4.

⁴⁰ Mexico Cement at A-79.

⁴¹ CR and PR at Table IV-4.

⁴² See, e.g. CR and PR at Figure IV-1; Petitioners' Hearing Exhibit 1.

⁴³ Current CEMEX capacity in plants that are capable of and likely to export to the United States is *** short tons; current Apasco capacity is *** short tons; current GCCC capacity is *** short tons. See GCCC, Apasco and CEMEX Producer Questionnaires.

⁴⁴ See CR and PR at II-3.

have been negligible into California.⁴⁵ The record does not indicate that there have been any major changes in the market to suggest that likely export patterns in the event of revocation would be significantly different than before. Only roughly 15-25 percent of Mexican exports to the Southern Tier were sent to California during the original investigation period.⁴⁶ As a result, while Mexican producers have excess capacity that could be directed to the California region should the order be revoked, I find it unlikely that they will do so to a significant degree given their somewhat high capacity utilization rates, their historical import patterns, the lack of substantial barriers for Mexican exports to other countries,⁴⁷ and the lack of any potential for product shifting in this market.⁴⁸

Moreover, there are a number of significant constraints that limit the importation of cement from subject countries, including high transportation costs for shipping cement from the producing countries to the United States.⁴⁹ Japanese supply response is limited by high U.S. inland transportation costs from import terminals to California customers and infrastructure constraints in both Japan and California, relatively low inventory levels and the lack of significant production alternatives.⁵⁰ The record also indicates some Japanese producers may have limited access to deep water ports and to domestic import terminals.⁵¹ Likewise, while Mexican transportation infrastructure appears to have improved since the time of the original investigation period,⁵² Mexican supply response is limited by significant infrastructure constraints in Mexico and the United States, relatively low inventory levels and the lack of significant production alternatives.⁵³ Accordingly, while some portion of available excess capacity would likely be shipped into the California region, current and historical data suggests that cumulated subject imports are likely to increase to only a limited degree given prior export patterns in each country and current infrastructure constraints on the transportation of cement. Finally, because demand is expected to continue to increase in the region, the market will be able to continue to absorb increased imports, further diluting possible volume effects of the subject imports.

In sum, I find it likely that, in the absence of the orders, the cumulated volume of the subject imports from Japan and Mexico would not be likely to increase significantly. Accordingly, based on the record in this review, I conclude that the cumulated volume of subject cement imports would not be likely to be significant within a reasonably foreseeable time if the order is revoked.⁵⁴

⁴⁵ CR and PR at Table C-1 and C-6.

⁴⁶ Compare CR and PR at Table I-1A with Japan Cement at A-21. For example, in 1989, imports into the Southern Tier were 3.6 million short tons while imports into California were 0.9 million short tons. Id.

⁴⁷ The record indicates that Mexican imports are subject to antidumping investigations in two other countries, Brazil and Guatemala, but it also indicates that these two do not appear to be substantial markets for Mexican producers, CR at IV-29-30, PR at IV-19-20, making it unlikely that these orders would substantially affect import levels to the United States.

⁴⁸ CR at II-12, PR at II-7.

⁴⁹ Transportation to the United States can account for as much as 32.1 percent of the total cost of Mexican cement and 26.8 percent of Japanese cement. CR and PR at V-1.

⁵⁰ CR at II-8, PR at II-5.

⁵¹ CR at II-9, PR at II-5-6.

⁵² See, e.g., Transcript at 173 and 178-80.

⁵³ CR at II-9-10, PR at II-27.

⁵⁴ While the lack of Japanese imports during the period reviewed made it unfeasible to conduct a COMPAS analysis of the likely effects of revocation, CR at II-45, n. 62, PR at II-26, I note that COMPAS results for Mexico, which historically has been a much larger source of imports, yielded relatively low likely volume effects on the domestic industry in the event of revocation. CR at II-47, PR at II-27.

b. *Likely Price Effects of Cumulated Subject Imports*

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product, and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.⁵⁵

As directed by the statute, I have considered the Commission's previous findings and record concerning price competition. The record in the original investigation concerning Japan showed Japanese imports undersold the domestic product in the large majority of price comparisons.⁵⁶ Japanese imports essentially exited the market following the imposition of the order in 1991 and there is no current data concerning Japanese import pricing. While Japanese imports undersold the domestic product during the original investigation period, underselling margins were relatively low, prices actually increased in some submarkets⁵⁷ and domestic producers were operating at high capacity.⁵⁸ With respect to Mexico, the record showed during the original POI that although there was an overselling trend later in the investigation period, Mexican imports undersold the domestic product in a large majority of available comparisons in the California region.⁵⁹ Nevertheless, I find that the cumulated subject imports from Japan and Mexico are not likely to have significant adverse effects on regional prices if the orders are revoked. As I discussed above, the record indicates that it is unlikely that there will be a significant increase in the volumes of the cumulated subject imports upon revocation of the orders. Nothing in the record suggests that the subject producers would change their pricing practices in a way that would have a significant negative impact on the regional industry's prices. In fact, current price comparison data shows Mexican imports *** domestic cement in the San Diego market.⁶⁰ Moreover, high current and likely increases in demand, high domestic capacity utilization, and domestic producer control of excess supply through control of nonsubject imports are all likely to contribute to continued high prices in the region and to dilute any possible price effects of revocation.

In sum, I find that revocation of the order on imports from Japan likely would not have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time.⁶¹

⁵⁵ 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁵⁶ Japan Cement at 66-68 and Tables 31-34.

⁵⁷ See Mexico Cement at A-121-22, 126-27.

⁵⁸ Southern California producers, which were the regional producers in the original Japanese investigation, were operating at up to 86.5 percent capacity for their cement operations and up to 101 percent for their clinker operations. Japan Cement at A-36.

⁵⁹ See Mexico Cement at A-120,125.

⁶⁰ CR and PR at Table V-4.

⁶¹ As discussed previously, supra note 54, while COMPAS results are not available with respect to revocation of the Japanese order, COMPAS results for revocation of the Mexican order shows low price effects, in the range of a decline of 0.6 to 1.9 percent. CR at II-47, PR at II-27.

c. *Likely Impact of Cumulated Subject Imports*

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁶² All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁶³

Moreover, because these are regional industry reviews, the Commission is faced with a more stringent injury standard than in national cases, namely, the Commission must find that “the producers of all, or almost all, of the production within that market are being materially injured . . .”⁶⁴ In these investigations I have evaluated the financial condition of each of those producers to determine whether their condition satisfies the regional industry injury standard.

As directed by the statute, I have considered the Commission’s previous findings and record. The record shows that in the original investigation, the California regional industry’s performance indicators were largely positive. Between 1986 and 1990, production increased from 9.2 million short tons to 9.8 million short tons as capacity utilization increased from 78.6 percent to 84.1 percent.⁶⁵ In that same period, the industry’s operating income increased from \$74.7 million to \$101.9 million as its operating income margin increased from 13.7 to 18.6 percent, and its gross profits increased from \$114.8 million to \$133.0 million.⁶⁶

Currently, the California regional industry is in even better financial condition than it was during the original investigation period. While there has been a slight decline in some indicators during the review period, the industry shows itself to be in a very positive financial situation. First, while regional producers’ market share has declined between 1997 and 1999, its shipments within the region have increased and its capacity utilization rates have been very high.⁶⁷ Between 1997 and 1999, the industry’s gross profits have increased substantially, from \$213 million to \$288, as has its operating income, which increased from \$163 million to \$230 million, and its operating income margin, which increased from 23.1 percent to 28.2 percent.⁶⁸ Looking at individual regional producers, in each year, producers accounting for more than two-thirds of total regional sales producers showed operating returns of greater than *** percent.⁶⁹ In 1999, producers accounting for more than 60 percent of regional sales had returns of greater than *** percent.⁷⁰ Accordingly, I find the regional industry to be in strong financial condition, both objectively and relative to potential increases in subject imports. Thus, I find that the

⁶² 19 U.S.C. § 1675a(a)(4).

⁶³ 19 U.S.C. § 1675a(a)(4).

⁶⁴ 19 U.S.C. § 1677(4)(C).

⁶⁵ Japan Cement at A-36.

⁶⁶ Japan Cement at A-59.

⁶⁷ The industry’s market share declined from 88.9 percent in 1997 to 73.9 percent in 1999; its within region shipments increased from 8.9 million short tons to 9.6 million short tons; and its capacity utilization rate has been between 93.4 percent and 95.5 percent throughout the period. CR and PR at Table C-6.

⁶⁸ CR and PR at Table C-6.

⁶⁹ CR and PR at Tables E-5 and E-9.

⁷⁰ CR and PR at Tables E-5 and E-9.

regional industry is not vulnerable. Moreover, because demand is projected to continue to increase in the California region it is likely that domestic producers will continue to enjoy strong returns, irrespective of whether or not subject import volumes increase.

As I discussed above, the record of these reviews indicates that the subject imports from Mexico and Japan are not likely to have significant adverse volume and price effects on the regional industry within a reasonably foreseeable time if the orders were revoked. Accordingly, I also find that the cumulated subject imports would not be likely to have a significant impact on the regional industry's cash flow, inventories, employment, wages, growth, ability to raise capital, investment or development efforts within a reasonably foreseeable time if the orders were revoked. Further, I find that revocation of the orders would not be likely to lead to a significant reduction in regional producers' output, sales, market share, profits, productivity, ability to raise capital, or return on investments within a reasonably foreseeable time. In other words, given that subject import volumes are not likely to be significant in the future should the orders be revoked, that the current high level of demand is projected to remain steady or increase and that the regional industry has been experiencing extremely strong financial performance, it is likely that the California regional industry as a whole will continue to enjoy strong financial performance. It is possible that increased imports may lead to some declines in the industry's financial performance, but given the industry's strong current financial health, high capacity utilization rates, control of nonsubject imports, increased projected demand, I find that such declines would likely be limited.

Likewise, while increased imports may have a more substantial effect on some individual domestic producers, it is unlikely that "all or almost all" of the regional producers will experience a continuation or recurrence material injury, as is required for an affirmative determination in a regional industry case. With more than half of regional producers experiencing operating returns of greater than *** percent in a market of high and increasing demand, where overall import levels are already at high volumes, it is unlikely that all or almost all of those producers will experience a significant impact should revocation result in some increase in subject imports. Accordingly, I find that revocation is unlikely to have a significant impact on all or almost all of the regional industry in a reasonably foreseeable time.⁷¹

In sum, I conclude that revocation of the order on the subject imports from Japan would not be likely to lead to continuation or recurrence of material injury to all or almost all of the California regional industry within a reasonably foreseeable time.

3. Revocation of the Mexican Order Is Not Likely to Cause a Continuation or Recurrence of Material Injury

a. *Likely Volume of Cumulated Subject Imports*

As directed by the statute, I have considered the Commission's previous findings and record with respect to the Mexican order. The record shows that in the original investigation concerning Mexico, the volume of cumulated imports into the Southern Tier region increased between 1986 and 1988, from 3.3

⁷¹ As noted above, supra note 54, no COMPAS model results are available for the impact of revocation of the Japanese order. However, COMPAS results for revocation of the Mexican order, which involved higher volumes during the original investigations, shows only a relatively small likely revenue effect, of 2.0 to 7.1 percent. CR at II-47, PR at II-27.

million short tons to 5.4 million tons, before declining in 1989 to 5.3 million tons.⁷² The cumulated imports' share of regional apparent consumption increased from 9.7 percent to 16.4 percent.⁷³ During the period reviewed, cumulated subject imports represented between 2.7 and 3.2 percent of domestic consumption in the Southern Tier region, with Mexican imports representing the majority of those imports.⁷⁴

I have also considered whether there is sufficient current unused available capacity in the subject countries that is likely to be used to increase their import volumes within a reasonably foreseeable time. Current Mexican capacity is *** short tons and production has ranged between *** and *** tons during the past three years, leaving up to *** short tons of excess total Mexican capacity.⁷⁵ However, it appears that roughly *** short tons of Mexican capacity is in plants that are both capable of and likely to export to the United States, which represents roughly *** of total Mexican capacity.⁷⁶ Accordingly, of the total available excess capacity, it is reasonable to consider at most up to *** short tons as at least potentially being available for shipment to the Southern Tier of the United States, which represents a market of 43.1 million short tons of apparent consumption in 1999.⁷⁷

However, as discussed above as a condition of competition, there is limited competition between separate markets within the region because any given producer is limited in terms of how far away its cement can economically be shipped. Just as in the United States, even where a given Mexican producer has available excess capacity that it could ship to one part of the Southern Tier, transportation costs and infrastructure limitations limit the range of other parts of the Southern Tier to which it can ship its cement. For example, given the location of its Mexican production facilities, imports from Mexican producer GCCC appear to be limited to a relatively small portion of the Southern Tier, made up of New Mexico and a portion of Texas.⁷⁸ GCCC imports' primary competition appears to be the GCCC-owned Rio Grande plant at Tijeras, New Mexico.⁷⁹ Therefore, imports by GCCC primarily enter into an area that includes limited amounts of cement from non-affiliated domestic producers, leading to limited competition with non-affiliated producers' cement. Accordingly, GCCC cannot ship widely throughout the Southern Tier region and has little if any incentive to substantially increase its imports into the New Mexico/Texas area absent a substantial increase in demand, given that such increases would be most harmful to its own subsidiary.⁸⁰

Since the time of the original investigation, the world's cement producers have become more globalized. Like other producers, CEMEX has increased its worldwide presence, becoming one of the world's largest cement producers, with facilities across the globe.⁸¹ Therefore, although CEMEX has been the largest Mexican exporter to the United States and is likely to continue to be so in the future, the company is less exclusively focused on the Americas than it was during the original POI. While nonsubject imports, both those controlled by domestic producers and by subject producers such as

⁷² CR and PR at Table I-1A.

⁷³ CR and PR at Table I-1A.

⁷⁴ CR and PR at Table I-1A and Table C-6.

⁷⁵ CR and PR at Table IV-4.

⁷⁶ Current CEMEX capacity in plants that are capable of and likely to export to the United States is *** short tons; current Apasco capacity is *** short tons; current GCCC capacity is *** short tons. See CEMEX, Apasco and GCCC Producer Questionnaire responses.

⁷⁷ CR and PR at Table C-1.

⁷⁸ CR at IV-28-29, PR at IV-18-15; Mexican Respondent GCCC's Final Comments at 8.

⁷⁹ See CR and PR at Table I-8.

⁸⁰ CR at IV-29, PR at IV-19.

⁸¹ CR at IV-24, PR at IV-16.

CEMEX, have increased substantially over the review period, they have done so at volumes commensurate with high demand increases, when reported domestic supply shortages were reported and as domestic producers operated at high domestic capacity utilization rates.⁸² Thus, despite an absence of import constraints on imports from other sources, there has been no oversupply of imports overall, making it unlikely that the overall supply of imports, both subject and nonsubject, would change significantly should the orders be revoked.⁸³ Moreover, as discussed above, Mexican producers face constraints on their ability to import cement into the United States, including high inland transportation costs and Mexican and U.S. infrastructure limitations. Accordingly, only a limited proportion of available excess capacity in Mexico is likely to be directed to the Southern Tier region should the order be revoked.⁸⁴

As discussed more fully above, production capacity in Japan declined over the original POI as its shipments and capacity utilization rates increased. Current Japanese capacity has continued to decline and the industry is operating at high capacity utilization rates. The vast majority of Japanese production went to its home market, and even as its exports to California increased, its exports to third countries decreased, resulting in only a slight overall increase in exports over the POI, indicating that the industry was indeed strongly focused on its domestic market at that time. These historical patterns and current conditions lead me to conclude that Japanese imports are unlikely to increase significantly if the order is removed.

In sum, I find that the volume of subject imports might increase somewhat should the orders be revoked. However, I find that such volume increases would not be significant within a reasonably foreseeable time, given continuing high demand in the region and constraints on import volumes.⁸⁵

b. *Likely Price Effects of Cumulated Subject Imports*

As directed by the statute, I have considered the Commission's previous findings and record. The record shows that in the original investigation concerning Japan, U.S. prices in the California region were generally in the \$60-70 range, with Japanese prices running slightly below the U.S. prices.⁸⁶ In the original investigation concerning Mexico, Mexican imports undersold the domestic product in a large

⁸² CR at II-6, PR at II-4.

⁸³ Imports could increase from its Venezuelan affiliate, Vencemos, CR at IV-42, IV-45, PR at IV-28-29, given the revocation of the Venezuelan order. However, as discussed in Section III.C.2.c. of the Views of the Commission, Venezuelan import volumes are unlikely to increase significantly into the Southern Tier given that the suspension agreements do not appear to have had a substantial effect on Venezuelan import volumes. Additionally, CEMEX USA's ownership of a plant in New Braunfels, Texas has and continues to provide a disincentive to CEMEX to ship excessive quantities of cement into that area given that it would harm its own subsidiary. Should the pending purchase by CEMEX of Southdown be completed, such disincentive will grow given CEMEX's substantially increased domestic presence in the Southern Tier, particularly Florida, Alabama and Texas. See INV-X-211 (Oct. 2, 2000); CR and PR at Table I-8 and Figures I-2, I-4.

⁸⁴ I also note that the record shows that Mexican producers do not have the potential to shift production from other products. CR at II-12, PR at II-7. Additionally, the record indicates that Mexican imports are subject to antidumping investigations in two other countries, Brazil and Guatemala, but it also indicates that these two do not appear to be substantial markets for Mexican producers, CR at IV-29-30, PR at IV-19-20, making it unlikely that these orders would substantially affect import levels to the United States.

⁸⁵ COMPAS results support my conclusion, given that they show only a 1.0 to 5.7 percent volume effect should the Mexican order be revoked. CR at II-47, PR at II-27.

⁸⁶ See Japan Cement at A-94-95 and 97-98.

majority of available comparisons in the California region, although there was an overselling trend later in the investigation period.⁸⁷ In other parts of the Southern Tier region, Mexican prices fluctuated over the POI. The record shows Mexican imports consistently underselling U.S. producers' cement in the New Orleans, Louisiana market⁸⁸ but it shows a wide mix of under- and over-selling in other markets.⁸⁹ For example, in the Tampa, Florida market, domestic producer prices were generally in the \$40-50 range, with Mexican prices being slightly lower;⁹⁰ in the Houston Texas market domestic producer prices ranged roughly \$38-50, with Mexican prices being slightly lower;⁹¹ in the Albuquerque, New Mexico market, domestic producer prices ranged from \$50-75, with Mexican imports overselling the domestic product in virtually all comparisons;⁹² finally, in the San Diego, California market, domestic producer prices ranged from \$60-70, with Mexican prices being slightly lower.⁹³ The record shows prices having actually increased in some markets during that period.⁹⁴

Current data shows Mexican imports having oversold domestic cement in 85 comparisons, by margins of up to 10.8 percent, while underselling domestic cement in 71 comparisons, by margins of up to 7.0 percent.⁹⁵ As noted above, no current pricing data is available for Japanese imports. Nevertheless, I find that the cumulated subject imports from Japan and Mexico are not likely to have significant adverse effects on regional prices if the orders are revoked. As I discussed above, the record indicates that it is unlikely that there will be a significant increase in the volumes of the cumulated subject imports upon revocation of the orders. Nothing in the record suggests that the subjects would change their pricing practices in a way that would have a significant negative impact on the regional industry's prices. Moreover, in the last three years, domestic prices have been strong as demand increased substantially. With high domestic capacity utilization rates and increased subject imports -- which are largely controlled by domestic producers through their relationships with nonsubject producers -- filling the gap in supply, producers have been able to maintain high prices. Demand is projected to either stay at its current high levels or to continue to increase, although at lesser levels than in the previous three years.⁹⁶ Accordingly, current market conditions make it likely that prices will continue to be strong in the region.

In sum, I find that revocation of the order on imports from Mexico likely would not have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time.^{97 98}

⁸⁷ See Mexico Cement at A-120, 125.

⁸⁸ See Mexico Cement at A-109.

⁸⁹ See Mexico Cement at A-103-06, 111-14.

⁹⁰ See Mexico Cement at A-103-04.

⁹¹ See Mexico Cement at A-111-12.

⁹² See Mexico Cement at A-116-17.

⁹³ See Mexico Cement at A-121-22.

⁹⁴ See Mexico Cement at A-121-22, 126-27.

⁹⁵ See CR and PR at Table V-4.

⁹⁶ See CR at II-20-24, PR at II-10-13; Transcript at 70.

⁹⁷ Commerce found it its eight administrative review, covering the period of 1997-98, of the 1990 finding on Mexico, that CEMEX and CDC (collectively "CEMEX") absorbed antidumping duties on 99.96 percent of sales that this firm made through its affiliated parties during the instant review period. 65 Fed. Reg. 13943 (Mar. 15, 2000); see also Issues and Decisions Memo from the Administrative Review of Gray Portland Cement and Clinker from Mexico -- August 31, 1997 through July 31, 1998, from Richard W. Moreland to Robert S. LaRussa, Assistant Secretary for Import Administration, dated March 15, 2000 at 47-48. The SAA explains that "[d]uty absorption may indicate that the producer or exporter would be able to market more aggressively should the order

(continued...)

c. Impact

As directed by the statute, I have considered the Commission's previous findings and record. The record shows that in the original investigation period, Southern Tier region producers' financial indicators were declining. Gross profits declined between 1986 and 1988 from \$200 million to \$155 million, before turning upward in 1989 to \$164 million.⁹⁹ Operating income declined from \$105.6 million in 1986 to \$65 million in 1988, before inching up to \$67 million in 1989; the industry's operating income likewise declined, from 8.5 percent in 1986 to 5.6 percent in 1989.¹⁰⁰ Capacity utilization rates fluctuated, dipping to 68.3 percent in 1987 from 70.1 percent in 1986 before rising to 72.2 percent in 1988 and further to 75.1 percent in 1989.¹⁰¹ In-region shipments remained relatively stable throughout the period¹⁰² while net sales declined slightly.¹⁰³

By contrast to their condition during the original investigation, Southern Tier regional producers currently report very positive financial indicators, with operating income margins increasing from 29.0 percent in 1997 to 32.4 percent in 1999, and increasing further comparing interim periods.¹⁰⁴ Regional producers' capacity utilization was high, above 90 percent throughout the period reviewed.¹⁰⁵ The industry's gross profits increased substantially over the period, by 25 percent, increasing from \$742

⁹⁷ (...continued)

be revoked as a result of a sunset review." SAA at 885.

As instructed by the statute, 19 U.S.C. § 1675a(a)(1)(D), I considered Commerce's finding that CEMEX and CDC absorbed duties on imports of Mexican cement. That finding is reflected in the 53.6 percent dumping margin for CEMEX that Commerce determined is likely to prevail if the order were removed. See 65 Fed. Reg. at 41050 (July 3, 2000); see also Issues and Decisions Memo for the Sunset Review of Gray Portland Cement and Cement Clinker from Mexico; Final Results from Jeffrey A. May to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated June 27 at 8-15; SKF USA, Inc. v. United States, 94 F. Supp.2d 1351(CIT 2000) remand aff'd Slip Op. 00-101 (CIT, Aug. 18, 2000). While the duty absorption finding may suggest that Mexican producers could engage in aggressive marketing efforts should the orders be revoked, I do not consider this finding alone to be sufficient to overcome the other evidence that leads me to conclude that subject imports would not be likely to have a significant adverse impact on domestic prices.

⁹⁸ COMPAS results support my conclusion, given that they show revocation of the Mexican order as having only limited price effects, in the order of 0.6 to 1.9 percent. CR at II-47, PR at II-27.

⁹⁹ Mexico Cement at A-53.

¹⁰⁰ Mexico Cement at A-53.

¹⁰¹ Mexico Cement at A-39.

¹⁰² Mexico Cement at A-53.

¹⁰³ Mexico Cement at A-53.

¹⁰⁴ CR and PR at Table C-1. The operating income margin was 23.8 percent in first-quarter 1999 and 24.8 percent in first-quarter 2000. Id.

Petitioners argue that their industry is significantly different from other industries the Commission has considered in previous investigations and that, consequently, the Commission should not view the cement industry's financial data in the same manner that it considers the financial data of other industries. Petitioners' Posthearing Brief at 28-30 and Final Comments at 2-4. However, the record does not include compelling evidence showing why the Commission should refrain from applying its usual approach to analyzing domestic industry data. Every industry that comes before the Commission exhibits unique characteristics, and the Commission applies a consistent analytical framework that takes such unique characteristics into account. This record contains insufficient evidence to indicate that the cement industry is sufficiently different from other capital intensive industries that have come before the Commission to warrant substantially varying the Commission's analysis.

¹⁰⁵ CR and PR at Table C-1.

million in 1997 to \$930 million in 1999.¹⁰⁶ In sum, the regional industry's overall financial condition has been very strong, with an increasingly positive trend throughout the period reviewed. Accordingly, I do not find the regional industry to be vulnerable.

Moreover, while the industry's current financial indicators show improved performance since the original investigation period, such improvement cannot simply be attributed to the existence of the orders. In the past several years, there has been a dramatic increase in demand in the region, which has outstripped domestic capacity and led to supply shortages. As a result, total import volumes, both absolutely and as a percentage of domestic consumption have increased substantially since the time of the original investigation period; the domestic industry has benefitted greatly from this demand increase, despite the presence of substantial volumes of nonsubject imports.

Nonsubject imports have increased dramatically, to levels above those of subject imports during the original period, as domestic producers have operated at high capacity utilization levels and reported supply shortages. Thus, despite the presence of substantial levels of nonsubject imports, the domestic regional industry has been operating at virtually peak capacity, which is likely to continue given projections of continued strong demand. Domestic producers are in the process of adding new capacity at this time, with Southern Tier producers reporting projects expected to lead to additional production capacity of more than *** short tons by 2001 and additional projected increases of roughly *** short tons by 2004.¹⁰⁷ While these increases will contribute to the domestic producers' ability to respond to high demand, it should also create an incentive to decrease the amount of nonsubject imports that they have brought into the market to supplement their own production.¹⁰⁸

As I discussed above, the record of these reviews indicates that the subject imports from Mexico and Japan are not likely to have significant adverse volume and price effects on the regional industry within the reasonably foreseeable future if the orders were revoked. Accordingly, I also find that the cumulated subject imports would not be likely to have a significant impact on the regional industry's cash flow, inventories, employment, wages, growth, ability to raise capital, investment or development efforts within a reasonably foreseeable time if the orders were revoked. Further, I find that revocation of the orders would not be likely to lead to a significant reduction in regional producers' output, sales, market share, profits, productivity, ability to raise capital, or return on investments within a reasonably foreseeable time.

Further, because this is a regional industry case, to maintain the orders, I am required to find that "all or almost all" of the regional industry would be likely to experience a continuation or recurrence of material injury. An examination of individual producer financial returns in the region shows that almost all of the regional industry is in quite solid current financial condition. For example, in 1999, 70.0 percent of the regional industry showed operating margins of *** percent or higher, more than 85.0 percent experienced returns of greater than *** and more than 90.0 percent showed returns of *** percent or higher.¹⁰⁹ In fact, almost one quarter of the regional producers showed very high operating returns of between *** and *** percent.¹¹⁰ If the order were revoked, increased imports may have some effect on some producers within the region. However, given that the large majority of the individual producers are experiencing such strong financial performance and high production levels despite the presence of large quantities of nonsubject imports, the limited likely increases in subject import volumes

¹⁰⁶ CR and PR at Table C-1. Profits increased by a further 4.3 percent, comparing interim periods. Id.

¹⁰⁷ See CR and PR at Table I-7.

¹⁰⁸ See, e.g., CR at I-46, nn. 61 and 62, PR at I-38, and Tr. at 34.

¹⁰⁹ See CR and PR at Table E-8.

¹¹⁰ See CR and PR at Table E-8.

and price effects in the event of revocation, and the much more stringent injury standard of a regional industry case, I cannot conclude that “all or almost all” of the regional industry is likely to experience a continuation or recurrence of material injury if the order is revoked.

Accordingly, I find that revocation of the order on Mexican cement is unlikely to have a significant impact on the regional industry within a reasonably foreseeable time.¹¹¹

C. CONCLUSION

In sum, I conclude that revocation of the orders on Japanese and Mexican cement imports are unlikely to cause a continuation or recurrence of material injury to all or almost all of the regional industries in the California and Southern Tier regions, respectively, within a reasonably foreseeable time.

¹¹¹ COMPAS model results further support my conclusion, showing revenue effects in the event of revocation of the Mexican order of between 2.0 to 7.1 percent. CR at II-47, PR at II-27.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On August 2, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping orders on gray portland cement and cement clinker from Japan and Mexico, and termination of the suspended antidumping and countervailing duty investigations on gray portland cement and cement clinker from Venezuela would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time (64 F.R. 41958). Effective November 4, 1999, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the tabulation below.¹

Effective date	Action
August 30, 1990	Commerce's antidumping duty order on Mexico (55 FR 35443)
May 10, 1991	Commerce's antidumping duty order on Japan (56 FR 21658)
February 27, 1992	Commerce suspended antidumping investigation on Venezuela (57 FR 6706)
March 17, 1992	Commerce suspended countervailing duty investigation on Venezuela (57 FR 9242)
August 2, 1999	Commission's institution of reviews (64 FR 41958)
November 4, 1999	Commission's decision to conduct full reviews (64 FR 62689, November 17, 1999)
March 3, 2000	Commerce's final results of expedited review of suspended countervailing duty investigation on Venezuela (65 FR 11554)
March 3, 2000	Commerce's final results of expedited review on Japan (65 FR 11549)
March 27, 2000	Commission's scheduling of the reviews (65 FR 17901, April 5, 2000)
July 3, 2000	Commerce's final results of full review on Mexico (65 FR 41049)
July 3, 2000	Commerce's final results of full review of suspended antidumping duty investigation on Venezuela (65 FR 41050)
August 15, 2000	Commission's hearing ¹
October 5, 2000	Commission's vote
October 20, 2000	Commission's determination transmitted to Commerce

¹ App. B presents the list of witnesses who appeared at the hearing.

¹ The Commissions' notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address www.usitc.gov). Commissioners' votes on whether to conduct an expedited or full review may also be found at the web site.

The Original Investigations

Mexico

On September 26, 1989, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of gray portland cement and cement clinker from Mexico.² On July 18, 1990, Commerce made a final affirmative dumping determination, with margins as follows: CEMEX, 58.38 percent; Apasco, 53.26 percent; Cementos Hidalgo, 3.69 percent; and “all others,” 58.05 percent. The Commission made its final affirmative injury determination on August 23, 1990. In making its determination, the Commission concluded “appropriate circumstances” existed for a regional industry analysis with the region consisting of U.S. producers in the “Southern-tier Region.”³ Commerce issued an antidumping duty order on August 30, 1990.

Japan

On May 18, 1990, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of gray portland cement and cement clinker from Japan.⁴ On March 22, 1991, Commerce made a final affirmative dumping determination, with margins as follows: Onoda, 47.79 percent; Nihon, 84.70 percent; and “all others,” 65.22 percent. The Commission made its final affirmative injury determination on April 29, 1991. In making its determination, the Commission concluded “appropriate circumstances” existed for a regional industry analysis with the region consisting of U.S. producers in the “Southern California Region.”⁵ Commerce issued an antidumping duty order on May 10, 1991.

² The petition was filed on behalf of the Ad Hoc Committee of AZ-NM-TX-FL Producers of Gray Portland Cement. The Committee members were as follows: BoxCrow Cement; Florida Crushed Stone; Gifford-Hill & Co.; Ideal Basic Industries; Phoenix Cement Co.; Southwestern Portland Cement Co., Inc. (Southdown); and Texas Industries.

³ The Southern-tier region consists of the States of Florida, Alabama, Mississippi, Louisiana, Texas, New Mexico, Arizona, and California. As originally filed, petitioner requested the region consist only of the States of Arizona, New Mexico, Texas, and Florida; however, the Commission enlarged the region to consist of the eight aforementioned States.

⁴ The petition was filed on behalf of the Ad Hoc Committee of Southern California Producers of Gray Portland Cement. The Committee members were National Cement Co. and Southwestern Portland Cement. An amendment to the petition added the following co-petitioners: Independent Workers of North America, Locals 49, 52, 89, 192, and 471, and the International Union of Operating Engineers, Local 12. These unions represented the workers at the following plants: Southdown/Victorville, National/Lebec, Calaveras/Tehachapi, CPC/Colton, CPC/Mojave, and TXI Riverside/Oro Grande.

⁵ The Southern California region consists of the southern portion of the State of California, as defined by the U.S. Geological Survey (USGS), which includes the counties of San Luis Obispo, Kern, Inyo, Mono, Santa Barbara, Ventura, Los Angeles, San Bernardino, Orange, Riverside, San Diego, and Imperial.

Venezuela

On May 21, 1991, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of subsidized and dumped imports of gray portland cement and cement clinker from Venezuela.^{6 7} On August 21, 1991, Commerce made a preliminary determination that bounties or grants were being provided to manufacturers, producers, or exporters in Venezuela of gray portland cement and cement clinker in the following amounts: 0.0 percent for Vencemos and 3.63 percent for Caribe and “all others.” On November 11, 1991, Commerce made a preliminary dumping determination, with margins as follows: Vencemos, 49.20 percent; Caribe, 50.02 percent; and “all others,” 49.26 percent. Subsequent to the aforementioned preliminary findings, Commerce suspended the antidumping investigation on February 27, 1992,⁸ and the countervailing duty investigation on March 17, 1992.

Data Presentation In This Report

As noted in the previous sections, the Commission found, in each of the original investigations, that “appropriate circumstances” existed for a regional analysis. Consequently, trade and financial data in this report are presented on a regional basis with the three regions being identified, corresponding to those in the original investigations, as: Southern-tier, Southern California, and Florida. Additionally, data are presented on the U.S. (National) industry for the years 1997 through 1999 and interim periods of January-March 1999 and 2000. Data for the U.S. (National) industry combine data from producers in the eight states of the aforementioned Southern-tier region⁹ with data gathered from producer operations in the remaining states outside the region. These data were gathered at the request of the Mexican respondents in order for the Commission to consider the industry on a national basis.^{10 11}

In this report, the term “Southern-tier” is used in reference to the Mexican review and all tables concerning the “Southern-tier” end in the capital letter A.¹² Similarly, the term “Southern California”

⁶ The petition was filed on behalf of the Ad Hoc Committee of Florida Producers of Gray Portland Cement. The Committee members were as follows: Southdown, Florida Crushed Stone, and Tarmac America.

⁷ In making its preliminary determination, the Commission concluded “appropriate circumstances” existed for a regional industry analysis with the region consisting of U.S. producers in the State of Florida (Florida region).

⁸ The basis for the suspension was an agreement by Vencemos and Caribe, producers/exporters which, at the time, accounted for substantially all of the subject products from Venezuela, to make necessary price revisions to eliminate completely any amount by which the foreign market value of their merchandise exceeded the United States price of the subject merchandise.

⁹ The Southern California region and the Florida region are part of the larger Southern-tier region.

¹⁰ National industry data were not collected in any of the three original investigations; hence, historical data are not presented in table I-1D.

¹¹ In all but one of the 14 investigations concerning gray portland cement, the Commission has used a regional industry analysis. In the 1986 investigation concerning imports from eight countries, petitioner, while noting that cement was sold in regional markets, argued that producers in all regional markets were being injured, and the Commission could, therefore, view injury on a national basis. The Commission made a unanimous negative determination at the preliminary stage of the investigation. *Portland Hydraulic Cement and Cement Clinker from Colombia, France, Greece, Japan, Mexico, the Republic of Korea, Spain, and Venezuela*, Investigations Nos. 731-TA-356 through 363 (Preliminary), USITC Pub. 1925, December 1986.

¹² Petitioners have suggested that the Commission may wish to consider a California-Arizona-New Mexico-Texas region, stating they believe it to be more isolated than the Southern-tier region. Petitioners’ prehearing brief, (continued...)

relates to the Japanese review with tables ending in the capital letter **B**,¹³ and the term “Florida” relates to the Venezuelan review with tables ending in the capital letter **C**. Tables relevant to the U.S. (National) industry as a whole end in the capital letter **D**.

Consumption in this report, both regionally and nationally, is computed from USGS annual and monthly data. In the case of gray portland cement, it is based on shipment data, while in the case of cement clinker, it is based on production data. For the regional tables, “within region” and “outside region” shipments are based on the Commission’s producer questionnaires. Imports are based on official statistics of Commerce by Customs districts located in the region in question. It is assumed that, with the exception of the New Orleans Customs district,¹⁴ imports shown in the official statistics are sold within the region in which they are received. To the extent that any of these imports are shipped directly to consignees outside the region in question, consumption for a given region may be slightly overstated. Finally, the amount of consumption supplied by U.S. producers outside the respective regions is derived by subtracting “within region” shipments and imports from consumption.

SUMMARY DATA

Tables I-1A, I-1B, and I-1C present a summary of data from the original investigations and from these reviews. Table I-1D presents summary data for the U.S. industry as a whole for the years 1997 through 1999.¹⁵ As noted previously, data in this table combine data from producers in the eight states of the aforementioned Southern-tier region with data gathered from producer operations in the remaining states outside the Southern-tier.

¹² (...continued)

exhibit 13. Data reflecting this region are presented in appendix table C-5.

¹³ Petitioners have suggested that the Commission may wish to consider a State of California region, stating they believe it to be more isolated than the Southern California Region. Petitioners’ prehearing brief, exhibit 11. Data reflecting this region are presented in appendix table C-6.

¹⁴ Based on analysis of importer questionnaires of those importers bringing product through New Orleans, 30 percent of the import tonnage for New Orleans was sold in and was assigned to the Southern-tier, with the balance having been shipped to importers of record outside the region.

¹⁵ National data were not collected in the three original investigations; hence, there are no historical data to present.

Table I-1A

Gray portland cement: SOUTHERN-TIER REGION summary data presenting selected items from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1986-89 and 1997-99

Item	1986	1987	1988	1989	1997	1998	1999
<i>(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)</i>							
GRAY PORTLAND CEMENT:							
Southern-tier consumption quantity:							
Amount	32,325	31,639	32,109	32,991	36,152	39,052	43,135
Producers' share	69.1	68.3	69.3	69.7	75.6	69.7	65.1
Importers' share:							
Mexico	8.7	10.7	12.6	10.7	2.7	3.2	2.8
Japan	1.0	1.6	3.8	5.2	0.0	0.0	0.1
Venezuela ¹					2.4	2.2	2.3
Subtotal	9.7	12.3	16.4	15.9	5.1	5.5	5.2
All other	10.7	8.7	8.7	6.5	12.5	19.7	24.8
Total imports	20.4	23.3	25.0	22.4	17.6	25.2	30.0
Shares of SOUTHERN-TIER consumption supplied by--							
Producers and importers WITHIN region	89.5	91.6	94.3	92.1	93.2	94.9	95.1
Producers OUTSIDE region	10.5	8.5	5.7	7.9	6.8	5.1	4.9
Southern-tier imports from:							
Mexico:							
Quantity	2,959	3,535	4,132	3,553	978	1,262	1,216
Value	101,440	120,854	124,310	114,346	34,858	45,318	44,861
Unit value	\$34.28	\$34.19	\$30.08	\$32.18	\$35.65	\$35.91	\$36.90
Japan:							
Quantity	349	486	1,222	1,726	²	16	32
Value	11,977	17,373	40,361	54,567	87	768	1,384
Unit value	\$34.32	\$35.75	\$33.03	\$31.61	\$707.23	\$48.80	\$43.38
Venezuela:¹							
Quantity					866	861	983
Value					40,160	40,013	46,910
Unit value					\$46.35	\$46.46	\$47.71
Subtotal:							
Quantity	3,308	4,022	5,354	5,278	1,844	2,139	2,231
Value	113,418	138,226	164,671	168,913	75,106	86,098	93,155
Unit value	\$34.29	\$34.37	\$30.76	\$32.00	\$40.72	\$40.26	\$41.75
Table continued on next page.							

I-5

Table I-1A--Continued

Gray portland cement: SOUTHERN-TIER summary data presenting selected items from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1986-89 and 1997-99

Item	1986	1987	1988	1989	1997	1998	1999
(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)							
GRAY PORTLAND CEMENT--Continued							
Southern-tier imports from--Continued							
All other sources:							
Quantity	3,670	3,723	3,001	2,205	4,521	7,709	10,705
Value	132,402	125,754	101,368	86,526	203,191	344,513	448,966
Unit value	\$36.08	\$33.78	\$33.78	\$39.24	\$44.94	\$44.69	\$41.94
All sources:							
Quantity	6,978	7,745	8,355	7,483	6,366	9,847	12,936
Value	245,820	263,980	266,039	255,440	278,297	430,612	542,121
Unit value	\$35.23	\$34.08	\$31.84	\$34.14	\$43.72	\$43.73	\$41.91
Southern-tier producers'³							
Capacity	34,279	35,126	34,332	34,211	35,375	35,458	35,831
Production	24,471	24,124	24,786	25,689	32,321	32,198	33,181
Capacity utilization	70.1	68.3	72.2	75.1	91.4	90.8	92.6
Shipments INSIDE region:							
Quantity	22,326	21,600	22,247	23,008	27,333	27,204	28,097
Value	1,100,187	983,948	983,374	1,047,138	1,746,440	1,849,499	1,981,786
Unit value	\$49.28	\$45.55	\$44.20	\$45.51	\$63.89	\$67.99	\$70.53
Shipments OUTSIDE region:							
Quantity	2,219	2,381	2,681	2,697	4,652	4,949	5,225
Value	104,340	96,346	109,992	113,170	282,727	320,508	326,687
Unit value	\$47.02	\$41.30	\$41.03	\$41.96	\$60.77	\$64.76	\$62.52
Production workers	4,437	4,051	3,739	3,593	3,282	3,304	3,447
Hours worked (1,000s)	9,668	8,985	8,425	8,304	7,225	7,146	7,382
GRAY PORTLAND CEMENT AND CEMENT CLINKER:							
Southern-tier producers'²							
Net sales (value)	1,248,834	1,160,080	1,157,101	1,194,420	2,038,329	2,200,554	2,341,125
COGS (value)	1,048,857	972,417	1,002,271	1,030,705	1,296,277	1,365,319	1,410,697
Gross profit (value)	199,977	187,663	154,830	163,715	742,052	835,235	930,428
Operating income (value)	105,608	95,549	64,870	66,818	591,915	671,815	757,410
Operating income or (loss)/sales (percent)	8.5	8.2	5.6	5.6	29.0	30.5	32.4
¹ 1986-89 imports from Venezuela included in imports from all other sources. ² Less than 500 short tons. ³ During the original investigation all but three Southern-tier producers supplied trade and financial information. Responding producers accounted for 96 percent of active capacity during 1986-89. In the present review, coverage from producers is 100 percent. Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.							

Table I-1B

Gray portland cement: SOUTHERN CALIFORNIA REGION summary data presenting selected items from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1986-90 and 1997-99

Item	1986	1987	1988	1989	1990	1997	1998	1999
<i>(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)</i>								
GRAY PORTLAND CEMENT:								
Southern California consumption quantity:								
Amount	7,115	7,302	8,409	8,807	8,064	6,485	6,999	8,263
Producers' share	78.5	72.9	69.3	67.1	69.2	77.3	67.4	61.7
Importers' share:								
Mexico	8.2	8.5	7.6	6.8	10.6	0.3	0.4	0.6
Japan	4.9	6.7	14.1	18.2	14.7	0.0	0.2	0.4
Venezuela ¹						0.0	0.0	0.0
Subtotal	13.1	15.2	21.7	25.0	25.3	0.3	0.6	1.0
All other	7.5	10.8	7.3	6.3	3.9	16.8	30.0	29.8
Total imports	20.7	26.0	29.0	31.3	29.2	17.1	30.6	30.8
Shares of SOUTHERN CALIFORNIA consumption supplied by--								
Producers and importers WITHIN region	99.2	98.9	98.3	98.4	98.4	94.4	98.0	92.5
Producers OUTSIDE region	0.8	1.1	1.7	1.6	1.6	5.6	2.0	7.5
Southern California imports from:								
Mexico:								
Quantity	586	624	642	595	857	21	29	49
Value	21,046	21,456	21,205	19,303	29,533	846	996	1,809
Unit value	\$33.91	\$34.38	\$33.03	\$32.44	\$34.46	\$40.45	\$34.74	\$36.70
Japan:								
Quantity	349	486	1,183	1,607	1,186	0	16	32
Value	11,926	17,373	38,756	50,115	40,751	0	702	1,328
Unit value	\$34.17	\$35.75	\$32.76	\$31.19	\$34.33	\$0.00	\$44.91	\$41.73
Venezuela:¹								
Quantity						0	0	0
Value						0	0	0
Unit value						\$0.00	\$0.00	\$0.00
Subtotal:								
Quantity	934	1,110	1,825	2,201	2,043	21	44	81
Value	32,972	38,829	59,961	69,418	70,284	846	1,698	3,137
Unit value	\$35.30	\$34.98	\$32.86	\$31.54	\$34.40	\$40.45	\$38.32	\$38.67

Table continued on next page.

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Table I-1B--Continued

Gray portland cement: SOUTHERN CALIFORNIA REGION summary data presenting selected items from the original investigation and current reviews on Mexico, Japan, and Venezuela, 1986-90 and 1997-99

Item	1986	1987	1988	1989	1990	1997	1998	1999
(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)								
GRAY PORTLAND CEMENT:								
Southern California imports from--Continued								
All other sources:								
Quantity	535	790	614	552	315	1,089	2,099	2,465
Value	18,590	24,232	19,054	21,339	13,226	54,411	91,410	94,069
Unit value	\$34.75	\$30.67	\$31.03	\$38.66	\$41.99	\$49.97	\$43.54	\$38.17
All sources:								
Quantity	1,470	1,901	2,439	2,753	2,358	1,110	2,144	2,546
Value	51,562	63,061	79,015	90,757	83,510	55,257	93,108	97,205
Unit value	\$35.08	\$33.17	\$33.40	\$32.97	\$35.42	\$49.79	\$43.44	\$38.18
Southern California producers'--								
Capacity	8,558	8,558	8,305	8,353	8,453	8,521	8,554	8,704
Production	6,521	6,185	6,852	7,224	6,784	7,920	7,840	8,173
Capacity utilization	76.2	72.3	82.5	86.5	80.3	93.0	91.6	93.9
Shipments INSIDE region:								
Quantity	5,588	5,325	5,830	5,906	5,579	5,010	4,715	5,099
Value	348,251	317,915	317,575	334,749	325,743	299,201	305,224	346,696
Unit value	\$62.32	\$59.70	\$54.47	\$56.68	\$58.39	\$59.72	\$64.74	\$67.99
Shipments OUTSIDE region:								
Quantity	929	773	1,043	1,305	1,173	2,979	3,108	3,010
Value	55,731	45,252	57,317	71,806	68,163	180,631	211,020	199,633
Unit value	\$59.99	\$58.54	\$54.95	\$55.02	\$58.11	\$60.63	\$67.90	\$66.32
Production workers	1,146	1,072	986	965	960	771	809	805
Hours worked (1,000s)	2,666	2,538	2,330	2,305	2,172	1,807	1,862	1,905
GRAY PORTLAND CEMENT AND CEMENT CLINKER:								
Southern California producers'--								
Net sales (value)	392,135	378,378	378,979	395,894	368,509	496,895	541,801	577,206
COGS (value)	314,736	297,833	315,159	314,012	294,707	352,408	366,667	388,025
Gross profit (value)	77,399	80,545	63,820	81,882	73,802	144,487	175,124	189,181
Operating income (value)	53,099	59,415	44,743	59,912	50,010	107,913	134,591	147,537
Operating income or (loss)/sales (percent)	13.5	15.7	7.5	12.4	6.3	21.7	24.8	25.6
¹ 1986-90 imports from Venezuela included in imports from all other sources.								
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.								

Table I-1C

Gray portland cement: FLORIDA REGION summary data presenting selected items from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1988-91 and 1997-99

Item	1988	1989	1990	1991	1997	1998	1999
<i>(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)</i>							
GRAY PORTLAND CEMENT:							
U.S. consumption quantity:							
Amount	6,990	6,729	5,989	4,564	7,093	7,592	8,336
Producers' share	47.4	50.6	52.6	58.7	50.9	46.4	44.0
Importers' share:							
Mexico	22.5	23.4	7.1	0.0	0.0	0.0	0.0
Japan ¹					0.0	0.0	0.0
Venezuela	5.9	6.6	18.7	18.2	12.1	10.2	10.3
Subtotal	28.4	30.0	25.8	18.2	12.1	10.2	10.3
All other	18.2	13.5	13.3	10.3	25.6	32.4	36.6
Total imports	46.6	43.5	39.2	28.6	37.8	42.6	46.9
Shares of FLORIDA consumption supplied by--							
Producers and importers WITHIN region	94.0	94.1	91.8	87.3	88.7	89.0	90.9
Producers OUTSIDE region	6.0	5.9	8.2	12.7	11.3	11.0	9.1
Florida. imports from:							
Mexico:							
Quantity	1,570	1,577	428	0	0	0	0
Value	44,847	50,385	14,998	0	0	0	0
Unit value	\$28.56	\$31.95	\$35.04	\$0.00	\$0.00	\$0.00	\$0.00
Japan:¹							
Quantity					0	0	0
Value					0	0	0
Unit value					\$0.00	\$0.00	\$0.00
Venezuela:							
Quantity	414	444	1,120	762	861	777	861
Value	14,460	16,782	42,137	31,661	39,897	36,103	41,082
Unit value	\$34.93	\$37.80	\$37.62	\$41.55	\$46.36	\$46.49	\$47.72
Subtotal:							
Quantity	1,984	2,021	1,548	762	861	777	861
Value	59,307	67,617	57,135	31,661	39,897	36,103	41,082
Unit value	\$29.89	\$33.46	\$36.91	\$41.55	\$46.36	\$46.49	\$47.72
Table continued on next page.							

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Table I-1C--Continued

Gray portland cement and cement clinker: FLORIDA REGION summary data presenting selected items from the original and current investigations on Mexico, Japan, and Venezuela, 1988-91 and 1997-99

Item	1988	1989	1990	1991	1997	1998	1999
(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)							
GRAY PORTLAND CEMENT--Continued							
Florida imports from--Continued							
All other sources:							
Quantity	1,275	908	798	432	1,818	2,457	3,051
Value	43,933	36,908	30,318	17,223	76,011	107,222	131,323
Unit value	\$34.46	\$40.65	\$37.99	\$39.87	\$41.82	\$43.63	\$43.04
All sources:							
Quantity	3,259	2,929	2,347	1,195	2,678	3,234	3,912
Value	103,239	104,075	87,454	48,884	115,908	143,325	172,405
Unit value	\$31.68	\$35.53	\$37.26	\$40.91	\$43.28	\$44.32	\$44.07
Florida producers'--							
Capacity	4,516	4,516	4,516	4,516	4,316	4,331	4,504
Production	2,928	2,978	2,658	2,515	3,802	3,625	3,863
Capacity utilization	76.0	78.5	72.4	61.3	88.1	83.7	85.8
U.S. shipments INSIDE region:							
Quantity	3,313	3,404	3,153	2,678	3,612	3,524	3,669
Value	130,589	144,881	137,658	120,466	217,329	218,030	232,892
Unit value	\$39.42	\$42.57	\$43.66	\$44.99	\$60.17	\$61.87	\$63.48
U.S. shipments OUTSIDE region:							
Quantity	123	122	95	76	158	132	198
Value	3,827	3,828	3,006	2,446	9,761	8,432	15,671
Unit value	\$31.11	\$31.38	\$31.64	\$33.31	\$61.78	\$63.88	\$79.15
Production workers	447	434	445	410	416	398	416
Hours worked (1,000s)	968	132	123	934	1,014	953	952
GRAY PORTLAND CEMENT AND CEMENT CLINKER:							
Florida producers'--							
Net sales (value)	134,231	151,661	139,315	127,309	227,713	227,485	252,828
COGS (value)	117,823	122,772	116,824	110,205	151,474	149,311	153,362
Gross profit or (loss)	16,408	28,889	22,491	17,104	76,239	78,174	99,466
Operating income or (loss) (value)	2,221	11,692	5,388	(782)	56,810	58,046	79,483
Operating income or (loss)/sales (percent)	1.7	7.7	3.9	(0.6)	24.9	25.5	31.4
¹ 1988-91 imports from Japan included in imports from all other sources.							
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.							

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Table I-1D

Gray portland cement: U.S. (NATIONAL) industry summary data presenting selected items from the current reviews on Mexico, Japan, and Venezuela, 1997-99

Item	1997	1998	1999
<i>(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)</i>			
GRAY PORTLAND CEMENT:			
U.S. consumption quantity:			
Amount	104,152	111,169	116,450
Producers' share	85.1	81.1	77.4
Importers' share:			
Mexico	0.9	1.1	1.0
Japan	0.0	0.0	0.0
Venezuela	1.3	1.3	1.6
Subtotal	2.2	2.5	2.7
All other	12.6	16.5	19.9
Total imports	14.9	18.9	22.7
Shares of consumption supplied by--			
Responding producers/all importers	72.1	69.7	68.9
All other producers	13.0	11.4	8.5
U.S. imports from:			
Mexico:			
Quantity	978	1,262	1,216
Value	34,858	45,318	44,861
Unit value	\$35.65	\$35.91	\$36.90
Japan:			
Quantity	1	23	33
Value	252	1,368	1,873
Unit value	\$675.03	\$59.78	\$57.09
Venezuela:			
Quantity	1,338	1,462	1,907
Value	60,640	66,542	89,098
Unit value	\$45.32	\$45.50	\$46.72
Subtotal:			
Quantity	2,316	2,747	3,156
Value	95,750	113,228	135,832
Unit value	\$41.34	\$41.22	\$43.04
Table continued on next page.			

Table I-1D--Continued

Gray portland cement and cement clinker: U.S. (NATIONAL) industry summary data presenting selected items from the current reviews on Mexico, Japan, and Venezuela, 1997-99

Item	1997	1998	1999
<i>(Quantity in 1,000 tons, value in 1,000 dollars, and unit values are per ton)</i>			
GRAY PORTLAND CEMENT--Continued			
U.S. imports from--Continued			
All other sources:			
Quantity	13,165	18,303	23,223
Value	612,376	824,487	1,012,351
Unit value	\$46.52	\$45.05	\$43.59
All sources:			
Quantity	15,481	21,050	26,379
Value	708,125	937,714	1,148,182
Unit value	\$45.74	\$44.55	\$43.53
U.S. producers'--			
Capacity	80,471	80,928	82,266
Production	75,223	76,222	78,409
Capacity utilization	93.5	94.2	95.3
U.S. shipments:			
Quantity	75,111	77,489	80,120
Value	5,026,925	5,426,160	5,703,951
Unit value	\$66.93	\$70.03	\$71.11
Production workers	6,777	6,843	7,030
Hours worked (1,000s)	15,206	15,125	15,570
GRAY PORTLAND CEMENT AND CEMENT CLINKER:			
National producers'--			
Net sales (value)	5,060,620	5,494,704	5,790,476
COGS (value)	3,256,853	3,495,251	3,695,137
Gross profit or (loss)	1,803,767	1,999,453	2,095,339
Operating income (value)	1,404,457	1,563,836	1,641,733
Operating income/sales (percent)	27.8	28.5	28.4
¹ Less than 500 short tons.			
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.			

THE DOMESTIC MARKET

The cement industry is both cyclical¹⁶ and capital intensive. Because of its low value-to-weight ratio and fungible character, transportation costs are an important limiting factor on the shipment of gray portland cement. Nearly 80 percent of producers' gray portland cement shipments in the Southern-tier are shipped to customers located within 200 miles of the production site. With respect to imported product, Southern-tier importers of gray portland cement shipped virtually all of their imports of gray portland cement within a 200-mile radius. Table I-2 presents the distribution of producers' and importers' shipments and average transportation costs, by distances, for the Southern-tier, Southern California, Florida, and the United States (National).

STATUTORY CRITERIA FOR REGIONAL ANALYSIS

Tables I-3A, I-3B, and I-3C present a summary of data from the original investigations and from these reviews relating to the statutory criteria for regional analysis.

¹⁶ In responses to the Commission's producer questionnaire, producers operating 34 of the 37 plants in the Southern-tier noted the gray portland cement and cement clinker industry is cyclical in nature and generally dependent on construction activity (be it infrastructure or residential activity) in their particular region. Sixteen Southern-tier importers and 36 Southern-tier purchasers made similar observations.

Table 1-2

Gray portland cement: Southern-tier, Southern California, Florida, and U.S. (National) producers' and importers' share of shipments and average transportation costs, by miles shipped, 1999

Item	Miles shipped				
	0-99 miles	100-199 miles	200-299 miles	300-499 miles	500 miles or more
Share of shipments (percent)					
Producers located in--					
Southern-tier	40.3	39.6	13.2	6.8	0.1
Southern California	31.7	43.3	15.9	***	***
Florida	70.2	14.8	***	***	***
U.S. (National)	49.9	32.2	12.9	4.9	0.7
Importers located in--					
Southern-tier	89.0	10.0	***	***	***
Southern California	***	***	***	***	***
Florida	90.6	***	***	***	***
U.S. (National)	79.4	16.2	3.4	***	***
Average transportation costs (per ton)					
Producers located in--					
Southern-tier	\$7.50	\$13.91	\$19.41	\$24.53	\$41.55
Southern California	7.02	12.97	18.49	***	***
Florida	7.00	14.50	***	***	***
U.S. (National)	8.02	14.16	19.61	22.78	33.26
Importers located in--					
Southern-tier	\$7.08	\$13.02	***	***	***
Southern California	***	***	***	***	***
Florida	5.37	***	***	***	***
U.S. (National)	5.93	11.06	\$16.00	***	***
Source: Compiled from data in response to Commission questionnaires.					

Table I-3A

Gray portland cement: SOUTHERN-TIER summary data concerning statutory criteria for regional analysis from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1986-89 and 1997-99

Item	1986	1987	1988	1989	1997	1998	1999
(In percent, based on quantity)							
Share of--							
Regional producers' shipments made within region	91	90	89	90	85	85	85
Regional consumption supplied by U.S. producers outside region	10	8	6	8	7	5	5
Region's share of--							
Total imports from Mexico	95	95	92	91	100	100	100
Total imports from Japan	68	71	75	79	1	70	97
Total imports from Venezuela	2	2	2	2	65	59	52
Ratio of imports from Mexico to consumption--							
Within region	9	11	13	11	3	3	3
Outside region	1	1	1	1	0	0	0
Ratio of imports from Japan to consumption--							
Within region	1	2	4	5	0	0	0
Outside region	1	1	1	1	0	0	0
Ratio of imports from Venezuela to consumption--							
Within region	2	2	2	2	2	2	2
Outside region	1	2	2	2	1	1	1
Ratio of imports from Mexico, Japan, and Venezuela to consumption--							
Within region	10	12	16	16	5	6	5
Outside region	1	1	1	1	1	1	1
¹ Less than 0.5 percent. ² Not available.							
Source: 1986-89 data compiled from <i>Gray Portland Cement and Cement Clinker from Mexico</i> , Investigation No. 731-TA-451 (Final), USITC Pub. 2305, August 1990. 1997-99 data compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.							

Table I-3B

Gray portland cement: SOUTHERN CALIFORNIA summary data concerning statutory criteria for regional analysis from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1986-90 and 1997-99

Item	1986	1987	1988	1989	1990	1997	1998	1999
(In percent, based on quantity)								
Share of--								
Regional producers' shipments made within region	87	87	85	82	83	63	60	63
Regional consumption supplied by U.S. producers outside region	1	1	2	2	2	6	2	8
Region's share of--								
Total imports from Mexico	19	17	14	15	40	1	1	1
Total imports from Japan	68	71	73	74	61	1	70	97
Total imports from Venezuela	2	2	2	2	2	0	0	0
Ratio of imports from Mexico to consumption--								
Within region	8	9	8	7	11	1	1	1
Outside region	3	4	5	4	2	1	1	1
Ratio of imports from Japan to consumption--								
Within region	5	7	14	18	15	0	1	1
Outside region	1	1	1	1	1	0	1	1
Ratio of imports from Venezuela to consumption--								
Within region	2	2	2	2	2	0	0	0
Outside region	2	2	2	2	2	0	0	0
Ratio of imports from Mexico, Japan, and Venezuela to consumption--								
Within region	13	15	22	25	25	1	1	1
Outside region	3	4	5	5	3	1	1	1
¹ Less than 0.5 percent. ² Not available.								
Source: 1986-90 data compiled from <i>Gray Portland Cement and Cement Clinker from Japan</i> , Investigation No. 731-TA-461 (Final), USITC Pub. 2376, April 1991. 1997-99 data compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.								

Table I-3C

Gray portland cement: FLORIDA summary data concerning statutory criteria for regional analysis from the original investigations and current reviews on Mexico, Japan, and Venezuela, 1988-91 and 1997-99

Item	1988	1989	1990	1991	1997	1998	1999
(In percent, based on quantity)							
Share of--							
Regional producers' shipments made within region	96	97	97	97	96	96	95
Regional consumption supplied by U.S. producers outside region	6	6	8	13	11	11	9
Region's share of--							
Total imports from Mexico	35	40	20	0	0	0	0
Total imports from Japan	1	1	1	1	0	0	0
Total imports from Venezuela	66	64	83	98	64	53	45
Ratio of imports from Mexico to consumption--							
Within region	23	23	7	0	0	0	0
Outside region	4	3	2	1	0	0	0
Ratio of imports from Japan to consumption--							
Within region	1	1	1	1	0	0	0
Outside region	1	1	1	1	0	0	0
Ratio of imports from Venezuela to consumption--							
Within region	6	7	19	18	12	10	10
Outside region	2	2	2	2	2	1	1
Ratio of imports from Mexico, Japan, and Venezuela to consumption--							
Within region	29	30	26	18	12	10	10
Outside region	4	3	2	1	2	1	1
¹ Not available. ² Less than 0.5 percent.							
Source: 1988-91 data compiled from <i>Gray Portland Cement and Cement Clinker from Venezuela, Prehearing Report</i> , Investigation No. 303-TA-21 (Final), March 1992. 1997-99 data compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.							

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”¹⁷

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) 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.

¹⁷ Certain transition rules apply to the scheduling of reviews (such as these) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution.

(3) *PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) *IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--*

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

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

The Commission shall evaluate all such relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in these reviews is presented in appendix C. Southern-tier industry data are based on questionnaire responses of producers that accounted for all Southern-tier production of gray portland cement and cement clinker during 1999; hence, as subsets of the Southern-tier, Southern California industry data and Florida industry data are based on questionnaire responses of producers that accounted for all production of gray portland cement and cement clinker in those regions during 1999. U.S. (National) industry data are based on questionnaire responses of producers that accounted for 85 percent of U.S. production of gray portland cement and cement clinker during 1999. U.S. import data are based on official statistics.¹⁸ Responses by U.S. producers, importers, and purchasers of gray portland cement and cement clinker and producers of gray portland cement and cement clinker in Japan, Mexico, and Venezuela to a series of questions concerning the significance of the existing antidumping orders and suspension agreements and the likely effects of revocation and termination of same are presented in memoranda INV-X-167 and INV-X-168, July 26, 2000.

¹⁸ Importers' questionnaire responses accounted for all imports of gray portland cement and cement clinker from Mexico, more than 85 percent from Venezuela (on a national basis), and virtually all imports from Venezuela into the Southern-tier in 1999. No questionnaire respondents reported imports from Japan.

COMMERCE'S RESULTS OF EXPEDITED/FULL REVIEWS

Mexico

On June 27, 2000, Commerce, in a full review, found that revocation of the antidumping duty order on gray portland cement and cement clinker from Mexico would likely lead to continuation or recurrence of dumping as follows: CEMEX/GCCC/Hidalgo, 91.94 percent; Apasco, 53.26 percent; and "all others," 59.91 percent.¹⁹ Commerce made a duty absorption determination with respect to this order in its most recent administrative review, finding that duties were absorbed by CEMEX/GCCC on 99.96 percent of sales through its U.S. affiliated parties.²⁰

Japan

On March 3, 2000, in an expedited review, Commerce found that revocation of the antidumping duty order on gray portland cement and cement clinker from Japan would likely lead to continuation or recurrence of dumping as follows: Nihon, 69.89 percent; Onoda, 70.52 percent; and "all others," 70.23 percent.²¹ Commerce has not issued a duty absorption determination with respect to this order. Given the fact that Nihon and Onoda no longer exist, the margin most relevant is the 70.23 percent "all others" margin.

Venezuela

On March 3, 2000, Commerce, in an expedited review, found that termination of the suspended countervailing duty investigation on gray portland cement and cement clinker from Venezuela would be likely to lead to continuation or recurrence of a countervailable subsidy. On July 3, 2000, Commerce, in a full review, found that termination of the suspended antidumping investigation on gray portland cement and cement clinker from Venezuela would likely lead to continuation or recurrence of dumping as follows: Vencemos, 50.02 percent; Caribe, 49.20 percent; and "all others," 49.26 percent.²² Commerce has not issued a duty absorption determination with respect to this suspended investigation.

¹⁹ Commerce's notices are presented in app. A.

²⁰ 65 FR 13943, March 15, 2000.

²¹ Commerce's notice is presented in app. A.

²² Id.

COMMERCE'S ADMINISTRATIVE REVIEWS

Mexico

Commerce has conducted eight administrative reviews of the antidumping duty order on gray portland cement and cement clinker from Mexico. These reviews involved only imports from CEMEX and its affiliate, GCCC, which Commerce treated as one entity. The present cash deposit rate is 45.98 percent for CEMEX/GCCC, 53.26 percent for Apasco, and 61.85 percent for "all others." Results of the administrative reviews are shown in the following tabulation:

Period of review	Date review results issued or amended	Margins (percent)
4/12/90-7/31/91	February 7, 1997 (62 FR 5800)	30.74-61.42
8/1/91-7/31/92	September 8, 1993 (58 FR 47253) and <u>Final Results of Redetermination Pursuant to Court Remand, CIT,</u> September 27, 1996	58.05-109.43
8/1/92-7/31/93	May 19, 1995 (60 FR 26865)	61.35-61.85
8/1/93-7/31/94	April 10, 1997 (62 FR 17581)	61.85-109.43
8/1/94-7/31/95	May 5, 1997 (62 FR 24416)	61.35-73.69
8/1/95-7/31/96	May 4, 1998 (63 FR 24529)	37.49-61.85
8/1/96-7/31/97	March 17, 1999 (64 FR 13148)	49.58-61.85
8/1/97-7/31/98	March 15, 2000 (65 FR 13943)	45.98-61.85

Japan

Commerce has conducted three administrative reviews of the antidumping duty order on gray portland cement and cement clinker from Japan. These reviews involved only Onoda, which no longer exists; hence, the present cash deposit rate for all Japanese producers and exporters is 70.23 percent. Results of the administrative reviews are shown in the following tabulation:

Period of review	Date review results issued or amended	Margins (percent)
10/31/90-4/30/92	October 18, 1993 (58 FR 53705) and <u>Final Results of Redetermination Pursuant to Court Remand, CIT,</u> February 22, 1996	33.95-63.73
5/1/92-4/30/93	August 23, 1995 (60 FR 43761)	24.27-70.23
5/1/93-4/30/94	December 20, 1996 (61 FR 67308)	30.12-70.23

ANTIDUMPING DUTIES COLLECTED

Table I-4 presents the actual amount of customs duties collected under the antidumping duty orders from 1994 to 1999.²³

Table I-4
Gray portland cement and cement clinker: Actual duties collected and imports from Mexico, fiscal years 1994-99¹

(In 1,000 dollars)

Item	1994	1995	1996	1997	1998	1999
Total duties collected	8,696	10,618	20,753	19,683	16,447	15,587
Total imports	20,863	24,804	31,106	30,825	32,275	35,821

¹ The federal fiscal year is October 1-September 30.

Source: U.S. Customs Service Annual Report, Part A.

THE SUBJECT PRODUCT

In each of these reviews, the imported products subject to review, as defined by the Department of Commerce, are “gray portland cement and clinker (“portland cement”). Gray portland cement is a hydraulic cement and the primary component of concrete. Clinker, an intermediate material product produced when manufacturing cement, has no use other than of being ground into finished cement.”^{24 25 26}

U.S. Tariff Treatment

As was the case in the original investigations, U.S. imports of portland cement (other than white, nonstaining portland cement) from countries entitled to the column 1-general (normal trade relations) duty rate, including Mexico, Japan, and Venezuela, enter free of duty under subheading 2523.29.00 of the HTS. Gray portland cement has also been entered free of duty under subheading 2523.90.00 as “other hydraulic cements.” U.S. imports of cement clinker from countries entitled to the column 1-general duty rate enter free of duty under subheading 2523.10.00.

²³ There were no reported imports from Japan during 1995-99 and information for 1994 was treated as business proprietary by Customs.

²⁴ 65 FR 10468, February 28, 2000. In its only scope ruling regarding Mexico, Commerce determined that masonry cement is not within the scope of the order.

²⁵ 65 FR 11549, March 3, 2000. With respect to Japan, microfine cement is specifically excluded from the antidumping duty order. Commerce has also ruled that classes G and H of oil well cement are within the product scope. See Scope Rulings (57 FR 19602, May 7, 1992; and 58 FR 27542, May 10, 1993).

²⁶ 65 FR 10467, February 28, 2000. With respect to Venezuela, oil well cement is also included within the scope of the investigation. Microfine cement was specifically excluded from the scope (65 FR 11554, March 3, 2000).

THE DOMESTIC LIKE PRODUCT

In each of its original determinations, the Commission defined gray portland cement and cement clinker as a single like product.²⁷ During the adequacy stage of these reviews, no participants objected to the original like product definition.

Physical Characteristics and Uses

Gray portland cement is a fungible product, with domestically produced product and imported product (including cement from Mexico, Japan, and Venezuela) being readily interchangeable. The cement is a hydraulic (sets or hardens under water) industrial binding agent. Cement clinker is the intermediate product resulting from the sintering stage of the cement production process and is quite different in appearance and properties from the finished cement in that clinker is in the form of small, grayish-black pellets, and finished cement is in the form of grayish powder.²⁸ Clinker has no other use than for the production of cement. If protected from moisture, clinker can be stored and transported to other locations (markets) for finish grinding into cement, a process which includes the addition of 3-5 percent gypsum and other materials to retard water absorption and allow for easier handling. This grinding step and the materials added are very important in determining the specifications and type of finished cement.

Portland cement is the most important of the four major categories of hydraulic cements,²⁹ accounting for about 95 percent of domestic production.³⁰ All cement, including imports from Mexico, Japan, and Venezuela, generally conforms to the standards established by the ASTM. General descriptions of the five standard types of portland cement are defined by ASTM as follows:³¹

Type I—For use when the special properties specified for any other type are not required;

Type II—For general use, especially when moderate sulfate resistance or moderate heat of hydration is required;

Type III—For use when high early strength is required;

Type IV—For use when a low heat of hydration is required; and

Type V—For use when high sulfate resistance is required.

²⁷ *Gray Portland Cement and Cement Clinker from Mexico*, Investigation No. 731-TA-451 (Final), USITC Pub. 2305, August 1990, p. 3; *Gray Portland Cement and Cement Clinker from Japan*, Investigation No. 731-TA-461 (Final), USITC Pub. 2376, April 1991, p. 13; and *Gray Portland Cement and Cement Clinker from Venezuela*, Investigation Nos. 303-TA-21 (Preliminary) and 731-TA-519 (Preliminary), USITC Pub. 2400, July 1991, p. 3.

²⁸ Almost all portland cement production is gray in color, but a white portland cement (a more expensive variety) can be manufactured by using only iron-free raw materials. See USGS, *Mineral Industry Surveys, Cement, 1998 Annual Review*, April 2000, p. 1. White portland cement is not covered in these reviews.

²⁹ Portland, masonry, pozzolanic, and natural or Roman cement are the four major categories of hydraulic cements.

³⁰ USGS, *Mineral Industry Surveys, Cement, 1998 Annual Review*, p. 1.

³¹ Norman L Weiss, ed., *SME Mineral Processing Handbook* (Society of Mining Engineers, American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc., New York, NY, 1985), volume II, p. 26-3.

In 1998, types I and II portland cement together accounted for approximately 90 percent of the quantity of all shipments of portland cement from U.S. plants (table I-5). Although specifications for type I and type II portland cement are very similar, they differ in that type I has no specifications for several items that are specified for type II. Thus, type II cement meets all the requirements of type I cement and may be used in lieu of type I. In addition to the standard portland cements, there are a number of special cement blends that contain portland cement.³²

Table I-5
Portland cement:¹ Shipments from U.S.² plants to domestic consumers, by types of cements, 1998

Type of cement	Quantity
	1,000 metric tons
General use (types I and II)	85,066
High-early strength (type III)	3,151
Sulfate-resisting (type V)	2,757
Blended	1,120
Oil well	797
White	790
Expansive and regulated fast setting	53
Miscellaneous ³	673
Total or average	94,408

¹ The USGS' portland cement classification includes some cements that are special blends consisting of portland cement but that are technically outside of the portland cement category.
² Includes Puerto Rico.
³ Includes waterproof, low-heat (type IV), and regulated fast-setting cement.

Note.—Data may not add to totals shown because of rounding.

Source: Compiled from data provided by the USGS, *Mineral Industry Survey, Cement 1998*.

Cement is hygroscopic; that is, it has a tendency to absorb water. Because cement is hygroscopic, it must be handled and stored in a manner that minimizes the possibility of contamination by water. Thus, both domestic producers and importers must use some type of enclosed system or storage silo and relatively sophisticated equipment to handle finished cement.

Gray portland cement is used predominantly in the production of concrete, which in turn is consumed almost wholly by the construction industry. The chief end users are highway construction using ready-mix concrete and building construction using ready-mix concrete, concrete blocks, and precast concrete units. In many building applications, concrete is used with steel reinforcement to obtain greater strength and durability. One ton of portland cement is used to make about 4 cubic yards of concrete.

³² Blended cements are not portland cements, but are inter-ground mixtures of finished portland cement (ground clinker plus gypsum) and cementitious additives, with the proportion of additives commonly ranging between 15 and 50 percent by weight. See USGS, *Mineral Industry Surveys, Cement, 1998 Annual Review*.

Concrete, as a major material in building construction, competes with structural steel, clay products, building stone, and other materials in various building construction applications. However, in almost every type of structure, regardless of the principal building material used, there are certain basic uses for concrete (foundations, basements, floors, and so forth) for which there is little direct competition. The choice of the principal structural material is governed by many factors, such as cost, personal preference, and building code specifications. Concrete made with gray portland cement is one of the most widely used construction materials in the United States. Table I-6 shows the types of customers for gray portland cement during 1998, the latest year for which data are available.

Table I-6
Gray portland cement:¹ U.S. producers' estimated shipments² as a percentage of total shipments, by types of customers, 1998

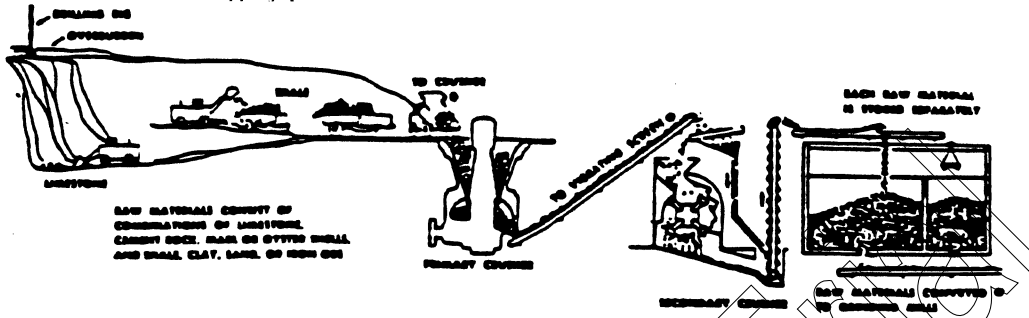
Type of customer	Percent of total
Ready-mixed concrete	74.2
Concrete product manufacturers	11.9
Road paving contractors	4.8
Building material dealers	3.8
Other contractors	3.1
Oil well drilling, mining, and waste stabilization	1.1
Federal, state, and other government agencies, and miscellaneous	1.1
Total	100.0
¹ Includes cement imported and distributed by domestic producers. ² Includes Puerto Rico.	
Source: Compiled from data provided by the USGS, <i>Mineral Industry Survey, Cement 1998</i> .	

Manufacturing Process

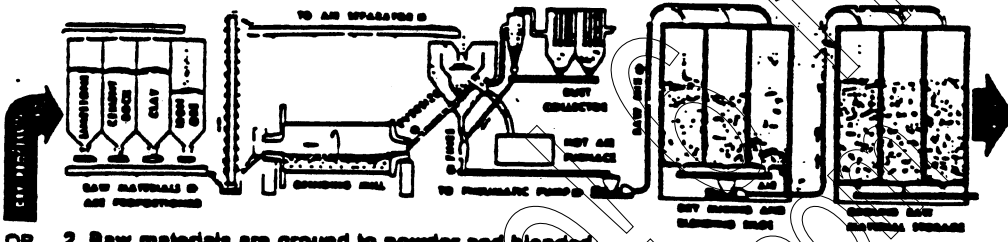
For both the imported and domestic products, the production process for gray portland cement is standardized, with no significant technological advances since the original investigations in 1989-91. Gray portland cement is manufactured from a properly proportioned mixture of raw materials containing chemical components of calcium carbonate, silica, alumina, and iron oxide that react when combined with aggregate and water to form concrete. The raw material mixture usually consists of limestone (a source for calcium carbonate), clay (for silica and alumina), and iron ore (for iron oxide). In cases where the common materials are not available or contain an insufficient amount of the chemical components, other mined materials or industrial products may be substituted or used as additives to correct the deficiencies. The mixture is crushed, ground, and blended into a mill feed that is sintered at about 2,700 degrees Fahrenheit in refractory-lined, cylindrical, steel rotary kilns to make cement clinker.

There are basically two processes used to blend the raw materials to produce cement: a wet and a dry process, which are both depicted in figure I-1. The differences between wet and dry blending are procedural; there are no chemical or physical characteristic differences between the end products. In the

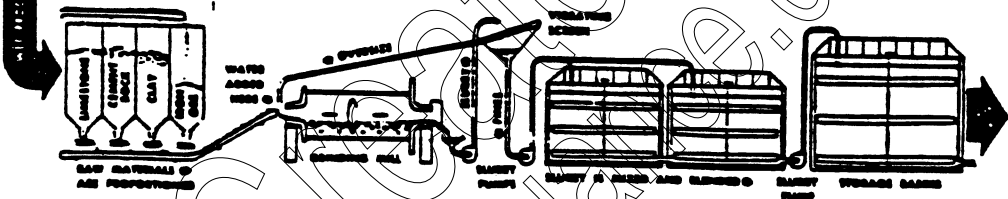
Figure I-1
Steps in the manufacture of gray portland cement



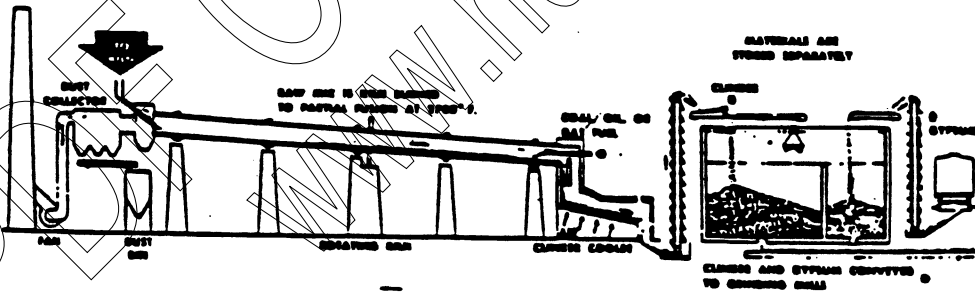
1. Stone is first reduced to 5-in. size, then to $\frac{1}{2}$ in., and stored.



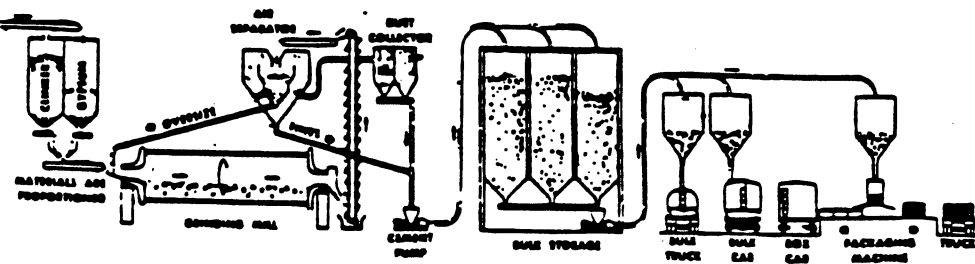
OR 2. Raw materials are ground to powder and blended.



2. Raw materials are ground, mixed with water to form slurry, and blended.



3. Burning changes raw mix chemically into cement clinker.



4. Clinker with gypsum is ground into portland cement and shipped.

Source: Portland Cement Association

wet process, the raw materials are ground, blended, and mixed with water to produce a slurry. This slurry is fed into rotary kilns in which it is heated to induce chemical reactions that convert the raw material into cement clinker. The wet process has typically been used where some of the raw materials are very moist; it is also the older process.

In the dry process, all grinding and blending are done with dry materials in a roller mill. The more technically advanced facilities in the United States, Mexico, Japan, and Venezuela improve the efficiency of the dry process by feeding the blended raw material through a preheater and precalciner in which it is partially heated using vented kiln gases and partially calcined by direct firing in a blast furnace before entering the rotary kiln. In those dry process facilities that do not include preheater/precalciner technology, the raw material is fed directly into a rotary kiln in which it is calcined into clinker.

The main advantage of the dry process is that it is more fuel efficient, depending on the moisture content of raw materials economically available; preheaters and precalciners further improve this efficiency. In general, the dry process with preheaters consumes 19 percent less fuel than the national average of fuel consumed by all kilns per short ton of clinker production, whereas the wet process consumes 12 percent more than the national average. Kiln size is also a factor in fuel efficiency, with larger kilns being more efficient than the smaller ones. However, the dry process requires more electricity per unit of output than the wet process. Although electricity is used mostly for grinding clinker and pollution control, it is also used to operate the fuel conservation equipment (i.e., preheaters and precalciners). Some in the industry have expressed concern that increasing electrical costs (which vary nationwide), compared with fuel costs, could reduce the fuel cost advantage of the dry process.³³ In 1998, the USGS reported that the dry process production lines utilizing preheaters and/or precalciners consumed more electricity than equivalent capacity wet process lines.³⁴

In the United States, approximately 69 percent of the cement clinker production facilities use the dry process;³⁵ many domestic producers converted their facilities to the dry process to counter higher fuel costs as a result of the energy crisis in the mid-1970s. In Mexico, the dry process is used for most of the cement clinker production;³⁶ in Japan, the dry process reportedly is used for all of the cement clinker production;³⁷ and in Venezuela, the dry process is used for most of the cement clinker production.³⁸

For both the wet and dry processes, the major sources of energy to operate the kiln include coal, fuel oil, and natural gas. In the United States, the fuel predominantly used is coal; in the original investigations, the Mexican and Japanese industries reported using mostly fuel oil and the Venezuelan industry reported using natural gas and fuel oils. The choice of fuel is generally determined by the economics of fuel prices; transportation cost to the production site; efficiency cost in using one fuel over another; and, for already established facilities, the additional capital cost for handling equipment to convert from one fuel to another.³⁹

³³ U.S. Department of Commerce, *A Competitive Assessment of the U.S. Cement Industry*.

³⁴ USGS, *Mineral Industry Survey, Cement, 1998 Annual Review*, p. 8.

³⁵ Estimate excludes clinker production plants located in Puerto Rico. Calculated by Commission staff from data provided by the USGS. See USGS, *Mineral Industry Survey, Cement, 1998 Annual Review*.

³⁶ *2000 North American Cement Directory*.

³⁷ *Cement in Japan 1999*, Japan Cement Association.

³⁸ *The Global Cement Report, 1998*, 3rd edition.

³⁹ U.S. Department of Commerce, *A Competitive Assessment of the U.S. Cement Industry*, p. 150.

Channels of Distribution

As noted in table I-6, nearly three-quarters of gray portland cement is distributed to ready-mix concrete operations. In many instances, the ready-mix operations are owned by or related to U.S. producers and importers.

Customer and Producer Perceptions

As noted earlier, gray portland cement is a fungible product, with domestically produced product and imported product being readily interchangeable. In both cases, the production process is standardized, with no significant technological advances since the original investigations in 1989-91. Additional information with respect to customer and producer perceptions is found in Part II of this report, *Conditions of Competition in the U.S. Market*.

Price

Information with respect to pricing comparisons of products from the subject countries and the United States is found in Part V of this report, *Pricing and Related Information*.

U.S. MARKET PARTICIPANTS

U.S. Producers

According to the USGS,⁴⁰ in 1999, gray portland cement was produced at 115 plants in 37 States and in Puerto Rico, by 40 companies (other company totals are possible depending on ownership breakdowns), one of which was State-owned.⁴¹ As of year-end 1998, nearly 60 percent of U.S. gray portland cement production and 61 percent of capacity was foreign-owned.⁴² This portion of foreign ownership is reasonably similar to that at the end of the original period of the Mexican investigation, 1989. At that point, nearly two-thirds of U.S. capacity was foreign-owned and the U.S. Bureau of Mines observed:

“The primary issue facing the cement industry is a lack of capital investment for new plant construction or capacity modernization and expansion. Foreign import penetration into coastal markets and regional competition among domestic producers have combined to reduce the profitability of the U.S. industry. The lack of domestic investment capital has opened the door for foreign investors who now own more than two-thirds of U.S. cement production capacity.”⁴³

Although a number of Southern-tier operations have changed hands since the original investigations with the share of foreign ownership increasing, present day Southern-tier ownership reflects the national ownership numbers with just short of 63 percent of capacity being foreign-owned. Capacity in Florida is just over *** percent foreign-owned, while capacity in Southern California is just over *** percent foreign-owned. Applying 1989 ownership to present day capacity figures, foreign

⁴⁰ USGS, *Monthly Mineral Industry Survey, Cement, April 2000*.

⁴¹ Dacatoh Cement, Rapid City, SD.

⁴² USGS, *Annual Mineral Industry Survey, Cement 1998*.

⁴³ USBOM, *Cement Minerals Yearbook, Cement 1989*.

ownership in the Southern-tier would have been approximately 45 percent, compared with *** percent in Southern California and *** percent in Florida.

The U.S. and regional industries in question feature a number of large, integrated producers, with varied degrees of integration. In some instances, producers own both aggregate operations (raw materials) and/or ready-mix and concrete product operations (e.g., concrete block, concrete pipe, prestressed concrete, etc.). Among integrated producers in the Southern-tier are Southdown, TXI, Rinker, Tarmac, Alamo, Capitol Aggregates, Mitsubishi, and California Portland. U.S. producers range from companies operating a single plant with less than 0.5 percent of total U.S. capacity to the large, multiplant corporations having in excess of 15 percent of total U.S. capacity. According to the USGS, the top 10 companies in 1998 were, in descending order of production, Holnam, Southdown, Lafarge, Lehigh, Blue Circle, Ash Grove, Essroc, Lone Star, California Portland, and TXI. These, combined, accounted for 70 percent of U.S. gray portland cement production and 80 percent of capacity in 1998.⁴⁴ Six Southern-tier producers, Blue Circle, Holnam, Lafarge, Lehigh, Lone Star, and Southdown, have U.S. operations external to the Southern-tier. Collectively, these six producers operate 12 plants in the Southern-tier and 39 plants in 19 other states.

A number of U.S. companies are in the process or planning stages of upgrading their production facilities to increase production efficiencies and/or overall production capacity. According to producers testifying at the Commission's hearing in these reviews, expansions generally take from 3 to 5 years from planning, to permitting, to construction, to production.⁴⁵ Projects announced or completed in the Southern-tier during 1999 that will lead to a capacity increase of more than 14.5 million short tons by 2004 are presented in table I-7. Domestic producers with new plant or expansion plans generally alluded to the presence of the antidumping order(s) and/or suspension agreement(s) as contributing to the healthy state of the industry which, in turn, was a significant factor leading to the decision to move forward with their respective plans and indicated that revocation and/or termination might well lead to a rethinking of their plans. Representatives of five of the companies (Calaveras, Cal Portland, Florida Crushed Stone, Florida Rock, and National of California) mentioned in table I-7 appeared at the Commission's hearing in these reviews. Florida Crushed Stone, in its testimony, commented:

“At FCS, for example, we have announced the construction of a new production line at the Brooksville plant to be completed by mid 2002. This will expand our annual production capacity by 800,000 tons. In addition to capacity expansions in existing plants, Florida Rock has constructed a new greenfield plant at Newberry, and Suwanee American has obtained the necessary permits to begin construction of a \$130,000,000 greenfield plant in Branford, Florida, that will begin production in 2002.

None of these capacity expansions would have been possible in the absence of the antidumping order and the suspension agreement. In addition, the planning for these expansions was predicated on the ability to replace fairly traded Florida imports not on a sharp increase in future demand. This strategy should work with prevailing import prices. It will fail if the existing remedies are removed and unfairly low priced imports from Mexico and Venezuela drive down prevailing import prices.”⁴⁶

Table I-7

⁴⁴ All but Ash Grove, headquartered in Overland Park, KS, and Essroc, headquartered in Nazareth, PA, have operations in the Southern-tier. California Portland, Southdown, and TXI have operations in Southern California, and Southdown also has a plant in Florida as well as other parts of the Southern-tier.

⁴⁵ Transcript (TR), pp. 73-74, John Brekhus, TXI.

⁴⁶ TR, p. 41, Edward Allsopp, Florida Crushed Stone. See also Florida Crushed Stone comments concerning likely effects of termination/revocation, INV-X-167, July 26, 2000.

Gray portland cement and cement clinker: Announced new cement plants and plant modernizations

* * * * *

In its testimony, National of California testified that in 1988 it had “cancelled a multimillion modernization and expansion” of its California plant due to dumped imports.⁴⁷ With regard to its current expansion plans, National of California commented:

“With improved financial resources and a stable market environment, many California producers have made long overdue investments in their production facilities. At National, we decided in 1994 to undertake the plant expansion and modernization of our Lebec plant that was cancelled in 1988. This investment is in the final stages of construction and will cost over \$130,000,000 when completed.

Many other California producers have either expanded their plants or are in the process of expanding. The continuation of the orders is critically important to the industry's ongoing expansion and modernization efforts. If the orders are revoked, imports from Mexico and Japan would increase significantly at prices well below current market prices.”⁴⁸

Alamo of San Antonio, TX testified that without the dumping order against Mexico none of the “expansions to Texas capacity would have been possible”⁴⁹ and noted:

“During this year alone, an additional 2.5 million tons of cement capacity will be brought on line in the Dallas-Fort Worth area by Holnam and TXI. By the end of the year, Texas producers will have enough capacity to fill the gap between Texas capacity and 1999 consumption. Within the next couple of years, North Texas, which also operates in the Dallas-Fort Worth area, will increase its capacity by another 1,000,000 tons.

In this environment, the revocation of the antidumping order would be devastating to Texas producers.”⁵⁰

⁴⁷ TR, p. 17, Donald Unmacht, National of California.

⁴⁸ Id., pp. 18-19. See also National of California comments concerning likely effects of termination/revocation, INV-X-167, July 26, 2000.

⁴⁹ TR, pp. 30-31, Allan Walsh, Alamo.

⁵⁰ Id., p. 31. See also Alamo comments concerning likely effects of termination/revocation, INV-X-167, July 26, 2000.

Petitioners argue, assuming a relative flattening of demand,^{51 52} that this additional capacity planned by Southern-tier producers will “eliminate” the need for imports to meet demand in the Southern-tier, Southern California, and Florida. Given relatively flat demand and all planned capacity actually coming on-stream, petitioners anticipate domestic production sufficient to satisfy demand by the year 2002.⁵³

Mexican respondents argue that petitioners’ forecasts of future demand in the three regions are “too pessimistic”⁵⁴ for reasons that include relying on forecasters that have consistently underestimated cement demand for the last 4 years and failing to take into account increased construction spending under TEA-21 and AIR-21.⁵⁵ According to Mexican respondents’ demand forecasts, “the prospects for 2003 are as rosy as they were in 1999”⁵⁶ and even if “all the purported capacity expansion announcements materialize by 2003, the level of imports required by the southern tier states to fill the supply/demand gap remain enormous.”⁵⁷

In 1999, overall U.S. gray portland cement production rose by 2.5 percent from 1998 to a new record of over 89 million short tons. The top five producing States in 1999 were, in descending order, California, Texas, Pennsylvania, Michigan, and Missouri. At the same time, consumption was rising 4.8 percent to a record level in excess of 116 million short tons. The production shortfall reflects the as-yet unfinished status of a number of production capacity upgrade projects and the ready availability of imported cement.⁵⁸

In the Southern-tier, which includes the other two regions in question, there have been a number of changes in ownership since the original investigations with a number of the facilities being acquired by foreign owners. More specifically, 18 of the 36 plants operating during the original investigations⁵⁹ have changed ownership. Nine of the transactions saw a U.S.- to foreign-ownership shift, while two saw a foreign- to U.S.-ownership shift. In three instances, the transactions were U.S.- to U.S.-ownership and,

⁵¹ TR, p. 70. At the Commission’s hearing, petitioners testified:

“The consensus view of the folks of this panel would be that there has been a softening in demand, and we have also provided some forecasts. We have provided some F.W. Dodge Construction put in place data. They are saying the peak was 1999 for construction. We have forecasts from the PCA, from Greystone and International Cement Review which show a slight downturn in 2001 and especially a flattening of demand between 1999 and 2003, in contrast to the sharp increase between ‘97 and ‘99.” Joseph W. Dorn, King & Spalding, Counsel for petitioners.

See also Petitioners’ posthearing brief, responses to Commissioners’ questions, attachment 3.

⁵² In responses to the Commission’s producer questionnaire, producers operating 30 of the 37 plants in the Southern-tier noted what they believe is a slowing or softening of demand in their particular region. Twelve Southern-tier importers and 21 Southern-tier purchasers made similar observations.

⁵³ Exhibit E, petitioners’ posthearing brief.

⁵⁴ Mexican respondents’ posthearing brief, p. 4.

⁵⁵ *Id.*

⁵⁶ *Id.*, p. 13.

⁵⁷ *Id.* Mexican respondents express doubt that all of the expansions will be realized, stating that “petitioners’ announcements to expand capacity are not irrevocable until the very last stage.” They further note:

“Real options analysis itself, demonstrates that an announcement of new capacity is not the same as actually building new capacity. Rather, it is merely a placeholder for possible future action. The projects might materialize should demand continue to grow at high rates, and should other inherent hurdles to capacity expansion -- such as obtaining permits -- be overcome. However, regardless of whether the antidumping order is revoked, a substantial share of unrealized projects will be abandoned or postponed for long periods of time as a result of new information.”

Id., p. 12.

⁵⁸ USGS *Annual Mineral Survey, Cement, April 2000.*

⁵⁹ Florida Rock began operations at its Newberry, FL facility in January 2000.

in four cases, foreign- to foreign-ownership. Table I-8 details information with respect to plant locations, positions on revocation or termination,⁶⁰ ownership, and nationality of ownership of production facilities located in the Southern-tier. As noted earlier, Southern-tier ownership reflects the national ownership numbers with just short of 63 percent of capacity being foreign-owned. Capacity in Florida is just over *** percent foreign-owned, while capacity in Southern California is just over *** percent foreign-owned. Figures I-2, I-3, and I-4 show gray portland cement plants and affiliated terminals in the Southern-tier. Figure I-2 shows the States of Alabama, Mississippi, Louisiana, Texas, New Mexico, and Arizona; figure I-3 shows the State of California; and figure I-4 shows the State of Florida.

⁶⁰ The position on revocation/termination of producer questionnaire respondents with no operations in the Southern-tier is as follows: ***.

Table I-8

Gray portland cement and cement clinker: Southern-tier plant locations, positions on revocation/ termination,¹ ownership, and nationality of ownership, 1989 and 2000

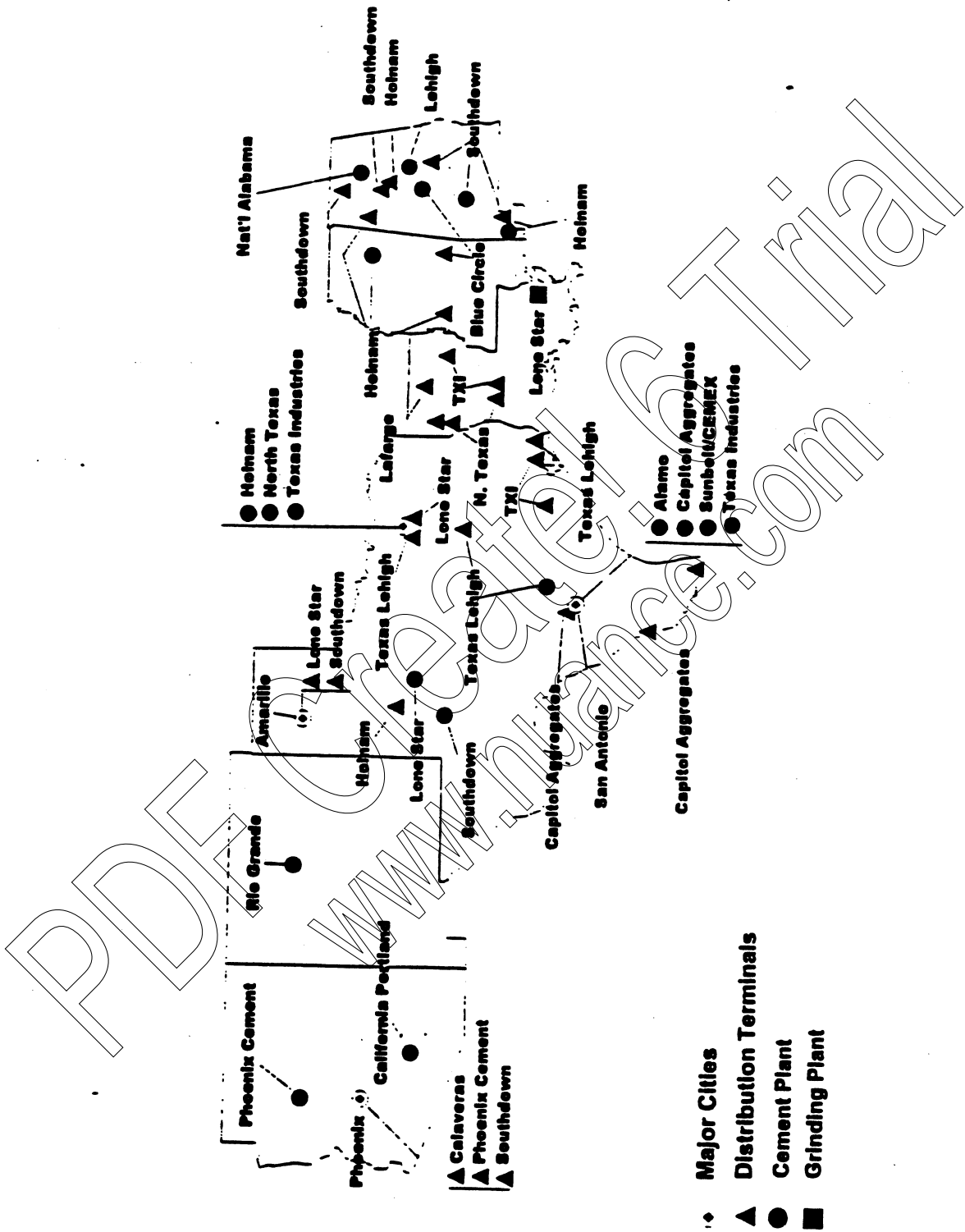
Plant location	Position on revocation/ termination	Ownership: Company and Nationality	
		1989	2000
Florida:			
Medley	Opposes	Lone Star, USA	Pennsuco Cement/ Tarmac PLC, UK
Palmetto ²	Opposes	National Portland Cement, USA	Lafarge USA/Lafarge, France ³
Brooksville	***	Southdown, USA	Southdown, USA ³
Brooksville	Opposes	Florida Crushed Stone, USA	Florida Crushed Stone, USA
Newberry	Opposes	Not in existence	Florida Rock Industries, USA
Miami	Opposes	Rinker Materials/CSR, Australia	Rinker Materials/CSR, Australia
Alabama:			
Leeds	Opposes	Lehigh/CBR, Belgium and Heidelberg, Germany	Lehigh/CBR, Belgium and Heidelberg, Germany ³
Ragland	Opposes	National Cement/Vicat, France	National Cement/Vicat, France
Calera	Opposes	Blue Circle, UK	Blue Circle, UK ³
Demopolis	***	Lafarge USA/Lafarge, France	Southdown, USA ³
Theodore	***	Holnam, Inc./Holderbank, Switzerland	Holnam, Inc./Holderbank, Switzerland ³
Mississippi:			
Artesia	***	TXI, USA	Holnam, Inc./Holderbank, Switzerland ³
Louisiana:			
New Orleans ²	Opposes	Lone Star, USA	Lone Star/Dyckerhoff, Germany ³
Texas:			
San Antonio	Opposes	Alamo/Presa SpA Cementeria de Robilante, Italy	Alamo/Buzzi Unicem, Italy and Vigier, Switzerland
San Antonio	Opposes	Capitol Aggregates/H.B. Zachary, USA	Capitol Aggregates/H.B. Zachary, USA
New Braunfels	Opposes	TXI, USA	TXI, USA
Midlothian	Opposes	TXI, USA	TXI, USA
Odessa	***	Southdown, USA	Southdown, USA ³
Midlothian	Opposes	Gifford-Hill/Beazer, USA	North Texas/Ash Grove, USA and PCA Investments, USA
Sweetwater	Opposes	Lone Star, USA	Lone Star/Dyckerhoff, Germany ³
Midlothian	***	BoxCrow, USA	Holnam/Holderbank, Switzerland ³
New Braunfels	Supports	Lafarge/Lafarge, France	CEMEX USA/CEMEX, Mexico
Table continued on next page.			

Table I-8--Continued

Gray portland cement and cement clinker: Southern-tier plant locations, positions on revocation/termination,¹ ownership, and nationality of ownership, 1989 and 2000

Plant location	Position on revocation/termination	Company/Ownership, Nationality	
		1989	2000
Texas--Continued:			
Buda	Opposes	Texas Lehigh/joint venture with Centex, USA and CBR, Belgium and Heidelberg, Germany	Texas Lehigh/joint venture with Centex, USA and CBR, Belgium and Heidelberg, Germany
New Mexico:			
Tijeras	Supports	Ideal/Holnam, Holderbank, Switzerland	Rio Grande/GCCC, Mexico
Arizona:			
Clarkdale	Opposes	Phoenix, USA	Phoenix, USA
Rillito	Opposes	CalMat, USA	California Portland/Taiheiyo, Japan
California (Southern):			
Crestmore ^{2 4}	Opposes	Riverside/Gifford-Hill, USA	Riverside/TXI, USA
Oro Grande ⁴	Opposes	Riverside/Gifford-Hill, USA	Riverside/TXI, USA
Victorville	***	Southdown	Southdown ²
Colton	Opposes	CalMat, USA	California Portland/Taiheiyo, Japan
Mojave	Opposes	CalMat, USA	California Portland/Taiheiyo, Japan
Lebec	Opposes	National Cement/Vicat, France	National Cement/Vicat, France
Lucerne Valley	***	Mitsubishi/Mitsubishi, Japan	Mitsubishi/Mitsubishi, Japan
Monolith	Opposes	Calaveras/Cementeries, Belgium and Heidelberg, Germany	Calaveras/Cementeries, Belgium and Heidelberg, Germany
California (Northern):			
Redding	Opposes	Calaveras/Cementeries, Belgium and Heidelberg, Germany	Calaveras/Cementeries, Belgium and Heidelberg, Germany
Davenport	Opposes	RMC Lone Star/Rosebud Holdings, USA and RMC Group, UK	RMC Pacific Materials/RMC Industries, USA
Cupertino	Opposes	Kaiser/Hanson PLC, UK	Hanson Permanente/Hanson PLC, UK
<p>¹ Boilermakers Union opposes revocation/termination on behalf of workers at Southdown/Demopolis, AL, Southdown/Odessa, TX, and Hanson Permanente/Cupertino, CA. PACE International opposes on behalf of workers at Rinker/Miami, FL, Blue Circle/Calera, AL, Lehigh/Leeds, AL, National/Ragland, AL, California Portland/Rillito, AZ, California Portland/Colton, CA, Southdown/Victorville, CA, Calaveras/Tehachapi, CA, National/Lebec, CA, and TXI/Oro Grande, CA. The Operating Engineers oppose on behalf of workers at California Portland/Mojave, CA and Hanson Permanente/Cupertino, CA.</p> <p>² Grinding only.</p> <p>³ Also owns U.S. production facilities outside of the Southern-tier.</p> <p>⁴ ***.</p>			
Source: Original investigations, 2000 North American Cement Directory, and U.S. producer questionnaires.			

Figure I-2
 Southern-tier gray portland cement plants and affiliated terminals: 2000¹



¹ California and Florida are shown in figures I-3 and I-4, respectively.

Figure I-3

California gray portland cement plants and affiliated terminals: 2000

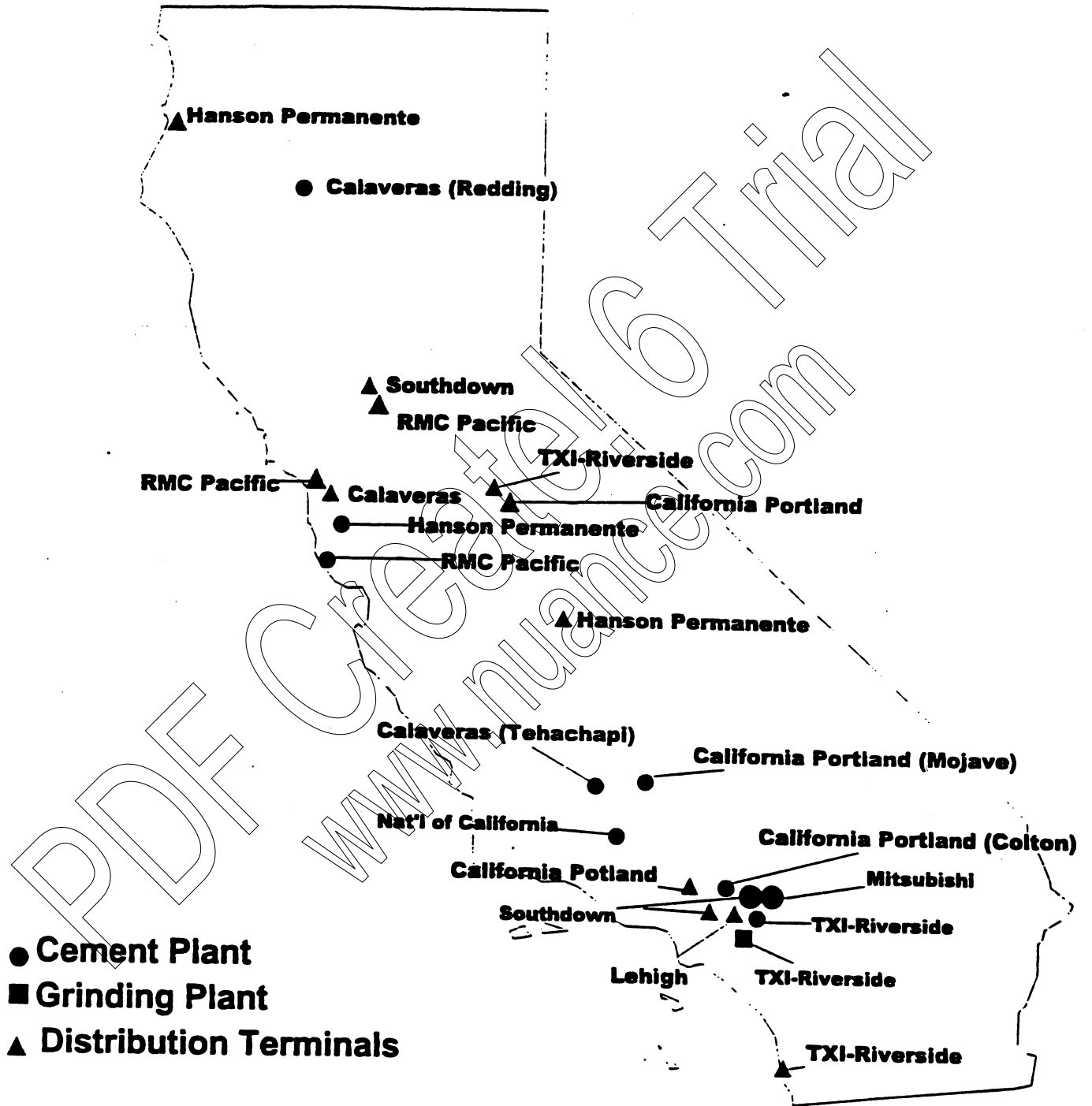
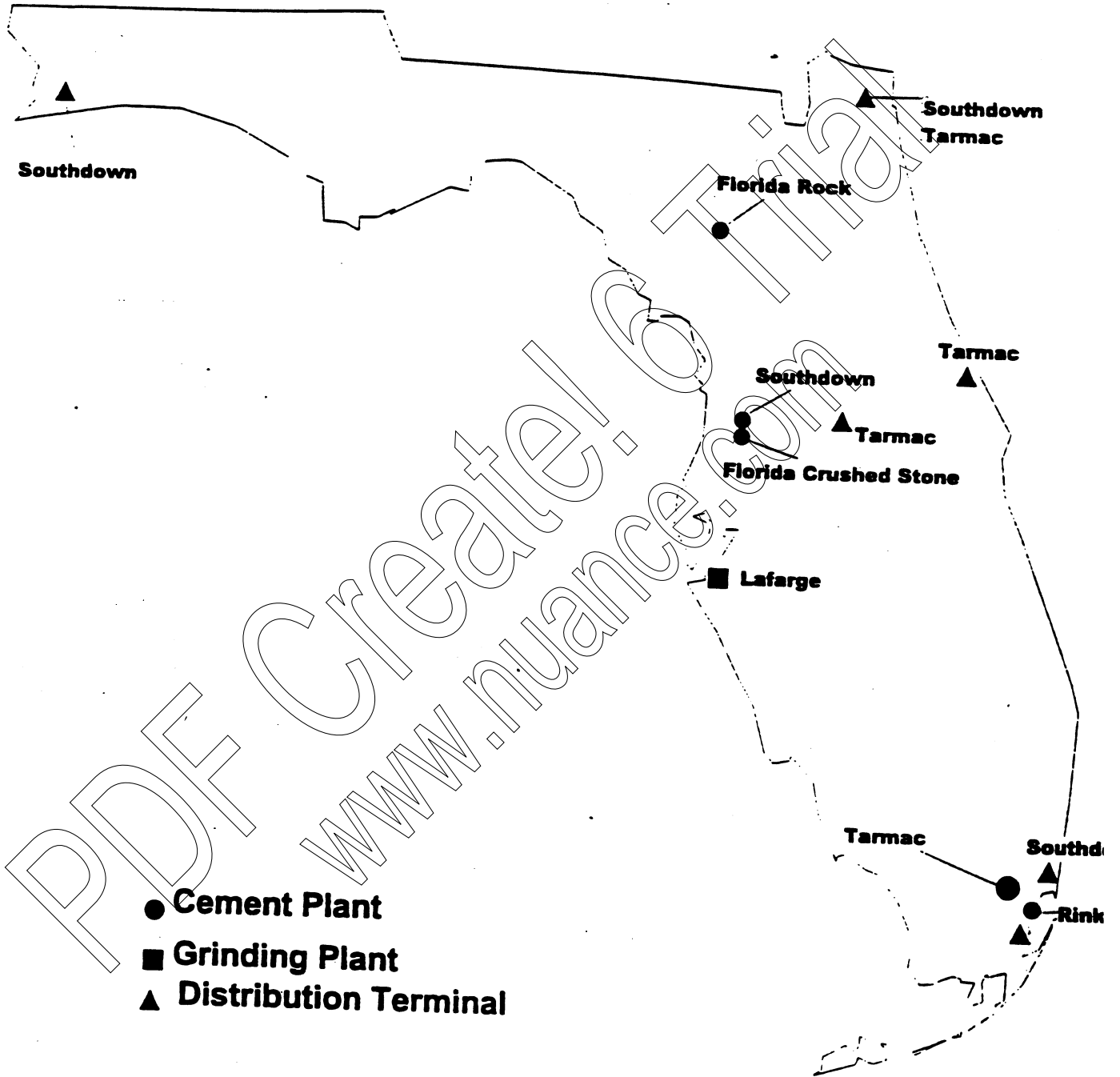


Figure I-4
Florida gray portland cement plants and affiliated terminals: 2000



U.S. Importers

As was the case in the original investigations, most imports of gray portland cement and cement clinker are controlled by U.S. producers. A number of these producers have an affiliation with foreign producers either through direct ownership or joint-venture operations. The 13 Southern-tier producers importing subject and/or nonsubject product gave reasons such as supplementing their own production to meet local market demand,⁶¹ and importing to participate in portions of the region(s) where they do not have production facilities.⁶² Table I-9 presents Southern-tier import terminal locations, the ownership of the terminals, and the nationality of the ownership.

U.S. producers CEMEX USA (formerly Sunbelt Cement) and Rio Grande import subject merchandise from their corporate parents, Mexican producers CEMEX and GCCC.⁶³ CEMEX also imports into the Southern-tier from nonsubject sources.⁶⁴ Subsequent to the dumping orders against Mexico, imports dropped appreciably from nearly 3.9 million short tons in 1989 to just over 0.6 million short tons by 1994. From 1995 to the present, imports from Mexico have risen to just over 1.2 million short tons. CEMEX USA and Rio Grande accounted for all imports from Mexico during the review period.⁶⁵ CEMEX USA has 12 active and 5 inactive terminals located in California,⁶⁷ Arizona, Texas,

⁶¹ Florida producer *** noted: “***.” All of ***. Texas producer ***, commented that it imports to: “***.” All of ***. California producer ***, noted: “***.” Virtually all of ***.

⁶² Alabama producer ***, stated: “***.” ***.

⁶³ Both cited need to meet demand as the reason for importing. In this regard CEMEX USA commented: “***.” Rio Grande noted: “***.”

⁶⁴ In 1999, CEMEX’s nonsubject imports were ***.

⁶⁵ In the original investigation, Lafarge, Rinker, Ideal (now owned by Holnam), *** imported Mexican gray portland cement into Florida; Missouri Portland (now owned by Lafarge) and Ideal (now owned by Holnam) imported through New Orleans; and BCW, Texas Sunbelt, Southwestern Sunbelt, and Lonestar/Falcon imported into Texas, New Mexico, Arizona, and California. BCW, Texas Sunbelt, and Southwestern Sunbelt were either directly owned by CEMEX subsidiaries or participants in joint ventures with CEMEX.

⁶⁶ The majority of CEMEX USA’s imports are from nonsubject sources. In response to Commissioner Miller’s question at the Commission’s hearing, CEMEX noted:

“CEMEX imports cement into the United States through two affiliates: CEMEX USA and CEMEX Trading. All CEMEX USA nonsubject cement imports enter the U.S. market via CEMEX-owned terminals. CEMEX Trading sells cement to companies that import cement into their own marine terminals in the United States.”

In 1999, *** percent of nonsubject imports were handled by CEMEX USA with the remaining *** percent being handled by CEMEX Trading. ***. Mexican respondents’ posthearing brief, volume II, Responses to Commission questions, pp. 9-11.

⁶⁷ According to CEMEX, the Richmond terminal is ***. CEMEX further states that ***. Mexican respondents’ posthearing brief, volume II, Responses to Commission questions, exhibit 8, attachment 1, pp. 1-8.

Table I-9

Gray portland cement and cement clinker: Southern-tier import terminal locations, ownership, and nationality of ownership, 2000

Terminal location	Ownership: Company and Nationality
Florida:	
Riviera Beach ¹ Fort Pierce ²	CEMEX USA/CEMEX, Mexico
Palm Beach Tampa	Southdown, USA
Tampa	Holnam/Holderbank, Switzerland
Tampa	Lafarge/Lafarge, France
Palmetto	Eastern Cement, USA
Jacksonville	Blue Circle/Blue Circle, UK
Port Everglades Port Canaveral	Rinker Materials/CSR, Australia
Port Everglades Port Canaveral	Continental of Florida/Heidelberg, Germany
Louisiana:	
New Orleans (East)	Holnam/Holderbank, Switzerland
New Orleans (West)	Holnam/Holderbank, Switzerland
Baton Rouge	Holnam/Holderbank, Switzerland
Reserve	Holnam/Holderbank, Switzerland
Westlake	Holnam/Holderbank, Switzerland
New Orleans	Lafarge/Lafarge, France
Convent	Lafarge/Lafarge, France
Lake Charles	Lafarge/Lafarge, France
Texas:	
Galena Park	North Texas/Ash Grove, USA and PCA Investments, USA
Corpus Christi Houston	Texas Lehigh/joint venture with Centex, USA and CBR, Belgium and Heidelberg, Germany
Table continued on next page.	

Table I-9--Continued

Gray portland cement and cement clinker: Southern-tier import terminal location, ownership, and nationality of ownership, 2000

Terminal location	Ownership: Company and Nationality
Texas--Continued:	
Channelview Corpus Christi ² Fort Worth Houston ² Houston ² Katy Tyler	CEMEX USA/CEMEX, Mexico
Orange	River Cement, USA
El Paso	Rio Grande/GCCC, Mexico
New Mexico:	
Albuquerque	Rio Grande/GCCC, Mexico
Arizona:	
Casa Grande ² Chandler Phoenix Tucson	CEMEX USA/CEMEX, Mexico
California (Southern):	
El Centro Long Beach San Diego	CEMEX USA/CEMEX, Mexico
Wilmington	Allied Cement/California Portland, USA and CBR, Belgium
California (Northern):	
Redwood City	RMC Pacific Materials/RMC Industries, USA
Richmond	CEMEX USA/CEMEX, Mexico
Stockton	Calaveras/CBR, Belgium and Heidelberg, Germany
¹ ***.	
² Presently inactive.	
Source: 2000 North American Cement Directory and Mexican respondents' posthearing brief.	

and Florida,⁶⁸ and Rio Grande has 2 terminals—one each in New Mexico and Texas. The active CEMEX terminals have an annual throughput capacity of *** short tons.⁶⁹ According to CEMEX, in 1999, it used nearly *** short tons of that capacity, leaving it with just over *** short tons of unused capacity. The Rio Grande terminals in Albuquerque and El Paso have an annual throughput capacity of *** short tons.⁷⁰

No importer reported imports from Japan during the period of review.⁷¹ Subsequent to the order, imports from Japan dropped from just over 1.3 million short tons in 1990 to zero in 1991. Imports from Japan stayed at essentially zero through 1997. In 1998 and 1999, Japanese imports returned to the U.S. market, but only in the very small amounts of 23,000 and 33,000 short tons, respectively. Mitsubishi, a Japanese producer, owns a U.S. production facility located in Lucerne Valley, CA,⁷² and is a general partner with Lucky Cement Corp. of Long Beach, CA, in the operation of an import terminal (MCC-Lucky) in Long Beach. MCC-Lucky reported ***.⁷³ That facility, built in 1992, has an annual throughput capacity of *** short tons.⁷⁴ Taiheiyo, also a Japanese producer, owns California Portland's production facilities located in Colton, CA, and Mojave, CA.⁷⁵ Additionally, through California Portland, Taiheiyo is affiliated with Allied Cement,⁷⁶ an importing operation in Wilmington, CA with an annual throughput capacity of *** short tons. While Allied reported ***,⁷⁷ Taiheiyo is also in the process of building a \$35.0 million deep water terminal at Stockton, CA.⁷⁸

⁶⁸ The Fort Pierce, FL, Casa Grande, AZ, Corpus Christi, TX, and two Houston, TX terminals are presently inactive. Another CEMEX terminal located in National City, CA, was demolished in 1998. As a general rule, CEMEX describes the inactive terminals as somewhat obsolete, needing such substantial investment to be operational that it would be impractical and uneconomical to consider reopening them. Mexican respondents' posthearing brief, volume II, Responses to Commission questions, exhibit 8, attachment 1, pp. 1-8. CEMEX's West Palm Beach, FL terminal is presently leased to Continental of Florida ***. With respect to the lease, Continental of Florida commented: "****." Continental of Florida questionnaire. Continental of Florida is indirectly owned by Heidelberger of Germany and is affiliated with Lehigh, a Southern-tier (Leeds, AL) and national producer as well as an importer of Venezuelan product into the Southern-tier (Florida).

CEMEX USA has approved a budget of ***. Mexican respondents' posthearing brief, volume II, Responses to Commission questions, pp. 14-15.

⁶⁹ The inactive terminals have a throughput capacity of approximately *** short tons. Of the inactive facilities, the *** short ton throughput capacity for the Casa Grande facility is ***. Other throughput capacities for inactive facilities (based on maximum throughput when they were open) were: ***. Mexican respondents' posthearing brief, volume II, Responses to Commission questions, exhibit 8, attachment 1, pp. 1-8.

⁷⁰ Rio Grande importer questionnaire.

⁷¹ In the original investigation, CPC Terminals, Mitsui, and RIC accounted for *** imports from Japan into Southern California. CPC Terminals, formerly CalMat Terminals, was formed in 1990 when Onoda of Japan purchased a ***-percent share in the venture which was owned by CalMat, a U.S. producer (now California Portland). CalMat was purchased by Onoda (now Taiheiyo) and operates as California Portland. RIC was a joint venture of RIC Corp. and Riverside Cement (now owned by TXI). Mitsui acted as the ***.

⁷² Lucerne Valley is in the Southern California region. Mitsubishi owned the facility at the time of the original investigation.

⁷³ In 1999, MCC-Lucky sourced its *** short tons of nonsubject imports from ***. MCC-Lucky questionnaire.

⁷⁴ The MCC-Lucky terminal was ***. MCC-Lucky questionnaire.

⁷⁵ Colton and Mojave are located in the Southern California region.

⁷⁶ ***.

⁷⁷ With regard to the prospect of revocation of the existing orders concerning Japan and Mexico, Allied commented: "****."

⁷⁸ TR, pp. 229-231, Youichi Haruta, Taiheiyo. The facility is to replace Taiheiyo's "Golden Arrow" floating silo at Stockton, which presently receives product from nonsubject sources. The new Stockton terminal is scheduled for completion in "near future" with an expected annual throughput capacity of 700,000 to 800,000 short tons.

(continued...)

I-41

U.S. producers Blue Circle, CEMEX USA, Holnam, Lafarge, Lehigh, North Texas, Rinker, and Southdown, as well as Continental of Florida (importer only), imported product from Venezuela during the review period with virtually all of it coming into Florida.⁷⁹ ⁸⁰ CEMEX USA, Holnam, and Lafarge, are related to Venezuelan producers.⁸¹ Imports from Venezuela dropped from 855,000 short tons in 1991 to just over 6,000 tons in 1992, the year the suspension agreement was concluded. Since 1992, imports from Venezuela have steadily increased to a level just over 1.9 million short tons in 1999. While Florida remains the most significant U.S. market for Venezuelan imports, other areas in the United States have received an increasing portion of Venezuelan product (the East coast, the southeastern United States, and the Caribbean).⁸² In 1999, 45.7 percent of Venezuelan imports entered through the Miami and Tampa, FL, customs districts, 11.4 percent through the Baltimore, MD district, 11.3 percent through the New Orleans, LA district, 8.1 percent through the San Juan, PR district, 4.4 percent through the Charlotte, NC district, 4.2 percent through the Savannah, GA district, and 4.2 percent through the Boston, MA district.

Overall, 13 Southern-tier producers reported imports of gray portland cement and cement clinker. Most of the product was from nonsubject sources, including Canada, China, Colombia, Greece, Spain, Thailand, and Turkey among others. Canada has long been the leading source of imports at an annual average of just over 5 million short tons. In the last two years, China and Thailand have emerged as major sources of imported product, rising from low levels to amounts in excess of 4 and 5 million short tons, respectively. These increases reflect the strong overall growth in imports as they have jumped 70.4 percent from 1997 to 1999 to meet record U.S. demand.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Tables I-10A, I-10B, I-10C, and I-10D present shipments of domestic product, imports, and apparent U.S. consumption for the review period for the Southern-tier, Southern California, Florida, and the United States. Tables I-11A, I-11B, I-11C, and I-11D present Southern-tier, Southern California, Florida, and U.S. apparent consumption and market shares for the same period.

⁷⁸ (...continued)

Petitioners' prehearing brief, exhibit 97, p. 4.

⁷⁹ In 1998 and 1999, ***.

⁸⁰ A number of the producers cited market demand and/or the lack of a Florida production facility as reasons for importing. Among them, Blue Circle, whose nearest production facility is Calera, AL, commented: "****."

Lehigh, whose nearest production facility is Leeds, AL, noted: "****."

⁸¹ In the original investigation, Blue Circle, Eastern, Continental of Florida, Lafarge, Lehigh, National Portland (now owned by Lafarge), and Rinker accounted for nearly all imports of gray portland cement and cement clinker from Venezuela. ***.

⁸² ***.

Table I-10A

Gray portland cement: Shipments of domestic product and imports into the SOUTHERN-TIER, and apparent consumption, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Shipments by regional producers	27,333	27,204	28,097	6,628	6,738
U.S. imports into region from--					
Mexico	978	1,262	1,216	328	270
Japan	0	16	32	32	36
Venezuela	866	861	983	248	296
Subtotal	1,844	2,139	2,231	608	603
All other sources	4,521	7,709	10,705	2,369	2,460
Total imports	6,366	9,847	12,936	2,977	3,063
Total regional consumption supplied from--					
Producers and imports within region	33,699	37,051	41,034	9,604	9,800
Producers outside region	2,453	2,001	2,101	449	521
Apparent consumption	36,152	39,052	43,135	10,053	10,321
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-10B

Gray portland cement: Shipments of domestic product and imports into SOUTHERN CALIFORNIA, and apparent consumption, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Shipments by regional producers	5,010	4,715	5,099	1,135	1,265
U.S. imports into region from--					
Mexico	21	29	49	19	10
Japan	0	16	32	32	36
Venezuela	0	0	0	0	0
Subtotal	21	44	81	51	46
All other sources	1,089	2,099	2,465	537	379
Total imports	1,110	2,144	2,546	588	426
Total regional consumption supplied from--					
Producers and imports within region	6,120	6,858	7,645	1,723	1,690
Producers outside region	365	140	618	114	92
Apparent consumption	6,485	6,999	8,263	1,837	1,782
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-10C

Gray portland cement: Shipments of domestic product and imports into FLORIDA, and apparent consumption, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Shipments by regional producers	3,612	3,524	3,669	962	864
U.S. imports into region from--					
Mexico	0	0	0	0	0
Japan	0	0	0	0	0
Venezuela	861	777	861	218	255
Subtotal	861	777	861	218	255
All other sources	1,818	2,457	3,051	677	962
Total imports	2,678	3,234	3,912	894	1,217
Total regional consumption supplied from--					
Producers and imports within region	6,290	6,758	7,581	1,856	2,080
Producers outside region	803	834	754	159	231
Apparent consumption	7,093	7,592	8,336	2,016	2,311
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-10D

Gray portland cement: U.S. shipments of domestic product, U.S. imports, and apparent consumption in the UNITED STATES, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
U.S. producers' shipments	75,111	77,489	80,210	15,475	16,638
U.S. imports from--					
Mexico	978	1,262	1,216	328	270
Japan	0	23	33	32	37
Venezuela	1,338	1,462	1,907	398	513
Subtotal	2,316	2,747	3,156	758	820
All other sources	13,165	18,303	23,223	4,312	4,409
Total imports	15,481	21,050	26,379	5,070	5,229
Total consumption supplied from--					
Responding producers/all importers	90,592	98,539	106,589	20,546	21,868
All other producers	13,560	12,631	9,861	1,535	1,695
Apparent consumption	104,152	111,169	116,450	22,080	23,563
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-11A

Gray portland cement: SOUTHERN-TIER market shares, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Apparent consumption	36,152	39,052	43,135	10,053	10,321
Share of quantity (percent)					
Shipments by regional producers	75.6	69.7	65.1	65.9	65.3
U.S. imports into region from--					
Mexico	2.7	3.2	2.8	3.3	2.6
Japan	0.0	0.0	0.1	0.3	0.4
Venezuela	2.4	2.2	2.3	2.5	2.9
Subtotal	5.1	5.5	5.2	6.0	5.8
All other sources	12.5	19.7	24.8	23.6	23.8
Total imports	17.6	25.2	30.0	29.6	29.7
Total regional consumption supplied from--					
Producers and imports within region	93.2	94.9	95.1	95.5	95.0
Producers outside region	6.8	5.1	4.9	4.5	5.0
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-11B

Gray portland cement: SOUTHERN CALIFORNIA market shares, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Apparent consumption	6,485	6,999	8,263	1,837	1,782
Share of quantity (percent)					
Shipments by regional producers	77.3	67.4	61.7	61.8	71.0
U.S. imports into region from--					
Mexico	0.3	0.4	0.6	1.0	0.6
Japan	0.0	0.2	0.4	1.7	2.0
Venezuela	0.0	0.0	0.0	0.0	0.0
Subtotal	0.3	0.6	1.0	2.8	2.6
All other sources	16.8	30.0	29.8	29.2	21.3
Total imports	17.1	30.6	30.8	32.0	23.9
Total regional consumption supplied from--					
Producers and imports within region	94.4	98.0	92.5	93.8	94.8
Producers outside region	5.6	2.0	7.5	6.2	5.2
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-11C

Gray portland cement: FLORIDA market shares, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Apparent consumption	7,093	7,592	8,336	2,016	2,311
Share of quantity (percent)					
Shipments by regional producers	50.9	46.4	44.0	47.7	37.3
U.S. imports into region from--					
Mexico	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0
Venezuela	12.1	10.2	10.3	10.8	11.0
Subtotal	12.1	10.2	10.3	10.8	11.0
All other sources	25.6	32.4	36.6	33.6	41.6
Total imports	37.8	42.6	46.9	44.4	52.7
Total regional consumption supplied from--					
Producers and imports within region	88.7	89.0	90.9	92.1	90.0
Producers outside region	11.3	11.0	9.1	7.9	10.0
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

Table I-11D

Gray portland cement: U.S. market shares, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Apparent consumption	104,152	111,169	116,450	22,080	23,563
Share of quantity (percent)					
U.S. producers' shipments	72.1	69.7	68.9	70.1	70.6
U.S. imports from--					
Mexico	0.9	1.1	1.0	1.5	1.1
Japan	0.0	0.0	0.0	0.1	0.2
Venezuela	1.3	1.3	1.6	1.8	2.2
Subtotal	2.2	2.5	2.7	3.4	3.5
All other sources	12.6	16.5	19.9	19.5	18.7
Total imports	14.9	18.9	22.7	23.0	22.2
Total consumption supplied from--					
Responding producers/all importers	87.0	88.6	91.5	93.0	92.8
All other producers	13.0	11.4	8.5	7.0	7.2
Source: Compiled from data submitted in response to Commission questionnaires, official Commerce statistics, and data from the USGS.					

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

U.S. MARKET SEGMENTS

Regional Markets

Gray portland cement is a primary ingredient in the production of concrete and, thus, is essential to all types of construction, particularly residential building, commercial building, and highways. Because transportation costs for gray portland cement are high, shipments are generally made within 200 miles of the plant or terminal. As a result, the market for gray portland cement tends to be regional in nature. Supply and demand conditions can vary significantly from state to state, and even within states in some cases. At any given point in time, gray portland cement consumers in one state within the Southern-tier region may be facing shortages, while consumers in another state within the Southern-tier region have ready access to gray portland cement. Similarly, demand for gray portland cement can vary significantly by state within the Southern-tier region.

The regional nature of the Southern-tier gray portland cement market suggests that inland Southern-tier producers, particularly those Southern-tier producers located more than 200 miles inland, face less import competition than those Southern-tier producers located on the coast. Southern-tier producers that are located both far inland and far from transportation infrastructure such as rivers or railroads are, to some extent, insulated from import competition.

In their prehearing brief, Mexican respondents maintain that statistical research conducted by CEMEX confirms that the 12 “market areas” in the Southern-tier region for which the Commission has collected price data in its questionnaires each constitute a distinct economic market.¹ An assessment of this econometric analysis is provided in the section of this report entitled “Econometric Analysis.”

Mexican respondents also cite academic economic literature that has identified localized markets for cement within the United States. In a 1972 article, Leonard Weiss developed a methodology that identified 24 distinct localized markets in the United States for hydraulic cement. Thomas Iwand and David Rosenbaum identify 25 localized gray portland cement markets in the United States, consisting “of a major metropolitan area and all gray portland cement plants located within 200 miles of the central city.” Similarly, in 1997, Ivette Jans and Rosenbaum again based their analysis on 25 localized gray portland cement markets.² Mexican respondents argue that the above evidence demonstrates that cement is sold throughout the Southern-tier region in distinct economic markets that are insulated from each other.³

Petitioners state that the high cost of transporting cement, due to its low value-to-weight ratio, and the fungibility of cement, which gives consumers no incentive to seek a distant supplier’s product, result in discrete regional markets rather than a national market. Petitioners note that high transportation costs normally limit the penetration of Mexican, Venezuelan, and Japanese dumped imports to areas easily accessible from ports of entry. However, petitioners maintain that these markets are among the most important, and rail lines greatly extend the reach of imports inland. Petitioners further argue that adjacent areas are also affected through spill-over or ripple effects as domestic producers attempt to

¹ Mexican respondents’ prehearing brief, pp. 9-10 and exhibit 13.

² Id., p. 36.

³ Id., p. 37.

mitigate the impact of dumped imports by diverting production away from coastal or border locations to more distant inland markets where higher prices can still be obtained.⁴

In their prehearing brief, petitioners presented a map that purports to show the areas of the Southern-tier region that are directly accessible to imported gray portland cement from Japan, Mexico, and Venezuela (figure II-1). This map identifies Mexican cement plants, sea routes and railroad lines from these plants to the Southern-tier region, import terminals in the Southern-tier region, and Southern-tier region gray portland cement plants. The map also shades 200-mile radii around the Mexican and Southern-tier region producers and 100-mile radii around the import terminals to show the overlap of competition. Petitioners maintain that, given the number and location of import terminals, and the locations of centers of consumption, virtually all of the Southern-tier regional producers would be exposed to and adversely affected by dumped imports.⁵

Petitioners further argue that the evidence presented in figure II-1 understates the full extent of the overlapping markets that would be served by different Southern-tier producers and by subject imports after revocation. The map in figure II-1 shows only domestic producers' plants and import terminals—it does not show the network of rail-served distribution terminals operated by domestic producers. Petitioners argue that, given this network of distribution outlets, an inland producer can ship by rail to a terminal in a local area served by an import terminal and compete head-to-head with subject imports.⁶

Vertical Integration

According to ***, which is one of the largest ready-mix producers in the United States, about two-thirds of U.S. ready-mix producers are not affiliated with gray portland cement producers. Similarly, according to information provided by the National Ready Mixed Concrete Association to Don Unmacht of National Cement, vertically integrated cement producers account for approximately 33 percent of U.S. ready-mix production. The share of domestic producers' gray portland cement shipments that went to affiliated customers in 1999 was 21 percent in the Southern-tier, 12 percent in Southern California, and 31 percent in Florida. The degree of vertical integration increased slightly from 1989 in the Southern-tier, but decreased in Southern California and Florida.⁷

In their posthearing brief, Japanese respondents cite hearing testimony by Donald Unmacht of National Cement, indicating that it is common for affiliated ready-mix operations "to source more solely with their affiliated cement producer."⁸ Furthermore, several purchasers reported that they only purchase gray portland cement from affiliated producers.⁹ In addition, a number of purchasers reported that their purchases of gray portland cement are controlled by their affiliated producers.¹⁰

⁴ Petitioners' prehearing brief, economic appendix, section I, p. 3.

⁵ Id., p. 25 and figure B.4.

⁶ Petitioners' posthearing brief, pp. 70-72.

⁷ Petitioners' posthearing brief, responses to questions and requests, p. 2.

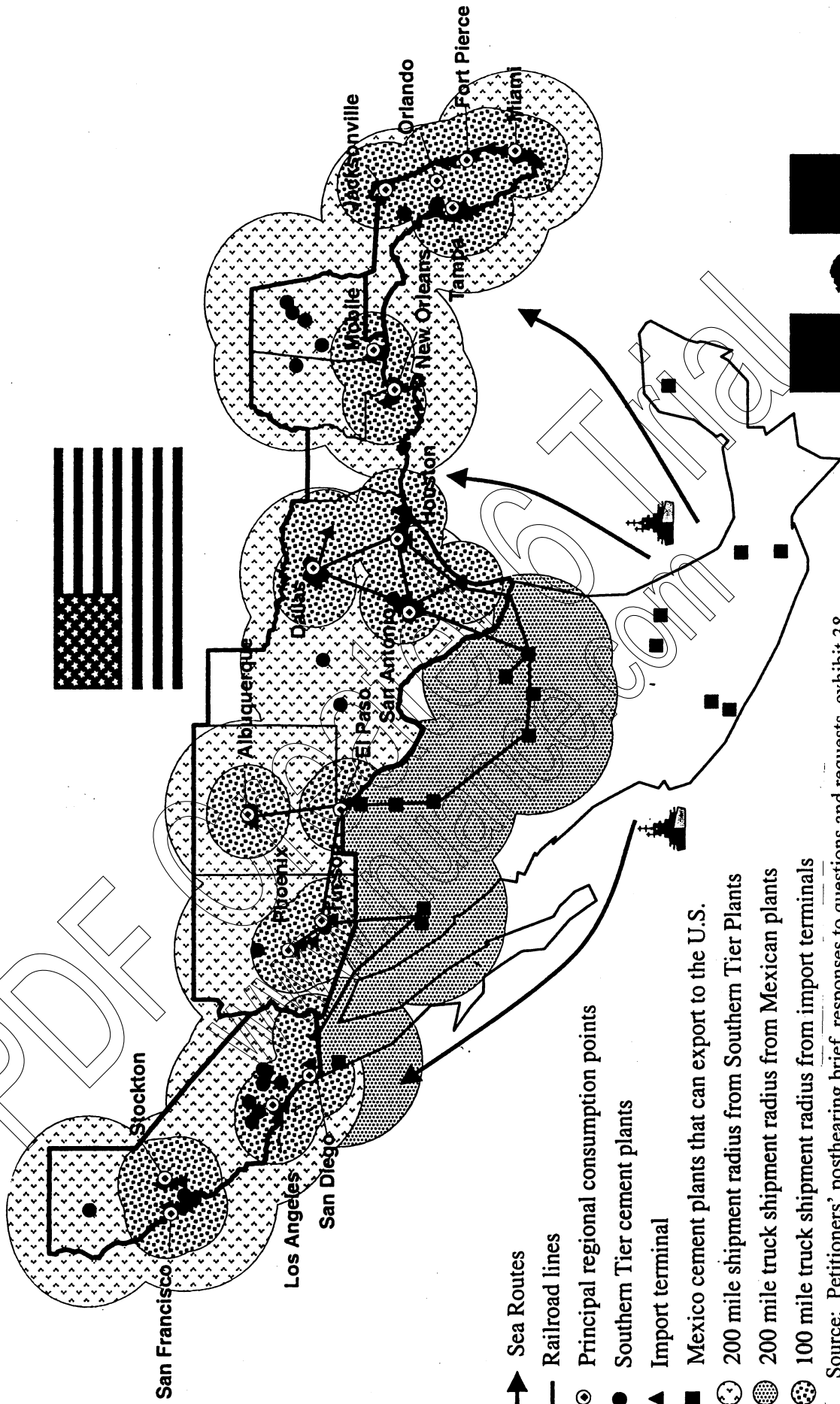
⁸ Japanese respondents' posthearing brief, p. 5.

⁹ ***.

¹⁰ ***.

Figure II-1

Mexican gray portland cement plants, railroad lines and sea routes from these plants to Southern-tier import terminals, and Southern-tier gray portland cement plants



- ▲ Sea Routes
- Railroad lines
- ⊙ Principal regional consumption points
- Southern Tier cement plants
- ▲ Import terminal
- Mexico cement plants that can export to the U.S.
- ⊙ 200 mile shipment radius from Southern Tier Plants
- ⊙ 200 mile truck shipment radius from Mexican plants
- ⊙ 100 mile truck shipment radius from import terminals

Source: Petitioners' posthearing brief, responses to questions and requests, exhibit 38.

U.S. Market Leadership

Purchasers were asked whether individual U.S. producers, importers, purchasers, or foreign producers/exporters of gray portland cement influenced the U.S. wholesale market price since 1990. Responses to this question were mixed. Twenty-two of 38 responding purchasers reported that individual firms have influenced the U.S. wholesale market price of gray portland cement. Eight of these 22 purchasers reported that individual U.S. producers, importers, purchasers, and foreign producers/exporters all influenced the U.S. market price of gray portland cement at some time since 1990. Eleven purchasers maintained that importers influenced the U.S. market price of gray portland cement since 1990. The remaining three responding purchasers reported that domestic producers led price increases.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Southern-Tier Producers

Based on available information, Southern-tier producers of gray portland cement are likely to respond to changes in price with small changes in the quantity shipped to the U.S. market. Supply responsiveness is constrained by a high rate of capacity utilization, the small share of total shipments that are sold outside the Southern-tier region, relatively low levels of gray portland cement inventories, and the lack of significant production alternatives. The fact that 10 of 24 responding Southern-tier producers reported that they either put customers on allocation, were unable to serve all of their customers' needs, or observed spot shortages in their market areas since 1990 is evidence that Southern-tier producers' supply is constrained by these factors.¹¹ Southern-tier producers' capacity to produce gray portland cement increased marginally from 1997 to 1999, as did production. Southern-tier capacity utilization fell from 91.4 percent in 1997 to 90.8 percent in 1998, then increased to 92.6 percent in 1999. Southern-tier producers shipped the vast majority (about 85 percent) of their gray portland cement within the Southern-tier region. Their inventories of gray portland cement were relatively low during the period examined, about 5-6 percent of production.

Nearly all responding Southern-tier producers reported that they are not able to switch production between gray portland cement and other products in response to a relative change in the price of gray portland cement vis-a-vis the price of other products, using the same equipment and labor.

Japanese Imports

Based on available information, Japanese exporters are likely to respond with a significant increase in shipments of gray portland cement to the Southern California market if the antidumping order is removed. The main reasons for Japanese exporters' supply responsiveness is the existence of substantial levels of excess capacity, and substantial alternative markets, from which Japanese exporters could shift sales. However, the supply response is significantly constrained by high U.S. inland transportation costs from import terminals to Southern California customers and infrastructure constraints in both Japan and Southern California. Relatively low levels of inventories, and the lack of significant production alternatives further constrain Japanese exporters' supply response.

¹¹ ***

Japanese industry capacity

Japanese producers' capacity to produce gray portland cement fell marginally from 1997 to 1999, while production declined at a greater rate. As a result, capacity utilization fell from 98.8 percent in 1997 to 88.7 percent in 1999. Although Japanese producers' capacity utilization rates were high, the absolute levels of excess capacity were substantial (1.0 million short tons in 1997, 9.6 million short tons in 1998, and 9.4 million short tons in 1999).¹²

Alternative markets

The vast majority of Japanese-produced gray portland cement was shipped to its home market during 1997-99. Home market shipments accounted for 89.4 percent of total Japanese shipments in 1997, 91.6 percent in 1998, and 91.7 percent in 1999. Nearly all of the remaining Japanese gray portland cement was shipped to export markets other than the United States, or was internally consumed.

Japanese producers' inventories

Japanese producers held small levels of inventories relative to their production. The ratio of Japanese producers' inventories to production remained under 5 percent during 1997-99.

Production alternatives

Japanese producers reported that ***.

Infrastructure constraints

* * * * *

Japanese respondents argue that Japanese producers without affiliations with Southern California import terminals are unlikely to export to the United States. Japanese respondents report that only two Japanese producers, Taiheiyo and Mitsubishi, are affiliated with import terminals in California, and those two companies supplied the bulk of the exports during the period covered by the original investigation. The other Japanese producers ***, and Japanese respondents maintain that there is no reason they would begin to do so if the order were revoked. ***, and their only access to the Southern California market would be through import terminals controlled by their competitors.¹³

Petitioners state that Japanese producers have substantial import infrastructure in California. Petitioners report that major Japanese producers already own (or have access to) import terminals situated on deep-water ports in California. Taiheiyo operates a terminal in Wilmington, California (near Long Beach) which has a storage capacity of around *** and a throughput capacity of approximately ***.

¹² Petitioners argue that the Commission should reject Japanese producers' reported capacity data as "false and misleading" and should use clinker capacity data in its examination of the Japanese gray portland cement industry. Petitioners note that in the original investigation 1990 gray portland cement capacity was 12 percent greater than cement clinker capacity. Petitioners suggest that the gray portland cement capacity figure be adjusted to 112 percent of cement clinker capacity. Using this method, Japanese gray portland cement capacity utilization rates would be significantly lower (falling from 83.5 percent in 1997 to 73.7 percent in 1999) and excess capacity would be substantially higher (16.7 million tons in 1997, 24.9 million tons in 1998, and 26.5 million tons in 1999).

¹³ Japanese respondents' prehearing brief, pp. 46-47.

tons per year. Taiheiyo also utilizes a floating cement storage silo at the port of Stockton in California. This facility, which is known as the "Golden Arrow," has a storage capacity of approximately 45,000 tons and a throughput capacity of between 500,000 and 600,000 tons. In addition, Taiheiyo has announced plans to build a new import terminal at the port of Stockton that will have a throughput capacity estimated at 650,000 tons per year.¹⁴

Petitioners report that Mitsubishi Materials, through its ownership of MCC, owns the MCC-Lucky import terminal at Long Beach, CA. This terminal has a storage capacity of around 60,000 tons and a throughput capacity of *** tons. Collectively, the three existing import terminals owned or operated by the Japanese producers, plus the new one being built in Stockton by Taiheiyo, will have a throughput capacity of approximately *** million tons.¹⁵

Mexican Imports

Based on available information, Mexican exporters are likely to respond with a significant increase in sales of gray portland cement to the Southern-tier region if the antidumping order is removed. The main reasons for Mexican exporters' supply responsiveness are the existence of substantial levels of excess capacity, and substantial alternative markets from which Mexican exporters could shift sales. However, the supply response is significantly constrained by high transportation costs from Mexico to customers in the Southern-tier region and infrastructure constraints in both Mexico and the Southern-tier region. Relatively low levels of inventories and the lack of significant production alternatives further constrain Mexican exporters' supply response.

Mexican industry capacity

Mexican producers' capacity to produce gray portland cement remained unchanged during 1997-99, while their production increased. As a result, Mexican producers' capacity utilization increased from *** percent in 1997 to *** percent in 1999. Although Mexican producers' capacity utilization rates were relatively high, the absolute levels of excess capacity were significant (***).

Petitioners maintain that Mexican producers' export oriented capacity and unused capacity is far greater today than it was in 1989. In 1989, prior to the antidumping order, CEMEX, Hidalgo, GCCC, and Apasco exported to the Southern-tier region from 12 plants that had a capacity of 18.7 million tons. Petitioners state that today, those plants and four new export-oriented plants added since 1989 have a total capacity of 27.5 million tons. Petitioners report that, since 1989, the additions made by individual companies are as follows:

- CEMEX opened the Yaqui plant and doubled the capacity of the Campana plant, both of which are located in Hermosillo, Sonora. Both plants can export to Arizona by rail via the Customs District of Nogales and to California by ship via the deep water terminal at Guayamas. CEMEX has also added capacity at the following plants that exported to the Southern-tier region prior to the antidumping order: Torreon, Valles, and Merida.
- GCCC opened the Samalayuca plant in Chihuahua. That plant is located 35 miles from El Paso and has access to Texas, New Mexico, and Arizona.

¹⁴ Petitioners' prehearing brief, pp. 155-156.

¹⁵ Id., p. 156.

- Apasco opened the Ramos Arizpe plant in Coahuila. That plant has rail access to Texas via Laredo. Apasco also opened the Tecomen plant in Colima. That plant has access to California by ship via Apasco's deep water terminal at Manzanillo.¹⁶

Alternative markets

Mexican producers' home market shipments increased from 1997 to 1999. Notwithstanding that increase, their exports to the Southern-tier region relative to home market shipments increased from *** percent in 1997 to *** percent in 1998 and 1999. Mexican producers' exports to all other markets besides the United States relative to total exports fell from *** percent in 1997 to *** percent in 1998, then increased to *** percent in 1999.

Mexican producers' inventories

Mexican producers held *** levels of inventories relative to their production. The ratio of their inventories to production was less than *** percent during 1997-99.

Production alternatives

Mexican producers reported that ***.

Infrastructure constraints

* * * * *

In their prehearing and posthearing briefs, Mexican respondents also maintain that the ability of the Mexican gray portland cement industry to export is restricted. Mexican respondents state that only a select number of Mexican mills can export to the United States—the others are excluded by their inland locations in Central and Southern Mexico. Mexican respondents argue that these mills are further constrained by export bottlenecks created at port terminals or by the inland rail system.¹⁷

Mexican respondents further maintain that it is very difficult to import gray portland cement without ownership of import terminals and storage facilities. In the Southern-tier region the vast majority of imports enter through terminals owned by the importer. Consequently, Mexican respondents argue that terminal ownership acts as a bottleneck to accessing all parts of the region. This bottleneck is further exacerbated by the high cost of overland freight once the imports reach the terminal—once imported gray portland cement enters it faces the same high costs of overland transport as do domestic producers. Consequently, the vast majority (89 percent) of imported Mexican gray portland cement is shipped within 100 miles of the import terminal. Furthermore, the majority of Southern-tier terminals are owned by Southern-tier producers or their foreign affiliates. Thus, Mexican respondents argue, terminal location and affiliation effectively insulate many domestic producers.¹⁸

In their posthearing brief, Mexican respondents ***. Table II-1 shows ***. ***.¹⁹

¹⁶ Id., pp. 92-93.

¹⁷ Mexican respondents' prehearing brief, p. 40.

¹⁸ Id., p. 47.

¹⁹ Mexican respondents' posthearing brief, volume II, exhibit 8, pp. 1, 3, and 9.

Table II-1
Audit of CEMEX's available active U.S. import terminal capacity

* * * * *

Petitioners state that Mexican gray portland cement producers have far better export infrastructure today than in 1989. Petitioners note that, during 1986-89, Apasco could only export to the United States via the Veracruz terminal on the Gulf Coast of Mexico. Today, however, Apasco has access to Texas by rail and to California by sea. In 1991, Apasco opened its new plant in Ramos Arizpe, located 135 miles from Laredo, TX via rail. In 1993, Apasco opened its new plant in Tecoman and its associated marine terminal in Manzanillo, on the Pacific Coast of Mexico.²⁰

Petitioners further maintain that NAFTA and the increasing trade between the United States and Mexico have facilitated improvements in overland transportation, both by rail and by road. Thus, transportation to the U.S. border is more efficient in Mexico today than in 1989.²¹

Petitioners maintain that the Mexican gray portland cement industry has nine export terminals. According to ***. Petitioners maintain that a bulk distribution terminal is not required to serve the Southern-tier region with cement by rail. Petitioners state that the only capacity constraint to exporting by rail is the capacity of the exporting plants.²²

Petitioners also state that Mexican producers control far more import infrastructure in the Southern-tier region today than during 1986-89. During 1986-89, BCW, Lonestar-Falcon, Texas Sunbelt, and Southwestern Sunbelt accounted for nearly all imports from Mexico of gray portland cement. Today, CEMEX and GCCC own all of the import terminals that were owned by BCW, Texas Sunbelt, and Southwestern Sunbelt during the period of the original investigation.²³

Petitioners state that the throughput capacity of import terminals owned by CEMEX and GCCC is almost ***. This throughput capacity is *** percent greater than what they owned in 1989. In addition, Apasco can serve the Southern-tier region via the following import distribution terminals owned by its U.S. affiliate Holnam:

- Galveston, Texas (600,000 tons of throughput capacity)
- Reserve, Louisiana (1.8 million tons of throughput capacity)
- New Orleans, Louisiana
- Tampa, Florida (200,000 metric tons of throughput capacity)²⁴

Furthermore, petitioners maintain that CEMEX plans to increase its import infrastructure in the Southern-tier region if the order is revoked. Petitioners state that, based on lobbying materials distributed to state and local officials in California, CEMEX will build a new \$25 million import terminal in Richmond, CA, if the order is revoked. Petitioners further argue that, if the order were revoked, CEMEX could *** and reactivate its Sunward Cement terminal in Fort Pierce, FL. Finally, petitioners maintain that CEMEX could reactivate its inactive terminal in Casa Grande, AZ.²⁵

²⁰ Petitioners' prehearing brief, p. 101.

²¹ Id., p. 101.

²² Id., p. 102.

²³ Id., pp. 102-103.

²⁴ Id., pp. 103-104 and volume III, exhibit 66.

²⁵ Id., pp. 104-105.

Venezuelan Imports

Based on available information, Venezuelan exporters are likely to respond with a significant increase in sales of gray portland cement to the Florida market if the suspended antidumping and countervailing duty investigations are terminated. The main reason for Venezuelan exporters' supply responsiveness is the existence of substantial alternative markets from which Venezuelan exporters could shift sales. However, this product shifting is significantly constrained by high transportation costs from Venezuela to Florida and infrastructure constraints in both Venezuela and Florida. Relatively high levels of capacity utilization, relatively low levels of excess capacity, relatively low levels of inventories, and the lack of significant production alternatives, further constrain Venezuelan exporters' supply response.

Venezuelan industry capacity

Venezuelan producers' capacity to produce gray portland cement, and their production, increased from 1997 to 1999. Venezuelan producers' capacity utilization increased from *** percent in 1997 to *** percent in 1998, then fell to *** percent in 1999. Venezuelan producers' excess capacity was ***.

Alternative markets

Venezuelan producers' home market shipments increased from 1997 to 1998, then fell in 1999. Venezuelan producers' exports to Florida relative to home market shipments fell from *** percent in 1997 to *** percent in 1998, then increased to *** percent in 1999. Venezuelan producers' exports to all other markets besides the United States relative to total exports fell from *** percent in 1997 to *** percent in 1998, then increased to *** percent in 1999.

Venezuelan producers' inventories

Venezuelan producers held *** levels of inventories relative to their production. The ratio of Venezuelan producers' inventories to production remained steady at *** percent from 1997 through 1999.

Production alternatives

Venezuelan producers reported that ***.

Infrastructure constraints

In their posthearing brief, Venezuelan respondents maintain that capacity to export to the United States is severely constrained by port access and customer specifications. Venezuelan respondents stated that the only Vencemos mill with deep water access that produces to U.S. standards has very little excess capacity. Venezuelan respondents reported that the only other exporter with any port access is Caribe, which only has a shallow water port.²⁶ However, Vencemos is owned by CEMEX and, presumably, has access to CEMEX-owned import terminals in Florida.

²⁶ Venezuelan respondents' posthearing brief, pp. 2-3.

U.S. Demand

Demand Characteristics

The demand for gray portland cement depends on the demand for concrete, its end product. Concrete is used in all types of construction, particularly residential building, commercial building, and highways. The demand for gray portland cement differs depending on the region to which it is being shipped. The demand in each region is influenced by many different factors, such as demographic movements, industrial development patterns, public spending levels, and local availability of competitive building materials. The demand for gray portland cement tends to be cyclical in nature because it is determined by the level of general construction. However, the gray portland cement business cycle is likely to be somewhat less volatile than individual construction markets because gray portland cement is used in nearly every type of construction, and cycles among these market segments frequently offset each other. The demand for gray portland cement also tends to be seasonal in nature, with peaks in consumption occurring in the summer months when the level of construction is highest.

Demand Trends

In general, U.S. producers, and Mexican and Venezuelan importers agree that demand for gray portland cement sold in the Southern-tier region has increased significantly since 1990. The strength in demand is the result of population growth and a strong economy in the Southern-tier region, as well as significant increased public spending on infrastructure. These factors have led to increased residential and non-residential construction in the Southern-tier region and to increased public infrastructure projects.

Gray portland cement demand growth rates differed somewhat by state within the Southern-tier region. *** reported that in California, demand for gray portland cement decreased from 11.6 million short tons in 1990 to 8.5 million short tons in 1993, a 27 percent decline. Demand has increased by more than 50 percent since 1992 to almost 13 million short tons in 1999. These trends were driven by changes in the California construction market. *** reported that Southern-tier gray portland cement demand has increased by 11.4 million tons, or 36 percent since 1990 and by 15.8 million tons, or 57 percent since the 1991 recessionary trough. *** also reported that gray portland cement demand for the rest of the United States increased by 18.5 million tons, or 34 percent since 1990 and by 23.6 million tons, or 48 percent since 1991. The strongest growth markets since 1991 have been Arizona (up 102 percent), Texas (up 80 percent), Florida (up 62 percent), New Mexico (up 55 percent), and Mississippi (up 60 percent). Louisiana and Alabama experienced more moderate growth since 1991 of 16 percent and 27 percent, respectively. California started to recover in 1994 after a protracted recession. Cement demand in California increased to 13 million tons in 1999, which is 12 percent higher than in 1990 and essentially equivalent to the 1989 peak. Population and economic growth, low interest rates, and significantly improved government fiscal conditions which have supported increased public works spending (especially highways) have been the major drivers of gray portland cement demand.

Predicted Demand

In general, the Southern-tier producers predict that gray portland cement demand will decline over the next few years. Southern-tier producers cite higher interest rates and slowing construction activity as factors that will slow demand for gray portland cement. Several Southern-tier producers argue that the TEA-21 infrastructure bill will have only limited impact on gray portland cement demand because the preferred material in road paving is asphalt. In their posthearing brief, petitioners note that projected TEA-21 spending accounts for only a relatively small share of projected total construction spending.²⁷ Southern-tier producers cite studies by organizations such as the International Cement Review, F.W. Dodge, ROI Economic Consulting, the Graystone Insider, and the Portland Cement Association (PCA) that forecast declines in gray portland cement demand over the next few years.²⁸

Petitioners argue that, because gray portland cement is a cyclical industry, with production and sales levels rising and falling with construction activity, a downturn from the current, already long-lived cyclical peak is inevitable. Petitioners maintain that, despite the unprecedented length of the current upturn in the business cycle for cement, another downturn in cement demand is predictable as soon as a combination of higher interest rates, declining confidence in the economy, and other factors lead to a decline in construction, which is often the first industry to decline in a general downturn. Petitioners acknowledge that the precise timing and the extent of the next downturn remain uncertain because predicting the magnitude and duration of cyclical downturns—and upturns—is very difficult. Petitioners state that there is always a bias to expect more of the same, even though the basis for doing so in the longest peacetime recovery in history has become increasingly tenuous.²⁹

Alternatively, subject importers predict that gray portland cement demand will continue to grow in the foreseeable future.³⁰ Subject importers argue that infrastructure bills such as TEA-21 and AIR-21 will lead to increased road construction and, therefore, increased demand for cement. Mexican respondents maintain that infrastructure expenditures are an extremely important component of gray portland cement, accounting for 54 percent of all cement consumed.³¹

TEA-21 is the largest public works appropriations law in U.S. history. The statute authorizes \$36.3 billion per year on average for a total of \$217 billion over six years. The streets and highways portion of the budget, which is the largest component of TEA-21, averages \$29 billion per year. The timing of expenditures is “back-loaded,” which means that the highway funding levels continue to rise through 2003. TEA-21 has increased federal highway funding by 44 percent relative to the average funding level of the previous 1991 transportation act, ISTEA.³²

States in the Southern-tier region have received a disproportionately large share of the increased TEA-21 funding. Texas’ funding is 71.9 percent greater during the TEA-21 period than during the prior ISTEA period; Arizona’s is 70.3 percent greater; Louisiana’s is 70 percent greater; and Florida’s is 64.2

²⁷ Petitioners’ posthearing brief, exhibit D.

²⁸ ***

²⁹ Petitioners’ prehearing brief, pp. 49-51.

³⁰ Mexican respondents provided a state-by-state forecast of Southern-tier region gray portland cement demand conducted by Dr. Frederick Joutz which found that demand is expected to increase in every Southern-tier region state in the foreseeable future. However, Dr. Joutz’s analysis relies heavily on forecasts of a single variable, construction employment. For this reason, staff is not confident in this study’s results, and has not relied on them in its analysis of gray portland cement demand.

³¹ Mexican respondents’ prehearing brief, p. 14.

³² *Id.*, p. 15.

percent greater. As a region, the Southern-tier will see a total increase in its transportation spending of 61.2 percent during the FY 1998-2003 period over the comparable prior period.³³

The Southern-tier region will also see increases under AIR-21. Under AIR-21, federal airport infrastructure spending will rise \$10 billion, or about 33 percent from the last three years to the FY 2001-2003 period during which it will take place. The American Road and Transportation Builders Association has predicted that AIR-21 funding will add an incremental \$120 million in concrete sales by 2003.³⁴

Mexican respondents cite statements by industry analysts such as Deutsche Bank, Value-Line, and PCA, and domestic producers such as Southdown and Lafarge that recognize the importance of TEA-21 and AIR-21 in increasing demand for cement and protecting the industry from unanticipated demand changes in residential and non-residential construction.³⁵ In addition, Mexican respondents have estimated the effect of the TEA-21 appropriations on Southern-tier region demand on a state-by-state basis. The results of their calculations indicate that the impact of TEA-21 varies by state, with the greatest increases in cement consumption in California (616,000 tons per year), Texas (614,000 tons per year), and Florida (354,000 tons per year). These calculations indicate that the weighted-average increase in cement consumption across the Southern-tier region is 5 percent of 1999 consumption levels.^{36 37}

³³ Id., pp. 15-16.

³⁴ Id., p. 16.

³⁵ Analysts at Deutsche Bank concluded that "The recent upward spikes in U.S. highways expenditure can be seen as the first signs of TEA-21 spending. The peak years of TEA-21 spending (2000-2002) will, in our view, cushion U.S. cement demand against a decline in housing. It is the 'firewall' concept of TEA-21, where gasoline revenues must be spent on infrastructure, which gives us confidence for stable growth in U.S. cement demand." Mexican respondents' prehearing brief, pp. 16-17. Financial analysts at Value-Line state that "Therefore, as spending related to TEA-21 ramps up considerably in the coming 18 months, Vulcan will benefit accordingly. Indeed, we believe both aggregate demand and prices will increase 4-5 percent annually over the next two years, driven by an over-50 percent increase in federal highway spending across Vulcan's operating region {which includes states within the Southern-tier region} slated for the next 3 to 4 years." Id., p. 17. William Toal, the Chief Economist of the PCA, stated that "The trump card is the expected gains in public works construction as a result of the passage of TEA-21. Total construction is, therefore, expected to continue on the upswing reaching new record levels. This is all positive for the cement industry." Id., p. 18. Lafarge stated that "Even though construction spending has remained at historically high levels the last few years, the outlook for Lafarge continues to be favorable, due in part to the passage in 1998 of a six year federal transportation spending program known as TEA-21. Public sector spending programs represent about 45 percent of the market for cement, and are major demand drivers for concrete and construction aggregates. Under TEA-21, federal aid to states for highway projects is slated to increase by more than 40 percent a year through 2003. State and local matching funds should raise potential spending levels even higher. Spending is expected to ramp up in 1999 and hit full stride in 2000. Of the projected \$8.2 billion increase in annualized appropriation for highways, states in which Lafarge produces account for \$7.1 billion, or 86 percent of that increase." Id., p. 18. Southdown predicted that "with the enactment of TEA-21 stimulating federal highway spending and related increases in state highway programs, cement consumption should continue at high rates for the foreseeable future." Id., pp. 18-19.

³⁶ Mexican respondents' calculations involved two steps. First, Mexican respondents multiplied the state-level value of highway spending, inclusive of the 1999 TEA-21 appropriations, by the state's estimated increase over the ISTEA funding to calculate the increment to funding. Second, they translated the increase in the highway spending into an increase in short tons of cement using a conversion factor of 0.000825 (i.e., every \$1 billion of additional highway funding results in an 825,000-ton increase in cement demand). Id., p. 19.

³⁷ Id., p. 19.

In addition, Mexican respondents report that gray portland cement has been capturing an increased share of construction spending. The ratio of cement usage to construction spending has increased over the past 15 years, from 0.158 in 1984 to a record high of 0.197 in 1999. Mexican respondents further cite the PCA as stating that “This ratio {of cement consumption to total construction spending} continues to climb and is at an all time high. So, along with a strong construction environment, the increased penetration of cement into areas such as residential and highway construction has led to the recent record high levels of cement consumption and will continue to boost cement consumption in the United States for the foreseeable future.”³⁸

Substitute Products

In general, there are no substitutes for cement in the production of concrete, although flyash and ground blast furnace slag may be used as supplements in the production of concrete in some cases.^{39 40} There are, however, several substitutes for concrete. In the nonresidential construction market, structural steel is the primary substitute for concrete, while wood is the main substitute for concrete in the residential construction market. Other substitutes for concrete include asphalt (in the paving market), brick, and certain products of metal, glass, and plastics. The vast majority of responding purchasers reported that, since 1990, there have been no changes in the number or type of products that can be substituted for gray portland cement.

Cost Share

Most responding purchasers reported that the cost of gray portland cement accounts for only a very small share of the total cost of private residential construction, private non-residential construction, public building construction, and public infrastructure. *** reported that, according to the PCA, 0.192 metric ton of gray portland cement was used per \$1,000 of construction in 1998. Using this PCA factor and ***.

SUBSTITUTABILITY ISSUES

Purchase Factors

Nearly all gray portland cement purchasers reported making daily purchases. Most purchasers reported that their purchasing patterns had not changed significantly since 1990, and they do not expect them to change in the next two years. Most purchasers reported that gray portland cement purchases are seasonal, following construction activity. Purchasers tend to buy more gray portland cement during the spring, summer, and fall than they do in the winter. Before making a purchase, most purchasers contact between one and four suppliers. Most purchasers reported that they change suppliers only infrequently;

³⁸ Id., p. 12.

³⁹ While most Southern-tier producers and subject importers reported no substitutes, some reported that flyash and granulated ground blast furnace slag may be used as supplements in the production of concrete. However, flyash can only be used for certain applications, and in most cases could only replace 15-20 percent of the gray portland cement. Likewise, granulated ground blast furnace slag can only be used for certain applications, and in most cases could replace 20-40 percent of the gray portland cement.

⁴⁰ The proportion of flyash and granulated ground blast furnace slag used in the production of gray portland cement has increased from 0.69 percent in 1990 to 1.90 percent in 1998.

those that changed cited factors such as price, quality, and geographic location as reasons for changing. Most purchasers reported that they do not vary their purchases from a given supplier (within a given quarter) based on the price offered for that quarter. Eight of the 48 responding purchasers reported buying gray portland cement subject to "Buy American" policies.⁴¹ None of the responding purchasers reported buying gray portland cement over the Internet.

When gray portland cement purchasers were asked to list the three most important factors considered when choosing a supplier, price was ranked first most often by a wide margin (table II-2). Quality and availability were ranked second most often, and price and availability were ranked third most frequently. Other factors listed include delivery, traditional supplier, and location.

Twenty-three of the 46 responding gray portland cement purchasers reported that they require their suppliers to become certified or prequalified. Twenty of these purchasers reported that 100 percent of their gray portland cement was bought subject to qualification. In general, gray portland cement must meet ASTM-C150 standards. Other factors considered by purchasers in their qualification process include state Department of Transportation approval, price, availability, delivery, consistency of product, and reliability. The qualification process can take anywhere from 1 day to 6 months. Forty-four of 48 responding purchasers reported that no domestic or foreign producers ever failed in their attempts to qualify their gray portland cement, or lost their approved status.⁴²

Comparisons of Domestic Products, and Subject and Nonsubject Imports

Nearly all responding Southern-tier producers reported that U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement are always used interchangeably (table II-3). Importers were split between U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement always or frequently being used interchangeably (table II-4).⁴³

Nearly all responding Southern-tier producers reported that there are never any significant differences in product characteristics or sales conditions between U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement (table II-5). Subject importers generally reported that there are either sometimes or never any significant differences in product characteristics or sales conditions between U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement (table II-6).⁴⁴

Nearly all responding purchasers reported that U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject imported gray portland cement are used in the same applications.⁴⁵ Only seven of 48 responding purchasers reported that they specifically order gray portland cement from one country.⁴⁶ Six of 48 responding purchasers reported that certain types of gray portland cement are available only from a single source.

Purchasers were asked to compare U.S.-produced gray portland cement with imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement based on 14 purchase factors. The results of these comparisons are shown in figures II-2 through II-5.

41 ***

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Table II-2

Gray portland cement: Most important factors considered when selecting a gray portland cement supplier

Factor	First	Second	Third
Price	26	4	12
Quality	8	17	4
Availability	3	11	10
Delivery	0	1	4
Traditional supplier	4	1	0
Location	1	1	1
Other	3	3	3
Total	45	38	34

Note: Figures indicate the number of purchaser responses in each category.

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

Table II-3

Gray portland cement: Interchangeability between country pair products, as reported by SOUTHERN-TIER producers

Comparisons	Firms reporting always	Firms reporting frequently	Firms reporting sometimes	Firms reporting never
U.S. vs. Japan	17	-	-	-
U.S. vs. Mexico	19	-	-	-
U.S. vs. Venezuela	17	1	-	-
U.S. vs. nonsubject	16	1	-	-
Japan vs. Mexico	15	-	-	-
Japan vs. Venezuela	15	-	-	-
Japan vs. nonsubject	15	-	-	-
Mexico vs. Venezuela	15	-	-	-
Mexico vs. nonsubject	15	-	-	-
Venezuela vs. nonsubject	15	-	-	-

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

Table II-4

Gray portland cement: Interchangeability between country pair products, as reported by U.S. importers

Comparisons	Firms reporting always	Firms reporting frequently	Firms reporting sometimes	Firms reporting never
U.S. vs. Japan	1	1	-	1
U.S. vs. Mexico	2	3	-	-
U.S. vs. Venezuela	2	2	-	-
U.S. vs. nonsubject	2	1	-	-
Japan vs. Mexico	1	1	-	-
Japan vs. Venezuela	1	1	-	-
Japan vs. nonsubject	1	1	-	-
Mexico vs Venezuela	1	1	-	-
Mexico vs. nonsubject	1	1	-	-
Venezuela vs. nonsubject	1	1	-	-

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

Table II-5

Gray portland cement: Differences in product characteristics or sales conditions between country pair products, as reported by SOUTHERN-TIER producers

Comparisons	Firms reporting always	Firms reporting frequently	Firms reporting sometimes	Firms reporting never
U.S. vs. Japan	-	-	-	17
U.S. vs. Mexico	-	-	1	18
U.S. vs. Venezuela	-	-	2	16
U.S. vs. nonsubject	-	-	1	17
Japan vs. Mexico	-	-	-	15
Japan vs. Venezuela	-	-	-	15
Japan vs. nonsubject	-	-	-	15
Mexico vs Venezuela	-	-	-	15
Mexico vs. nonsubject	-	-	-	15
Venezuela vs. nonsubject	-	-	-	15

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

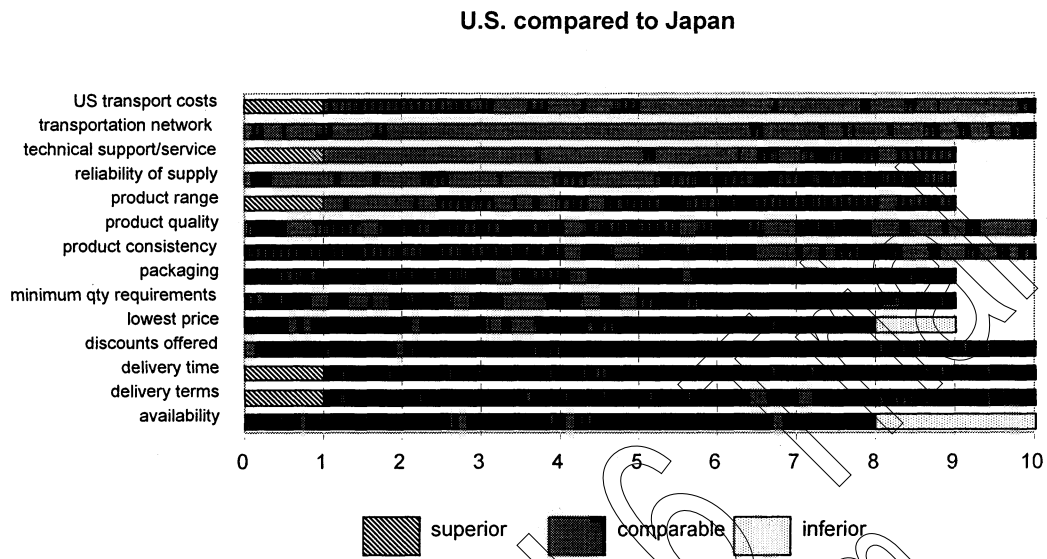
Table II-6

Gray portland cement: Differences in product characteristics or sales conditions between country pair products, as reported by U.S. importers

Comparisons	Firms reporting always	Firms reporting frequently	Firms reporting sometimes	Firms reporting never
U.S. vs. Japan	-	-	1	-
U.S. vs. Mexico	-	1	1	2
U.S. vs. Venezuela	-	-	1	2
U.S. vs. nonsubject	-	-	1	2
Japan vs. Mexico	-	-	1	-
Japan vs. Venezuela	-	-	1	-
Japan vs. nonsubject	-	-	-	1
Mexico vs. Venezuela	-	-	1	-
Mexico vs. nonsubject	-	-	-	1
Venezuela vs. nonsubject	-	-	-	1

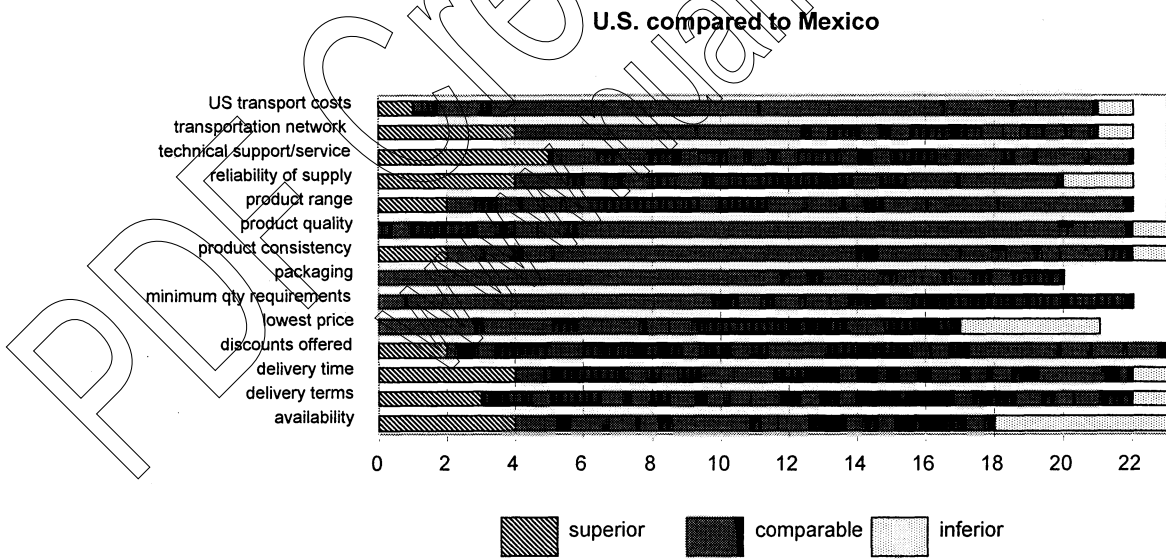
Source: Compiled from data submitted in response to Commission questionnaires.

Figure II-2
 Comparison of U.S.-produced and imported Japanese gray portland cement, by specified factors



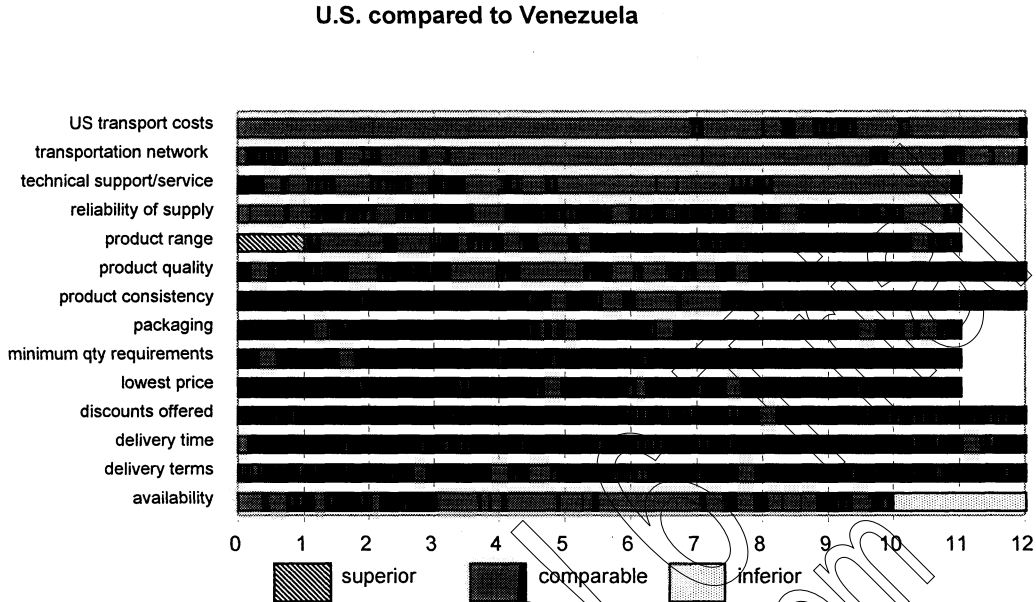
Source: Compiled from data submitted in response to Commission questionnaires.

Figure II-3
 Comparison of U.S.-produced and imported Mexican gray portland cement, by specified factors



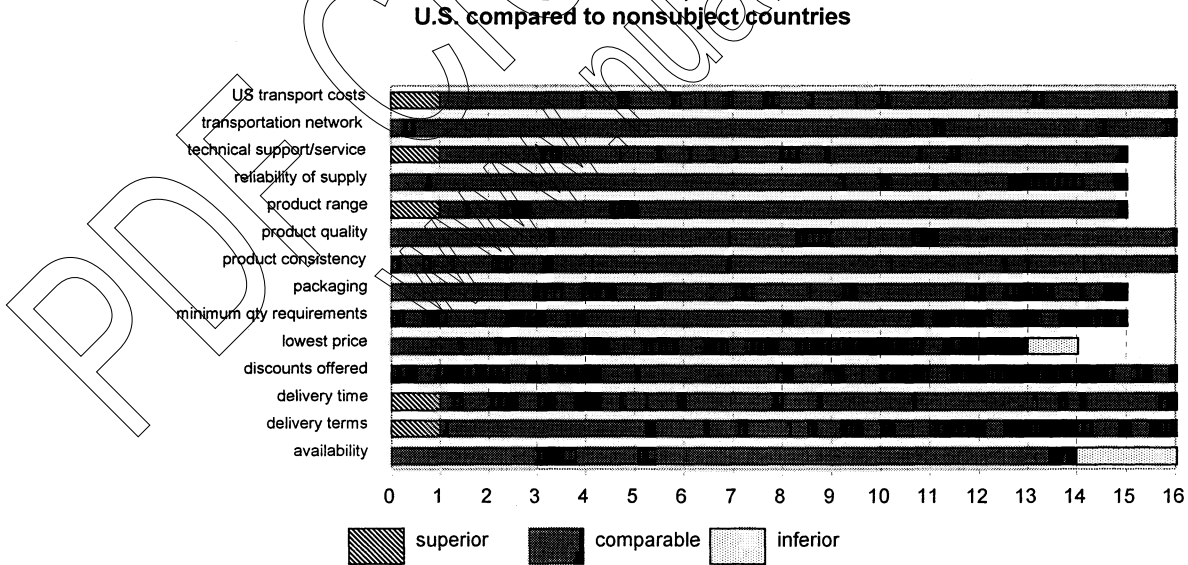
Source: Compiled from data submitted in response to Commission questionnaires.

Figure II-4
 Comparison of U.S.-produced and imported Venezuelan gray portland cement, by specified factors



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

Figure II-5
 Comparison of U.S.-produced and imported nonsubject country gray portland cement, by specified factors



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

ELASTICITY ESTIMATES

The elasticity estimates discussed in this section are those that were used in a comparative static analysis to assess the effects of subject imports on the domestic economy in the absence of the antidumping orders and suspended investigations (see appendix D).

U.S. Supply Elasticity

The domestic supply elasticity for gray portland cement measures the sensitivity of the quantity supplied by the U.S. industry to a change in the U.S. market price of these products. On the basis of information relating to capacity utilization, the importance of alternative markets, inventories, and the flexibility of shifting production between gray portland cement and other products, it is likely that the domestic supply elasticity for gray portland cement falls in the range of 1 to 4.

Petitioners agree with staff's prehearing domestic supply elasticity estimate range of 1 to 4. Respondents argue that the existence of some potentially divertible shipments outside of the Southern-tier region support a value as great as 1, at the lower end of the staff's range. Mexican respondents state that the driving factor in concluding that the elasticity is not likely to be greater than this is the exceedingly high rate of capacity utilization, which allows little if any practical ability to increase shipments through expanded production.

Staff agrees with Mexican respondents' argument that the Southern-tier producers' high rates of capacity utilization suggest a relatively low domestic supply elasticity, and has considered this factor in its prehearing analysis. Therefore, staff believes that 1 to 4 is a reasonable estimate range for the domestic supply elasticity.⁴⁷

Japanese Import Supply Elasticity

The Japanese import supply elasticity measures the response in Japanese imports of gray portland cement to a changing U.S. price. On the basis of information relating to capacity utilization, the importance of alternative markets, inventories, the flexibility of shifting production between gray portland cement and other products, transportation costs, and infrastructure constraints, it is likely that the Japanese supply elasticity for gray portland cement falls in the range of 3 to 6.

Petitioners maintain that staff's prehearing Japanese import supply elasticity estimate range of 2 to 5 is quite low. Petitioners state that Japan currently has over 21 million tons of excess capacity—or approximately 1-1/2 times California demand. Petitioners note that the estimate range staff proposed in the prehearing report falls well below the estimates made by staff in the original investigation (3 to 8). Petitioners maintain that net upward adjustments are warranted to reflect Japan's tremendous current unused capacity, the relative strength of U.S. demand, the economic problems remaining in Japan, and the current unsettled state of Japan's primary market, Asia. Petitioners argue that the differences in the two time periods are striking and suggest a higher elasticity of substitution for Japan at this time. Petitioners propose a Japanese import supply elasticity estimate range of 4 to 8.

Japanese respondents did not comment on staff's prehearing estimate range for the Japanese import supply elasticity.

⁴⁷ The domestic supply elasticities for Southern California and Florida producers should be similar to the domestic supply elasticity for Southern-tier region producers. Southern California and Florida producers are similarly constrained by high rates of capacity utilization, small shares of total shipments that are sold outside their regions (except for Florida), relatively low levels of gray portland cement inventories, and the lack of significant production alternatives.

Staff agrees with petitioners' statement that Japanese gray portland cement producers currently have a large amount of excess capacity. Japanese producers reported 9.4 million tons of excess capacity in 1999, somewhat in excess of Southern California consumption of 8.3 million tons of gray portland cement in 1999. However, given the historical evidence, it is questionable whether Japanese gray portland cement producers would ship a large share of their excess capacity to Southern California in response to revocation of the antidumping order. During 1988-90, the three years before the antidumping order was imposed, Japanese gray portland cement producers' excess capacity averaged 19.8 million tons. During the same time, Japanese shipments of gray portland cement to Southern California averaged only 1.5 percent of Japanese production. By far the vast majority of Japanese gray portland cement production (95.2 percent) was sold to the Japanese home market during 1988-90. During 1997-99, Japanese gray portland cement producers still sold the vast majority (90.4 percent) of their production to their home market. Thus, the historical evidence suggests that if the antidumping duty were revoked, Japanese gray portland cement producers may still ship the vast majority of their production to the Japanese home market, and export only a small share of their production to Southern California.

Staff does not agree with petitioners' argument that the economic problems remaining in Japan and the unsettled state of Japan's primary market, Asia, would suggest a higher import supply estimate range. It is true that economic problems in Asia may result in Japanese gray portland cement producers having higher levels of excess capacity, a factor that does affect the import supply elasticity. However, this factor (excess capacity) was already considered in staff's analysis.

In addition, petitioners do not account for the restrictive effects that infrastructure constraints in Japan and the United States, and high inland transportation costs within Southern California have on the Japanese import supply elasticity. As discussed above, Japanese producers reported infrastructure constraints at their export terminals. Although Japanese producers appear to have substantial import terminal throughput capacity (approximately 3.2 million tons based on petitioners' estimates), high inland transportation costs somewhat restrict the sales of imported Japanese gray portland cement within Southern California.

Based on the factors discussed above, staff believes that the Japanese import supply elasticity estimate should be in the range of 3 to 6.

Mexican Import Supply Elasticity

The Mexican import supply elasticity measures the response in Mexican imports of gray portland cement to a changing U.S. price. On the basis of information relating to capacity utilization, the importance of alternative markets, inventories, the flexibility of shifting production between gray portland cement and other products, transportation costs, and infrastructure constraints, it is likely that the Mexican supply elasticity for gray portland cement falls in the range of 3 to 6.

Petitioners maintain that the prehearing estimate of the Mexican import supply elasticity range of 2 to 5 is far too low. Petitioners cite a statement by the President of the Mexican Cement Chamber that "in case the duty is eliminated, ... the national cement companies could export approximately four million (metric) tons to the Southern market of the United States." Petitioners note that this prediction of 4.4 million short tons is nearly four times Mexico's current exports to the Southern-tier and consistent with the quantities being supplied by Mexico immediately preceding the original investigation.⁴⁸

Petitioners maintain that, in the original investigation, staff estimated a Mexican import supply elasticity range of 1 to 4 after noting little unused capacity and virtually no third-country exports.

⁴⁸ Petitioners' prehearing brief, economic appendix, section III, p. 17.

Petitioners state that now there is tremendous unused capacity and significant third-country exports that can be redirected to the U.S. market. Petitioners believe that these facts are quite different from the original investigation and warrant a Mexican import supply elasticity estimate range of at least 4 to 8.⁴⁹

Mexican respondents did not specifically comment on staff's Mexican import supply elasticity estimate range. However, they did extensively argue that Mexican exports of gray portland cement to the Southern-tier region are limited by factors such as the availability of unused capacity in Mexico, inland mill locations, export bottlenecks, and import constraints in the United States.⁵⁰ These arguments were addressed earlier in the section entitled "Mexican Imports." Furthermore, in their prehearing brief Mexican respondents cite a statement by Goldman Sachs Investment Research that "Even with the removal of the tariff, we would not expect to see a flood of imports from Mexico to the U.S. But CEMEX would likely substitute some of the cement it has been exporting from China and Thailand to the U.S. with cement from Mexico. Overall, however, we do not expect that a tariff removal would have a significant impact on the total amount of cement CEMEX sells in the U.S. (which is limited more by CEMEX's market presence, we believe, than dumping tariffs)."

Staff agrees with petitioners' argument that Mexican gray portland cement producers currently have a significant amount of excess capacity. Mexican producers reported *** of excess capacity in 1999, *** percent of Southern-tier region consumption of 43.1 million tons of gray portland cement in 1999. Historical evidence suggests that Mexican gray portland cement producers would ship a significant share of their excess capacity to the Southern-tier region in response to revocation of the antidumping order. During 1987-89, the three years before the antidumping order was imposed, Mexican shipments of gray portland cement to the Southern-tier region averaged *** percent of Mexican production. The vast majority of Mexican gray portland cement production (*** percent) was sold to the Mexican home market during 1987-89. Thus, the historical evidence suggests that if the antidumping duty were revoked, Mexican gray portland cement producers may still ship the vast majority of their production to the Mexican home market, and export most of the remainder of their production to the Southern-tier region.

Staff agrees with respondents' argument that imports of Mexican gray portland cement are constrained by infrastructure bottlenecks at the Mexican export terminals and the Southern-tier import terminals. The question is, at what point are these constraints binding.

Petitioners state that Mexican producers have better export infrastructure today than they did in 1989. ***. Mexican producers also control more import infrastructure in the Southern-tier region today than during 1986-89. ***. In addition, imported Mexican gray portland cement can also enter the Southern-tier region through non-CEMEX-owned import terminals. Prior to the antidumping order, imported Mexican gray portland cement entered the Southern-tier region through import terminals now owned by Eastern Cement, Continental, Lonestar, Lafarge, Holnam, Blue Circle, CSR Rinker, Lehigh Portland, and Nevada Cement, representing approximately *** of annual throughput capacity. Given the *** of Mexican export terminal throughput capacity, the *** of CEMEX-owned Southern-tier import terminal throughput capacity, and additional throughput capacity of approximately *** for non-CEMEX-owned Southern-tier import terminals, it appears that enough throughput capacity exists for Mexican producers to significantly increase their exports of gray portland cement to the Southern-tier region.⁵¹

Based on the factors discussed above, staff believes that the Mexican import supply elasticity estimate should be in the range of 3 to 6.

⁴⁹ Id., p. 18.

⁵⁰ Mexican respondents' prehearing brief, p. 11.

⁵¹ However, it should be noted that any increase in exports of Mexican gray portland to the Southern-tier region in excess of unused throughput capacity would come at the expense of nonsubject imports.

Venezuelan Import Supply Elasticity

The Venezuelan import supply elasticity measures the response in Venezuelan imports of gray portland cement to a changing U.S. price. On the basis of information relating to capacity utilization, the importance of alternative markets, inventories, the flexibility of shifting production between gray portland cement and other products, and infrastructure constraints, it is likely that the Venezuelan supply elasticity for gray portland cement falls in the range of 2 to 5.

Petitioners maintain that staff's prehearing Venezuelan import supply elasticity estimate range of 2 to 5 appears to be unrealistically low. Petitioners argue that there are now three sources of additional supply since the original Venezuelan investigation. Petitioners state that Venezuelan producers have more excess capacity, greater third-country exports, and far greater extra-regional U.S. exports than they had prior to the suspension agreement. For these reasons, petitioners maintain that a Venezuelan elasticity of substitution range of 3 to 6 is far more consistent with the facts.

Staff agrees with petitioners' argument that Venezuelan gray portland cement producers currently have a significant amount of excess capacity. Venezuelan producers reported *** tons of excess capacity in 1999, *** percent of Florida consumption of *** tons of gray portland cement in 1999. Historical evidence suggests that Venezuelan gray portland cement producers would ship a significant share of their excess capacity to Florida in response to revocation of the antidumping order. During 1989-91, the three years before the antidumping order was imposed, Venezuelan shipments of gray portland cement to Florida averaged *** percent of Venezuelan production. The majority of Venezuelan gray portland cement production (*** percent) was sold to the Venezuelan home market during 1989-91. Thus, the historical evidence suggests that if the antidumping duty were revoked, Venezuelan gray portland cement producers may still ship the majority of their production to the Venezuelan home market, and export a significant share of their production to Florida.

Staff already accounted for the effects that the existence of alternative markets would have on the Venezuelan import supply elasticity in its prehearing analysis. Based on these effects, and the factors discussed above, staff believes that the Venezuelan import supply elasticity estimate should be in the range of 2 to 5.

U.S. Demand Elasticity

The U.S. demand elasticity for gray portland cement measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of this product. Based on information about substitute products and cost shares, it is likely that the U.S. demand elasticity for gray portland cement is in the range of -0.2 to -0.5.

Petitioners argue that the demand elasticity estimate range should be the -0.2 to -0.5 range estimated in the original investigations, and not the somewhat more elastic -0.25 to -0.75 range estimated by staff in the prehearing report. Petitioners argue that, in the original investigations, staff rejected respondents' request to adjust the elasticity range to -0.25 to -0.75. Petitioners maintain that there has been no change in purchasers' demand characteristics for cement since the original investigations and there should be no change in the elasticity of demand. Mexican respondents agreed with staff's demand elasticity estimate range of -0.25 to -0.75.

Staff's prehearing elasticity of demand analysis was based on the belief that there were significant changes in the amount of flyash used as a supplement for cement in the production of concrete since the original investigations. Information provided after the prehearing report indicates that the amount of flyash used as a supplement has increased; however, this change seems to be relatively minor. For this reason, staff believes that a demand elasticity estimate range of -0.2 to -0.5, which is slightly lower than the prehearing demand elasticity estimate range of -0.25 to -0.75, is appropriate.

Substitution Elasticity

The substitution elasticity is a measure of the degree to which domestically produced gray portland cement and imported gray portland cement from Japan, Mexico, Venezuela, and nonsubject countries are substitutable across a range of possible uses. Based on the information relating to market segmentation, product range, quality, availability, degree of interchangeability, and other factors, staff suggests that the elasticities of substitution between U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement should all be in the range of 4 to 8.⁵²

Petitioners argue that staff's prehearing elasticity of substitution estimate ranges of 4 to 8 are inappropriately low for this commodity product. Petitioners note that cement is a homogeneous, bulk commodity that is manufactured to meet standardized technical specifications which guarantee its homogeneity. Petitioners point to shifts in market share between Mexican and Japanese imports in Southern California in 1990 and between Mexican imports and U.S. cement in Florida in 1991 as evidence of a very high elasticity of substitution.⁵³

Petitioners further cite past investigations with elasticity of substitution ranges that were equal to or greater than 5 to 10. Petitioners found five instances of equal or higher elasticities (Aluminum Sulfate, Color Picture Tubes, Nitrile Rubber, Lug Nuts, and PET Film), with two exceeding cement (Aluminum Sulfate and Color Picture Tubes). Petitioners argue that in each of these five cases the products in question exhibit clear characteristics that make them far less substitutable than cement. Based on this, petitioners maintain that the lowered estimate range for cement is inconsistent with Commission practice and greatly understates the substitutability of cement.⁵⁴

Petitioners also argue that distance and transportation costs are not relevant in that the elasticity of substitution measures how much the buyer will decrease purchases of one product (i.e., the domestic product) with a decrease in the price of a competing product (i.e., the subject import). Petitioners argue that the buyer is solely concerned with the expected total delivered sales price (including freight). Petitioners maintain that transportation costs from the purchaser's perspective are no different from a production cost such as labor or power costs that are imbedded in the supply curve, not the elasticity of substitution. Petitioners state that transportation costs do shift the supplier's supply curve and affect the supplier's elasticity of supply, but not the purchaser's elasticity of substitution.⁵⁵

Staff already accounted for the homogeneity and commodity nature of cement in its elasticity of substitution estimate ranges. Staff agrees with petitioners' contention that near one-to-one shifts in market share between domestic and imported subject product are indications of high substitutability. However, staff notes that nonsubject cement imports currently account for a much greater share of the U.S. cement market than they did at the time of the original investigations. Given this, it is now less likely that there would be a strict one-to-one shift from domestic to imported subject cement (i.e., no substitution between subject and nonsubject imports) in response to revocation of the orders or termination of the suspension agreement.

Staff agrees with petitioners' argument that, in this case, transportation costs affect the suppliers' elasticity of supply and not the purchasers' elasticity of substitution. In general, gray portland cement

⁵² In the prehearing report staff stated that "The extent to which Southern-tier producers are isolated from import competition is an important determinant of the elasticity of substitution between Southern-tier-produced and imported subject and nonsubject gray portland cement." Staff believes that this statement was incorrect and has removed it from the report.

⁵³ Petitioners' prehearing brief, economic appendix, section III, p. 9.

⁵⁴ Id., pp. 9-14.

⁵⁵ Id., pp. 15-16.

suppliers trying to enter new markets farther from the plant have to absorb additional freight costs in order to compete with suppliers closer to the markets. Therefore, it is the suppliers and not the purchasers that must account for the additional transportation costs. For this reason, transportation costs affect the suppliers' elasticity of supply and not the purchasers' elasticity of substitution.

In their analysis, petitioners did not fully account for the restrictive effects that vertical integration and "Buy American" policies have on the elasticity of substitution. Based on information supplied by petitioners, approximately 33 percent of U.S. ready mix producers are affiliated with gray portland cement producers. The share of domestic producers' gray portland cement shipments that went to affiliated customers in 1999 was *** percent in the Southern-tier, *** percent in Southern California, and *** percent in Florida. As discussed previously, a number of the purchasers reported that they only purchase gray portland cement from affiliated producers, or that their purchases of gray portland cement are controlled by their affiliated producers. The fact that a significant share of ready-mix producers' purchases of gray portland cement is, to some extent, controlled by gray portland cement producers suggests that the elasticity of substitution is lower.

Relatively few purchasers reported being restricted by "Buy American" policies. However, "Buy American" restrictions were a factor in some cases, and the elasticities of substitution for those purchasers that were bound by "Buy American" constraints would be relatively low. The combination of the restrictive effects of vertical integration and "Buy American" policies lowers the overall elasticity of substitution.

In their alternative simulation model of the effects of revocation of the Mexican gray portland cement dumping order, Mexican respondents applied, somewhat reluctantly, an elasticity of substitution between imports generally and the Southern-tier like product of 4, at the lower end of the staff range. Mexican respondents believe that an even lower value is justified by the record.⁵⁶

Mexican respondents argue that, for major categories of moderate breadth, it is common to find in the economics literature that the vast majority of estimated Armington elasticity values fall in the range of 1 to 2. Mexican respondents acknowledge that gray portland cement is somewhat more narrowly defined, and it might thus be supposed that the Armington elasticity is somewhat greater. Mexican respondents further note that, in past ITC investigations, values in the range of 3 to 5 have been regarded as high, and only rarely (such as in the Magnesium investigation, which involved an element), have estimated values exceeded 5.⁵⁷ Mexican respondents further maintain that the Commission has long recognized that commercial substitutability as captured in the elasticity of substitution is limited when substantial shares of U.S. production compete at most very weakly and only indirectly with imports.⁵⁸

As acknowledged by Mexican respondents, the relatively lower estimated Armington elasticity values cited by Mexican respondents are generally for somewhat broader categories of products than cement and, therefore, tend to be somewhat unrepresentative. Staff believes that, because of the homogeneity and commodity nature of cement, its elasticity of substitution should be relatively higher than the elasticities of substitution for most of the other products previously investigated by the Commission. Finally, for the reasons stated above, staff believes that, in this case, transportation costs affect the suppliers' elasticity of supply and not the purchasers' elasticity of substitution.

Based on the facts of these reviews, staff believes that the elasticities of substitution between U.S.-produced and imported Japanese, Mexican, Venezuelan, and nonsubject gray portland cement should all be in the range of 4 to 8.

⁵⁶ Mexican respondents' prehearing brief, volume II, exhibit 37, p. 10.

⁵⁷ Id., p. 9.

⁵⁸ Id., pp. 9-10.

ECONOMETRIC ANALYSIS

The respondents present an econometric time series analysis of the pricing data in the staff report. They perform several tests of whether cement prices in the different cities have moved together or independently over the January 1997 to March 2000 time period. They conclude that most of the prices have moved independently and therefore that the cities have independent cement markets for both types of cement. Specifically, they performed three different tests of independence on 4 city pairs for type 1 cement and 66 city pairs for type 2 cement. From an econometric perspective, the analysis appears reasonable and, for most price pairs, it fails to find statistical evidence that price movements in different cities have been related to each other. There is, however, some additional analysis that could have been conducted to test for a statistical relationship between the prices series. First, only 32 pairs of city prices (out of a possible 72 pairs) were subject to all three statistical tests.⁵⁹ And second, they fail to perform a test of independence on more than two of the city prices simultaneously.⁶⁰ This approach would have allowed a more explicit test of whether price changes in one city affected prices in other cities.⁶¹

MODEL SIMULATION RESULTS⁶²

Mexican respondents developed a simulation model of the effects of revocation of the Mexican antidumping order. Two features distinguish the Mexican respondents' simulation model from COMPAS. First, it is "volume driven." That is, the adjustment to the new, counterfactual equilibrium is driven by an estimate of the increase in the volume of subject imports that would occur following expiration of the order. Therefore, the Mexican respondents' simulation model does not use Commerce dumping margins as an input to the model, as COMPAS does. Second, the respondents' simulation model allows the elasticities of substitution between subject and nonsubject imports to be different from those between all imports and the domestic product.⁶³

The inputs used in the Mexican respondents' simulation model are: an increase in the volume of subject imports of 2.7 million tons—what the Mexican respondents maintain is the maximum Mexican excess capacity exportable to the United States; an elasticity of demand estimate of -0.5; an elasticity of substitution between all imports and the regional like product of 4; an elasticity of substitution between imported subject and nonsubject products of 8; an elasticity of domestic supply of 1; an elasticity of subject import supply of 5; and an elasticity of nonsubject import supply of 5. Based on these inputs, the Mexican respondents' simulation model predicts that, following revocation of the Mexican antidumping

⁵⁹ Of the 32 tests, 28 suggested independent movement of prices.

⁶⁰ This could have been done with a test for cointegration among the city price series using the Johansen test. This would have tested for independent movement of prices from all the cities simultaneously.

⁶¹ This would be accomplished by using impulse response functions to trace price changes in one city to price changes in another city over time. If the relationships between prices were lagged, the structure could be determined from the impulse response functions.

⁶² Imported gray portland cement from Japan accounted for only a very small share of the Southern California market (0.4 percent). For this reason, staff did not run the COMPAS model for Japan. The COMPAS model calculates changes in current market shares in percentage terms. For any source with a near zero market share, percentage changes to that market share will therefore have very small effects in the model. For example, a country with a 0.01 percent market share would require a 19,000 percent increase in market share to acquire 2 percent of the market.

⁶³ Mexican respondents' prehearing brief, volume II, exhibit 37, pp. 1-2.

order, shipment volumes of Southern-tier producers would decline by less than 1.38 percent and revenue of Southern tier producers would decline by less than 2.47 percent.⁶⁴

The petitioners ran the COMPAS model to simulate the effects of revocation of the antidumping order on Mexico. The region considered by petitioners in this analysis is the Southwest (Arizona, New Mexico, and Texas), and not the entire Southern-tier region. The inputs used in the petitioners' COMPAS model simulation are: a domestic producer value share of the Southwest market of 76.6 percent; a nonsubject import value share of 10.8 percent; a Mexican import value share of 4.0 percent; the Commerce dumping margin of 91.9 percent; an elasticity of demand estimate range of -0.2 to -0.5; an elasticity of substitution estimate range of 8 to 12; an elasticity of domestic supply estimate range of 1 to 4; an elasticity of nonsubject import supply estimate range of 2 to 5; and an elasticity of subject Mexican import supply estimate range of 4 to 8. Based on these inputs and assuming zero growth, petitioners' COMPAS simulation estimates price effects of 4.1 to 7.7 percent, volume effects of 5.2 to 23.7 percent, and revenue effects of 10.1 to 28.7 percent.⁶⁵

The petitioners also ran the COMPAS model to simulate the effects of revocation of the suspension agreement with Venezuela. The region considered by petitioners in this analysis is Florida. The inputs used in this COMPAS model simulation are: a domestic producer value share of the Florida market of 44.0 percent; a nonsubject import value share of 36.6 percent; a Venezuelan import value share of 10.3 percent; the Commerce dumping margin of 49.3 percent; an elasticity of demand estimate range of -0.2 to -0.5; an elasticity of substitution estimate range of 8 to 12; an elasticity of domestic supply estimate range of 1 to 4; an elasticity of nonsubject import supply estimate range of 2 to 5; and an elasticity of subject Venezuelan import supply estimate range of 3 to 6. Based on these inputs and assuming zero growth, petitioners' COMPAS simulation estimates price effects of 3.3 to 5.2 percent, volume effects of 4.3 to 17.1 percent, and revenue effects of 8.4 to 20.8 percent.

Staff ran the COMPAS model to simulate the effects of revocation of the antidumping order on Mexico. The region considered by staff in this analysis is the Southern-tier region, and not the Southwest region (Arizona, New Mexico, and Texas) considered by petitioners. The inputs used in the staff's COMPAS model simulation are: a domestic producer value share of the Southern-tier region of 74.2 percent; a nonsubject import value share of 24.2 percent; a Mexican import value share of 1.6 percent; the Commerce dumping margin of 91.9 percent; an elasticity of demand estimate range of -0.2 to -0.5; an elasticity of substitution estimate range of 4 to 8; an elasticity of domestic supply estimate range of 1 to 4; an elasticity of nonsubject import supply estimate range of 3 to 6; and an elasticity of subject Mexican import supply estimate range of 3 to 6. Based on these inputs and assuming zero growth, staff's COMPAS simulation estimates price effects of 0.6 to 1.9 percent, volume effects of 1.0 to 5.7 percent, and revenue effects of 2.0 to 7.1 percent.

Staff also ran the COMPAS model to simulate the effects of revocation of the suspension agreement with Venezuela. The region considered by staff in this analysis is Florida. The inputs used in this COMPAS model simulation are: a domestic producer value share of the Florida market of 49.3 percent; a nonsubject import value share of 41.7 percent; a Venezuelan import value share of 9.0 percent; the Commerce dumping margin of 49.3 percent; an elasticity of demand estimate range of -0.2 to -0.5; an elasticity of substitution estimate range of 4 to 8; an elasticity of domestic supply estimate range of 1 to 4; an elasticity of nonsubject import supply estimate range of 3 to 6; and an elasticity of subject Venezuelan import supply estimate range of 2 to 5. Based on these inputs and assuming zero growth, staff's COMPAS simulation estimates price effects of 1.6 to 3.1 percent, volume effects of 2.1 to 11.1 percent, and revenue effects of 4.1 to 13.8 percent.

⁶⁴ Id., pp. 3, 5, and 8-11.

⁶⁵ Petitioner's prehearing brief, economic appendix, section III.

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PART III: U.S. PRODUCERS' TRADE, EMPLOYMENT, AND FINANCIAL DATA

Information in this part is based upon the questionnaire responses of producers which accounted for all production of gray portland cement and cement clinker in the Southern-tier, Southern California, and Florida regions and for more than 80 percent of overall U.S. production in 1999.

Trade and financial data in this report are presented on a regional basis with the three regions being identified as: Southern-tier, Southern California, and Florida. The term "Southern-tier" relates to the Mexican review and all tables concerning the "Southern-tier" end in the capital letter A. Similarly, the term "Southern California" is used in reference to the Japanese review with tables ending in the capital letter B, and the term "Florida" applies to the Venezuelan reviews with tables ending in the capital letter C. Tables relevant to the U.S. (National) industry as a whole end in the capital letter D. Data in U.S. (National) industry tables combine data from producers in the eight states of the Southern-tier¹ with data gathered from producer operations in the remaining states outside the Southern-tier. Trade and financial data on a company-by-company basis are presented in appendix E.

Responses by U.S. producers of gray portland cement and cement clinker to a series of questions² concerning the significance of the existing antidumping orders and suspension agreements and

¹ Southern California and Florida are part of the larger Southern-tier region.

² U.S. producers were asked to respond to the following questions:

Would your firm anticipate any changes in the character of your operations or organization (as noted above) relating to the production of gray portland cement or cement clinker in the future if the existing antidumping duty orders currently in place for gray portland cement and cement clinker from Japan and/or Mexico were to be revoked and/or the suspended countervailing duty and antidumping investigations on gray portland cement and cement clinker from Venezuela were terminated? (Question II-4)

Describe the significance of the antidumping duty orders currently in place for gray portland cement and cement clinker from Japan and/or Mexico and/or the suspended countervailing duty and antidumping investigations on gray portland cement and cement clinker from Venezuela in terms of their effect on your firm's production capacity, production, U.S. shipments, inventories, purchases, and employment. You may wish to compare your firm's operations before and after the imposition of the order(s) and/or the suspension agreements. Please note if your response differs among the three subject countries. (Question II-21)

Would your firm anticipate any changes in its production capacity, production, U.S. shipments, inventories, purchases, or employment relating to the production of gray portland cement or cement clinker in the future if the antidumping duty orders currently in place for gray portland cement and cement clinker from Japan and/or Mexico were to be revoked and/or the suspended countervailing duty and antidumping investigations on gray portland cement and cement clinker from Venezuela were terminated? (Question II-22)

Describe the significance of the antidumping duty orders currently in place for gray portland cement and cement clinker from Japan and/or Mexico and/or the suspended countervailing duty and antidumping investigations on gray portland cement and cement clinker from Venezuela in terms of their effect on your firm's revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. You may wish to compare your firm's operations before and after the imposition of the order(s) and/or the suspension agreements. Please note if your response differs among the three subject countries. (Question III-8)

(continued...)

III-1

the likely effects of revocation and termination of same are presented in memorandum INV-X-167, July 26, 2000.³

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

Tables III-1A, III-1B, III-1C, and III-1D present the Southern-tier, Southern California, Florida, and U.S. (National) industries' capacity,⁴ production, and capacity utilization figures for the review period. As noted earlier in this report, a number of producers have announced plans to either build new production facilities or expand existing operations. For a detailed discussion of those plans, see the "U.S. producers" portion of Part I, *Introduction and Overview*, of this report.

² (...continued)

Would your firm anticipate any changes in its revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of gray portland cement and cement clinker in the future if the antidumping duty orders currently in place for gray portland cement and cement clinker from Japan and/or Mexico were to be revoked and/or the suspended countervailing duty and antidumping investigations on gray portland cement and cement clinker from Venezuela were terminated? (Question III-9)

³ See also Petitioners' prehearing brief, pp. 72-83, 124-129, 130-132, 143-148, 167-171, 177-182, and 196-201, and petitioners' posthearing brief, attachments G and H.

⁴ In its producer questionnaires, the Commission asked respondents to report their "average production capacity" which was defined as: The level of production that your establishment(s) could reasonably have expected to attain during the specified periods. Assume normal operating conditions (i.e., using equipment and machinery in place and ready to operate; normal operating levels (hours per week/weeks per year) and time for downtime, maintenance, repair, and cleanup; and a typical or representative product mix).

In response to a Commission question concerning domestic producers' capacity in SEC filings or other public documents (TR, p. 79), petitioners stated:

"All producers represented by King & Spalding in these reviews have confirmed that when they report their annual plant capacities in SEC filings or other public documents, they include a deduction for downtime for normal scheduled maintenance. With minor exception, they do not report their rated, installed, or theoretical annual capacity on the basis of operating 365 days per year. It would be misleading to do so, inasmuch as kiln systems must suspend operations on at least an annual basis for rebricking and other maintenance. The PCA reports annual plant capacity after deducting 'normal down days (exclude related to weak business conditions, weather or strikes).'"

The minor exception mentioned is that some environmental agencies require that capacity be reported on the assumption that plants operate continuously 365 days per year. Petitioners' posthearing brief, responses to questions, p. 28.

Table III-1A

Gray portland cement and cement clinker: SOUTHERN-TIER producers' capacity, production, and capacity utilization, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Capacity (1,000 short tons):					
Gray portland cement	35,375	35,458	35,831	8,928	9,198
Cement clinker	28,956	29,409	29,846	7,726	7,972
Production (1,000 short tons):					
Gray portland cement from--					
Firms' cement clinker	30,091	29,558	30,421	6,874	7,045
Imported cement clinker	***	***	***	***	***
Purchased cement clinker	***	***	***	***	***
Total	32,321	32,198	33,181	7,367	7,532
Cement clinker	28,651	28,636	29,744	6,535	7,115
Capacity utilization (percent):					
Gray portland cement	91.4	90.8	92.6	82.5	81.9
Cement clinker	97.5	96.0	97.8	83.4	87.1
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-1B

Gray portland cement and cement clinker: SOUTHERN CALIFORNIA producers' capacity, production, and capacity utilization, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Capacity (1,000 short tons):					
Gray portland cement	8,521	8,554	8,704	2,117	2,135
Cement clinker	7,732	8,092	8,347	2,032	2,047
Production (1,000 short tons):					
Gray portland cement from--					
Firms' cement clinker	7,601	7,556	7,769	1,732	1,884
Imported cement clinker	***	***	***	***	***
Purchased cement clinker	***	***	***	***	***
Total	7,920	7,840	8,173	1,807	1,959
Cement clinker	8,136	8,202	8,673	1,829	2,233
Capacity utilization (percent):					
Gray portland cement	93.0	91.6	93.9	85.4	91.8
Cement clinker	99.8	96.4	97.4	85.5	100.5
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-1C

Gray portland cement and cement clinker: FLORIDA producers' capacity, production, and capacity utilization, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Capacity (1,000 short tons):					
Gray portland cement	4,316	4,331	4,504	1,116	1,315
Cement clinker	3,313	3,313	3,413	853	1,032
Production (1,000 short tons):					
Gray portland cement from--					
Firms' cement clinker	3,179	3,077	3,272	819	784
Imported cement clinker	***	***	***	***	***
Purchased cement clinker	***	***	***	***	***
Total	3,802	3,625	3,863	964	917
Cement clinker	3,166	3,103	3,247	780	861
Capacity utilization (percent):					
Gray portland cement	88.1	83.7	85.8	86.4	69.7
Cement clinker	95.6	93.7	95.1	91.4	83.4
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-1D

Gray portland cement and cement clinker: U.S. (NATIONAL) producers' capacity, production, and capacity utilization, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Capacity (1,000 short tons):					
Gray portland cement	80,471	80,928	82,266	20,292	20,663
Cement clinker	68,826	69,594	71,159	18,020	18,392
Production (1,000 short tons):					
Gray portland cement from--					
Firms' cement clinker	71,970	72,073	73,491	15,145	15,789
Imported cement clinker	***	***	***	***	***
Purchased cement clinker	***	***	***	***	***
Total	75,223	76,222	78,409	15,784	16,436
Cement clinker	66,810	67,415	68,961	15,512	16,768
Capacity utilization (percent):					
Gray portland cement	93.5	94.2	95.3	77.8	79.5
Cement clinker	96.5	96.3	96.1	85.6	90.2
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

**U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS,
AND EXPORT SHIPMENTS**

Tables III-2A, III-2B, III-2C, and III-2D present the Southern-tier, Southern California, Florida, and U.S. (National) industries' domestic commercial shipments, internal consumption, company transfers, and export shipments of gray portland cement for the review period. Tables III-3A, III-3B, III-3C, and III-3D present the Southern-tier, Southern California, Florida, and U.S. (National) industries' domestic commercial shipments, internal consumption, company transfers, and export shipments of cement clinker for the review period.

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Table III-2A

Gray portland cement: SOUTHERN-TIER producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
WITHIN region shipments:					
Commercial shipments	22,473	22,554	23,398	5,464	5,435
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	27,333	27,204	28,097	6,628	6,738
OUTSIDE region shipments:					
Commercial shipments	3,340	3,408	3,056	724	767
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	4,652	4,949	5,225	1,231	1,279
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Value (\$1,000)					
WITHIN region shipments:					
Commercial shipments	1,442,707	1,543,233	1,661,713	384,686	382,770
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	1,746,440	1,849,499	1,981,786	463,688	470,693
OUTSIDE region shipments:					
Commercial shipments	213,202	237,087	198,698	48,377	48,359
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	282,727	320,508	326,687	78,357	77,888
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Table continued on next page.					

Table III-2A--Continued

Gray portland cement: SOUTHERN-TIER producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
<i>Unit value (per short ton)</i>					
WITHIN region shipments:					
Commercial shipments	\$64.20	\$68.42	\$71.02	\$70.40	\$70.43
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	63.89	67.99	70.53	69.96	69.86
OUTSIDE region shipments:					
Commercial shipments	63.83	69.57	65.02	66.80	63.02
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	60.77	64.76	62.52	63.67	60.88
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-2B

Gray portland cement: SOUTHERN CALIFORNIA producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
WITHIN region shipments:					
Commercial shipments	4,247	4,240	4,538	1,020	1,061
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	5,010	4,715	5,099	1,135	1,265
OUTSIDE region shipments:					
Commercial shipments	2,796	2,948	2,631	644	683
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	2,979	3,108	3,010	706	758
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Value (\$1,000)					
WITHIN region shipments:					
Commercial shipments	256,073	276,436	311,494	68,003	70,773
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	299,201	305,224	346,696	75,083	83,440
OUTSIDE region shipments:					
Commercial shipments	170,019	200,679	175,074	43,962	44,350
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	180,631	211,020	199,633	47,708	49,255
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Table continued on next page.					

Table III-2B—Continued

Gray portland cement: SOUTHERN CALIFORNIA producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
<i>Unit value (per short ton)</i>					
WITHIN region shipments:					
Commercial shipments	\$60.29	\$65.20	\$68.64	\$66.67	\$66.73
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	59.72	64.74	67.99	66.15	65.98
OUTSIDE region shipments:					
Commercial shipments	60.80	68.08	66.54	68.24	64.95
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	60.63	67.90	66.32	67.55	64.99
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-2C

Gray portland cement: FLORIDA producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
WITHIN region shipments:					
Commercial shipments	2,358	2,384	2,478	620	541
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	3,612	3,524	3,669	962	864
OUTSIDE region shipments:					
Commercial shipments	137	105	173	41	36
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	158	132	198	47	41
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Value (\$1,000)					
WITHIN region shipments:					
Commercial shipments	142,279	148,915	158,006	40,759	36,849
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	217,329	218,030	232,892	62,365	57,360
OUTSIDE region shipments:					
Commercial shipments	8,611	6,842	11,426	2,710	2,421
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	9,761	8,432	15,671	3,051	2,747
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Table continued on next page.					

Table III-2C—Continued

Gray portland cement: FLORIDA producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
<i>Unit value (per short ton)</i>					
WITHIN region shipments:					
Commercial shipments	\$60.34	\$62.46	\$63.76	\$65.74	\$68.11
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	60.17	61.87	63.48	64.83	66.42
OUTSIDE region shipments:					
Commercial shipments	62.85	65.16	66.05	65.82	67.25
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	61.78	63.88	79.15	64.68	67.00
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-2D

Gray portland cement: U.S. (NATIONAL) producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
Commercial shipments	63,311	65,745	66,549	12,388	13,203
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	75,111	77,489	80,210	15,475	16,639
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Value (\$1,000)					
Commercial shipments	4,207,141	4,582,028	4,715,671	875,726	925,752
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	5,026,925	5,426,160	5,703,951	1,094,890	1,163,928
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Unit value (per short ton)					
Commercial shipments	\$66.45	\$69.69	\$70.86	\$70.69	\$70.11
Internal consumption	***	***	***	***	***
Company transfers	***	***	***	***	***
Subtotal	66.93	70.03	71.11	70.75	69.95
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-3A
Cement clinker: SOUTHERN-TIER producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table III-3B
Cement clinker: SOUTHERN CALIFORNIA producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table III-3C
Cement clinker: FLORIDA producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table III-3D
Cement clinker: U.S. (NATIONAL) producers' shipments, by type, 1997-99, January-March 1999, and January-March 2000

* * * * *

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U.S. PRODUCERS' INVENTORIES

Tables III-4A, III-4B, III-4C, and III-4D present the Southern-tier, Southern California, Florida, and U.S. (National) industries' end-of-period (EOP) inventories of gray portland cement for the review period.

Table III-4A

Gray portland cement: SOUTHERN-TIER producers' end-of-period inventories, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
EOP inventories (1,000 short tons)	1,794	1,812	1,678	1,328	1,181
Ratio to production (percent)	5.6	5.6	5.1	4.5	3.9

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

Table III-4B

Gray portland cement: SOUTHERN CALIFORNIA producers' end-of-period inventories, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
EOP inventories (1,000 short tons)	219	235	297	215	235
Ratio to production (percent)	2.8	3.0	3.6	3.0	3.0

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

Table III-4C

Gray portland cement: FLORIDA producers' end-of-period inventories, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
EOP inventories (1,000 short tons)	198	157	165	108	174
Ratio to production (percent)	5.2	4.3	4.3	2.8	4.7

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

Table III-4D

Gray portland cement: U.S. (NATIONAL) producers' end-of-period inventories, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
EOP inventories (1,000 short tons)	4,623	4,350	5,612	4,259	5,215
Ratio to production (percent)	6.1	5.7	7.2	6.7	7.9

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

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Tables III-5A, III-5B, III-5C, and III-5D present the Southern-tier, Southern California, Florida, and U.S. (National) industries' data concerning employment, wages, productivity, and unit labor costs during the review period.

Table III-5A

Average number of SOUTHERN-TIER production and related workers producing gray portland cement and cement clinker, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan-Mar. 1999	Jan.-Mar. 2000
Production and related workers:					
Gray portland cement	3,282	3,304	3,447	3,380	3,440
Cement clinker	2,914	2,924	2,946	2,938	3,054
Hours worked (1,000):					
Gray portland cement	7,225	7,146	7,382	1,911	1,979
Cement clinker	6,286	6,065	6,214	1,637	1,708
Wages paid (\$1,000):					
Gray portland cement	148,978	156,183	166,250	42,801	45,447
Cement clinker	130,923	134,320	139,862	35,047	36,942
Hourly wages:					
Gray portland cement	\$20.62	\$21.86	\$22.52	\$22.39	\$22.96
Cement clinker	\$19.61	\$20.84	\$21.13	\$20.12	\$20.32
Productivity (short tons per hour):					
Gray portland cement	4.5	4.5	4.5	3.9	3.8
Cement clinker	3.6	3.8	3.8	3.2	3.4
Unit labor costs (per short ton):					
Gray portland cement	\$4.61	\$4.85	\$5.01	\$5.81	\$6.03
Cement clinker	\$5.54	\$5.65	\$5.68	\$6.46	\$6.23
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-5B

Average number of SOUTHERN CALIFORNIA production and related workers producing gray portland cement and cement clinker, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Production and related workers:					
Gray portland cement	771	809	805	795	815
Cement clinker	819	853	848	839	870
Hours worked (1,000):					
Gray portland cement	1,807	1,862	1,905	476	482
Cement clinker	1,612	1,653	1,717	426	440
Wages paid (\$1,000):					
Gray portland cement	43,601	46,553	48,968	12,101	12,674
Cement clinker	43,181	46,090	46,892	11,633	12,100
Hourly wages:					
Gray portland cement	\$24.13	\$25.00	\$25.70	\$25.41	\$26.28
Cement clinker	\$22.05	\$23.09	\$22.33	\$22.34	\$22.42
Productivity (short tons per hour):					
Gray portland cement	4.4	4.2	4.3	3.8	4.1
Cement clinker	3.5	3.5	3.6	3.1	3.4
Unit labor costs (per short ton):					
Gray portland cement	\$5.50	\$5.94	\$5.99	\$6.70	\$6.47
Cement clinker	\$6.74	\$7.10	\$6.86	\$7.76	\$7.22
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-5C

Average number of FLORIDA production and related workers producing gray portland cement and cement clinker, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan-Mar. 1999	Jan-Mar. 2000
Production and related workers:					
Gray portland cement	416	398	416	413	502
Cement clinker	309	299	310	309	397
Hours worked (1,000):					
Gray portland cement	1,014	953	952	279	328
Cement clinker	679	568	558	172	218
Wages paid (\$1,000):					
Gray portland cement	19,135	18,533	19,239	4,912	5,967
Cement clinker	12,895	11,435	11,517	2,955	3,672
Hourly wages:					
Gray portland cement	\$18.87	\$19.44	\$20.21	\$17.62	\$18.19
Cement clinker	\$18.99	\$20.13	\$20.64	\$17.18	\$16.83
Productivity (short tons per hour):					
Gray portland cement	3.7	3.8	4.1	3.5	2.8
Cement clinker	4.7	5.5	5.8	4.5	3.9
Unit labor costs (per short ton):					
Gray portland cement	\$5.03	\$5.11	\$4.98	\$5.10	\$6.51
Cement clinker	\$4.07	\$3.69	\$3.55	\$3.79	\$4.26
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

Table III-5D

Average number of U.S. (NATIONAL) production and related workers producing gray portland cement and cement clinker, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan-Mar. 1999	Jan-Mar. 2000
Production and related workers:					
Gray portland cement	6,777	6,843	7,030	6,917	7,014
Cement clinker	6,524	6,611	6,674	6,628	6,740
Hours worked (1,000):					
Gray portland cement	15,206	15,125	15,570	3,742	3,829
Cement clinker	14,104	13,979	14,284	3,472	3,530
Wages paid (\$1,000):					
Gray portland cement	304,794	316,659	331,848	79,901	84,291
Cement clinker	285,971	299,263	307,452	73,541	76,382
Hourly wages:					
Gray portland cement	\$20.04	\$20.94	\$21.31	\$21.35	\$22.01
Cement clinker	\$19.73	\$20.84	\$20.93	\$20.57	\$21.00
Productivity (short tons per hour):					
Gray portland cement	4.4	4.5	4.5	3.7	3.8
Cement clinker	3.6	3.7	3.7	3.4	3.6
Unit labor costs (per short ton):					
Gray portland cement	\$4.57	\$4.66	\$4.73	\$5.82	\$5.86
Cement clinker	\$5.59	\$5.74	\$5.75	\$6.22	\$5.93
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.					

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

Thirty-seven plants of U.S. producers, accounting for virtually all known U.S. production of gray portland cement in the Southern-tier region in 1999, provided financial data on their gray portland cement and cement clinker operations.² Due to weather conditions, generally the first quarter of the year is a slow quarter in the industry when most of the plants do maintenance work on their kilns. Therefore, production and sales are generally lower and repair costs higher in the first quarter, resulting in higher costs and lower profits per ton.

Selected financial data for Southern-tier producers, by plants, are presented in table E-5. Return on total assets data for Southern California and Florida producers are shown in table E-6 and table E-7, respectively. U.S. plants in the Southern-tier, Southern California, and Florida regions are ranked according to their operating income margin, and cumulative industry sales and percent of sales are shown in the last two columns of tables E-8, E-9, and E-10, respectively. For example, of 37 plants, 30 plants in 1997, 31 in 1998, and 33 in 1999, each having an operating income margin of *** percent or greater, accounted for *** percent of the Southern-tier regional industry's sales in 1997, *** percent in 1998, and *** percent in 1999, respectively (table E-8). Similarly, of eight plants, five plants in 1997, 1998, and 1999, each having an operating income margin of *** percent or greater, accounted for *** percent of the Southern California regional industry's sales in 1997, *** percent in 1998, and *** percent in 1999, respectively (table E-9). Of five plants in the Florida region, three plants had an operating income margin of *** percent or more in 1997, accounting for *** percent of regional sales; four plants had an operating income margin of *** percent or more in 1998, accounting for *** percent of regional sales; and all five plants had an operating income margin of *** percent or more in 1999, accounting for *** percent of regional sales (table E-10).

Operations on Gray Portland Cement and Cement Clinker

Southern-Tier Region

Income and loss data for the Southern-tier producers on their gray portland cement and cement clinker operations are presented in table III-6A; the breakdown of quantity and value of total net sales into commercial sales, internal consumption, and company transfers is shown in table III-7A; data on a "per-short-ton" basis are presented in table III-8A; and a variance analysis is shown in table III-9A.

The Southern-tier gray portland cement industry reported aggregate operating and net income throughout the review period. The operating income margins increased from 29.0 percent in 1997 to 30.5 percent in 1998 and 32.4 percent in 1999. During January-March 2000, the industry reported an operating income margin of 24.8 percent, compared with a 23.8-percent margin in January-March 1999. The net income margins followed a similar trend as the operating income margins during the review period. Commercial sales accounted for the majority of total net sales. The average selling price of company transfers for cement was lower than that of the commercial sales, mainly due to sales discounts for large quantities and the distance delivered. The variance analysis shows that the increase in operating income from 1997 to 1999 was attributable to high favorable price and net volume variances which were partly offset by an unfavorable net cost/expense variance.

² ***

Table III-6A

Results of operations of SOUTHERN-TIER producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	Value (\$1,000)				
Net sales	2,038,329	2,200,554	2,341,125	547,789	557,033
Cost of goods sold	1,296,277	1,365,319	1,410,697	372,004	373,691
Gross profit	742,052	835,235	930,428	175,785	183,342
SG&A expenses	150,137	163,420	173,018	45,356	45,183
Operating income	591,915	671,815	757,410	130,429	138,159
Interest expense	57,716	44,006	34,146	8,832	11,188
Other expense	35,632	22,332	29,532	5,132	5,101
Other income items	19,737	23,907	15,000	3,827	3,564
Net income	518,304	629,384	708,732	120,292	125,434
Depreciation/amortization	163,010	165,483	175,291	40,761	44,854
Cash flow	681,314	794,867	884,023	161,053	170,288
	Ratio to net sales (percent)				
Cost of goods sold	63.6	62.0	60.3	67.9	67.1
Gross profit	36.4	38.0	39.7	32.1	32.9
SG&A expenses	7.4	7.4	7.4	8.3	8.1
Operating income	29.0	30.5	32.4	23.8	24.8
Net income	25.4	28.6	30.3	22.0	22.5
	Number of firms reporting				
Data	36	36	36	36	37
Operating losses	0	0	0	5	5
Net losses	3	0	0	6	6
Decreases from previous year in--					
Net sales	-	10	7	-	17
Operating income	-	12	10	-	18
Net income	-	11	11	-	18
Note.-***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-7A

Gray portland cement and cement clinker: SOUTHERN-TIER producers' quantity and value of net sales, by types of sales, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	Quantity (1,000 short tons)				
Net sales:					
Commercial sales:					
Cement	25,763	26,303	26,470	6,191	6,213
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	32,239	32,995	33,974	7,980	8,201
	Value (\$1,000)				
Net sales:					
Commercial sales:					
Cement	1,653,454	1,790,286	1,862,206	433,063	431,626
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	2,038,329	2,200,554	2,341,125	547,789	557,033
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-8A

Results of operations (per short ton) of SOUTHERN-TIER producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	<i>Per short ton</i>				
Net sales:					
Trade:					
Cement	\$64.18	\$68.06	\$70.35	\$69.95	\$69.47
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	63.23	66.69	68.91	68.65	67.92
Cost of goods sold:					
Raw materials:					
Purchased clinker:					
Imported ¹	***	***	***	***	***
Domestic ²	***	***	***	***	***
All others	***	***	***	***	***
Total raw materials	7.50	8.29	8.64	9.36	9.03
Direct labor	6.17	6.28	6.62	7.15	7.56
Other factory	26.55	26.80	26.26	30.11	28.98
Total cost of goods sold	40.21	41.38	41.52	46.62	45.57
Gross profit	23.02	25.31	27.39	22.03	22.36
SG&A expenses	4.66	4.95	5.09	5.68	5.51
Operating income	18.36	20.36	22.29	16.34	16.85
Net income	16.08	19.08	20.86	15.07	15.30
¹ Purchased imported clinker was reported by four plants for all periods and by nine plants for some periods. ² Domestically purchased clinker was reported by one plant for all periods and by three plants for some periods.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-9A

Gray portland cement and cement clinker: SOUTHERN-TIER producers' variance analysis, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			Jan.-Mar.
	1997-99	1997-98	1998-99	1999-2000
	Value (\$1,000)			
Total net sales:				
Price variance	193,100	114,426	75,278	(5,927)
Volume variance	109,696	47,799	65,293	15,171
Total net sales variance	302,796	162,225	140,571	9,244
Cost of sales:				
Cost variance	(44,659)	(38,644)	(4,867)	8,615
Volume variance	(69,761)	(30,398)	(40,511)	(10,302)
Total cost variance	(114,420)	(69,042)	(45,378)	(1,687)
Gross profit variance	188,376	93,183	95,193	7,557
SG&A expenses:				
Expense variance	(14,801)	(9,762)	(4,749)	1,429
Volume variance	(8,080)	(3,521)	(4,849)	(1,256)
Total SG&A variance	(22,881)	(13,283)	(9,598)	173
Operating income variance	165,495	79,900	85,595	7,730
Summarized as:				
Price variance	193,100	114,426	75,278	(5,927)
Net cost/expense variance	(59,460)	(48,407)	(9,617)	10,044
Net volume variance	31,855	13,880	19,934	3,612
<p>Note.—Unfavorable variances are shown in parentheses; all others are favorable. Variances are calculated from unrounded data.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

Southern California Region

Income-and-loss data for the Southern California producers on their gray portland cement and cement clinker operations are presented in table III-6B; the breakdown of quantity and value of total net sales into commercial sales, internal consumption, and company transfers is shown in table III-7B; data on a "per-short-ton" basis are presented in table III-8B; and a variance analysis is shown in table III-9B.

The Southern California gray portland cement industry reported aggregate operating and net income throughout the review period. The operating income margins increased from 21.7 percent in 1997 to 24.8 percent in 1998 and 25.6 percent in 1999. During January-March 2000, the industry reported an operating income margin of 21.1 percent, compared with a 17.3-percent margin in January-March 1999. The net income margins followed a similar trend as the operating income margins during the review period. Commercial sales accounted for the majority of total net sales. The average selling price of company transfers for cement was lower than that of the commercial sales, mainly due to sales discounts for large quantities and the distance delivered. The variance analysis shows that the increase in operating income from 1997 to 1999 was attributable to high favorable price and net volume variances which were partly offset by an unfavorable net cost/expense variance.

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Table III-6B

Results of operations of SOUTHERN CALIFORNIA producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	Value (\$1,000)				
Net sales	496,895	541,801	577,206	127,819	140,754
Cost of goods sold	352,408	366,677	388,025	95,069	99,695
Gross profit	144,487	175,124	189,181	32,750	41,059
SG&A expenses	36,574	40,533	41,644	10,701	11,391
Operating income	107,913	134,591	147,537	22,049	29,668
Interest expense	24,071	14,533	10,345	1,975	3,007
Other expense	16,016	15,367	13,435	3,644	3,265
Other income items	5,937	6,573	4,343	1,049	1,154
Net income	73,763	111,264	128,100	17,479	24,550
Depreciation/amortization	50,842	48,693	51,319	12,231	13,427
Cash flow	124,605	159,957	179,419	29,710	37,977
	Ratio to net sales (percent)				
Cost of goods sold	70.9	67.7	67.2	74.4	70.8
Gross profit	29.1	32.3	32.8	25.6	29.2
SG&A expenses	7.4	7.5	7.2	8.4	8.1
Operating income	21.7	24.8	25.6	17.3	21.1
Net income	14.8	20.5	22.2	13.7	17.4
	Number of firms reporting				
Data	8	8	8	8	8
Operating losses	0	0	0	1	2
Net losses	2	0	0	2	3
Decreases from previous year in--					
Net sales	-	2	3	-	3
Operating income	-	1	2	-	4
Net income	-	1	2	-	4
Note.--***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-7B

Gray portland cement and cement clinker: SOUTHERN CALIFORNIA producers' quantity and value of net sales, by types of sales, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Net sales:					
Commercial sales:					
Cement	6,985	7,224	7,215	1,663	1,744
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	8,351	8,307	8,790	1,946	2,198
Value (\$1,000)					
Net sales:					
Commercial sales:					
Cement	424,360	481,041	487,514	111,904	115,250
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	496,895	541,801	577,206	127,819	140,754
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-8B

Results of operations (per short ton) of SOUTHERN CALIFORNIA producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	<i>Per short ton</i>				
Net sales:					
Trade:					
Cement	\$60.75	\$66.59	\$67.57	\$67.29	\$66.08
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	59.50	65.22	65.67	65.68	64.04
Cost of goods sold:					
Raw materials:					
Purchased clinker:					
Imported	***	***	***	***	***
Domestic ¹	***	***	***	***	***
All others	***	***	***	***	***
Total raw materials	8.74	10.22	11.12	12.13	10.59
Direct labor	7.19	7.75	7.93	9.12	8.04
Other factory	26.27	26.17	25.10	27.60	26.73
Total cost of goods sold	42.20	44.14	44.14	48.85	45.36
Gross profit	17.30	21.08	21.52	16.83	18.68
SG&A expenses	4.38	4.88	4.74	5.50	5.18
Operating income	12.92	16.20	16.78	11.33	13.50
Net income	8.83	13.39	14.57	8.98	11.17
¹ Domestically purchased clinker was reported by one plant for all periods and by one plant for 1997-99 and January-March 1999.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-9B

Gray portland cement and cement clinker: SOUTHERN CALIFORNIA producers' variance analysis, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			Jan.-Mar.
	1997-99	1997-98	1998-99	1999-2000
	Value (\$1,000)			
Total net sales:				
Price variance	54,190	47,524	3,903	(3,617)
Volume variance	26,121	(2,618)	31,502	16,552
Total net sales variance	80,311	44,906	35,405	12,935
Cost of sales:				
Cost variance	(17,091)	(16,126)	(28)	7,685
Volume variance	(18,526)	1,857	(21,320)	(12,311)
Total cost variance	(35,617)	(14,269)	(21,348)	(4,626)
Gross profit variance	44,694	30,637	14,057	8,309
SG&A expenses:				
Expense variance	(3,147)	(4,152)	1,246	696
Volume variance	(1,923)	193	(2,357)	(1,386)
Total SG&A variance	(5,070)	(3,959)	(1,111)	(690)
Operating income variance	39,624	26,678	12,946	7,619
Summarized as:				
Price variance	54,190	47,524	3,903	(3,617)
Net cost/expense variance	(20,239)	(20,277)	1,218	8,381
Net volume variance	5,673	(569)	7,826	2,855
<p>Note.—Unfavorable variances are shown in parentheses; all others are favorable. Variances are calculated from unrounded data.</p>				
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

Florida Region

Income-and-loss data for the Florida producers on their gray portland cement and cement clinker operations are presented in table III-6C; the breakdown of quantity and value of total net sales into commercial sales, internal consumption, and company transfers is shown in table III-7C; data on a “per-short-ton” basis are presented in table III-8C; and a variance analysis is shown in table III-9C.

The Florida gray portland cement industry reported aggregate operating and net income throughout the review period. The operating income margins increased from 24.9 percent in 1997 to 25.5 percent in 1998 and 31.4 percent in 1999. During January-March 2000, the industry reported an operating income margin of 20.4 percent, compared with a 29.3-percent margin in January-March 1999. The net income margins followed a similar trend as the operating income margins during the review period. Commercial sales accounted for the majority of total net sales. The average selling price of company transfers for cement was lower than that of the commercial sales, mainly due to sales discounts for large quantities and the distance delivered. The variance analysis shows that the increase in operating income from 1997 to 1999 was attributable to a high favorable price variance and also favorable net cost/expense and net volume variances.

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Table III-6C

Results of operations of FLORIDA producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	Value (\$1,000)				
Net sales	227,713	227,485	252,828	65,682	60,502
Cost of goods sold	151,474	149,311	153,362	39,998	42,115
Gross profit	76,239	78,174	99,466	25,684	18,387
SG&A expenses	19,429	20,128	19,983	6,452	6,061
Operating income	56,810	58,046	79,483	19,232	12,326
Interest expense	7,966	5,164	4,904	1,386	2,574
Other expense	451	508	1,019	249	181
Other income items	528	2,002	435	236	15
Net income	48,921	54,376	73,995	17,833	9,586
Depreciation/amortization	14,407	14,644	14,417	3,675	5,217
Cash flow	63,328	69,020	88,412	21,508	14,803
	Ratio to net sales (percent)				
Cost of goods sold	66.5	65.6	60.7	60.9	69.6
Gross profit	33.5	34.4	39.3	39.1	30.4
SG&A expenses	8.5	8.8	7.9	9.8	10.0
Operating income	24.9	25.5	31.4	29.3	20.4
Net income	21.5	23.9	29.3	27.2	15.8
	Number of firms reporting				
Data	5	5	5	5	6
Operating losses	0	0	0	0	1
Net losses	0	0	0	0	1
Decreases from previous year in--					
Net sales	-	3	1	-	5
Operating income	-	2	1	-	5
Net income	-	1	2	-	5
Note.--***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-7C

Gray portland cement and cement clinker: FLORIDA producers' quantity and value of net sales, by types of sales, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Net sales:					
Commercial sales:					
Cement	2,502	2,501	2,664	665	582
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	3,777	3,668	3,880	1,013	910
Value (\$1,000)					
Net sales:					
Commercial sales:					
Cement	151,510	156,780	173,699	43,735	39,665
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	227,713	227,485	252,828	65,682	60,502
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-8C

Results of operations (per short ton) of FLORIDA producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	<i>Per short ton</i>				
Net sales:					
Trade:					
Cement	\$60.56	\$62.69	\$65.20	\$65.77	\$68.15
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	60.29	62.02	65.16	64.84	66.49
Cost of goods sold:					
Raw materials:					
Purchased clinker:					
Imported ¹	***	***	***	***	***
Domestic	***	***	***	***	***
All others	***	***	***	***	***
Total raw materials	12.26	11.86	11.19	10.80	10.90
Direct labor	3.08	2.74	2.85	2.83	4.15
Other factory	24.77	26.11	25.49	25.86	31.23
Total cost of goods sold	40.10	40.71	39.53	39.48	46.28
Gross profit	20.19	21.31	25.64	25.35	20.21
SG&A expenses	5.14	5.49	5.15	6.37	6.66
Operating income	15.04	15.83	20.49	18.99	13.55
Net income	12.95	14.82	19.07	17.60	10.53
¹ Purchased imported clinker was reported by one plant for all periods.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-9C

Gray portland cement and cement clinker: FLORIDA producers' variance analysis, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			Jan.-Mar.
	1997-99	1997-98	1998-99	1999-2000
	Value (\$1,000)			
Total net sales:				
Price variance	18,905	6,344	12,195	1,498
Volume variance	6,210	(6,572)	13,148	(6,678)
Total net sales variance	25,115	(228)	25,343	(5,180)
Cost of sales:				
Cost variance	2,243	(2,208)	4,579	(6,184)
Volume variance	(4,131)	4,371	(8,630)	4,067
Total cost variance	(1,888)	2,163	(4,051)	(2,117)
Gross profit variance	23,227	1,935	21,292	(7,297)
SG&A expenses:				
Expense variance	(24)	(1,260)	1,308	(265)
Volume variance	(530)	561	(1,163)	656
Total SG&A variance	(554)	(699)	145	391
Operating income variance	22,673	1,236	21,437	(6,906)
Summarized as:				
Price variance	18,905	6,344	12,195	1,498
Net cost/expense variance	2,219	(3,468)	5,887	(6,449)
Net volume variance	1,549	(1,639)	3,355	(1,955)
<p>Note.—Unfavorable variances are shown in parentheses; all others are favorable. Variances are calculated from unrounded data.</p>				
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

U.S. (National)

Income-and-loss data for U.S. (National) producers on their gray portland cement and cement clinker operations are presented in table III-6D; the breakdown of quantity and value of total net sales into commercial sales, internal consumption, and company transfers is shown in table III-7D; data on a “per-short-ton” basis are presented in table III-8D; and a variance analysis is shown in table III-9D.

The U.S. (National) gray portland cement industry reported aggregate operating income throughout the review period. The operating income margins increased from 27.8 percent in 1997 to 28.5 percent in 1998, and then declined slightly to 28.4 percent in 1999. During January-March 2000, the industry reported a 17.8-percent operating income margin, about the same as in January-March 1999. Commercial sales accounted for the majority of total net sales. The variance analysis shows that the increase in operating income from 1997 to 1999 was attributable to high favorable price and net volume variances which were partly offset by an unfavorable net cost/expense variance.

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Table III-6D

Results of operations of U.S. (NATIONAL) producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
	Value (\$1,000)				
Net sales	5,060,620	5,494,704	5,790,476	1,107,021	1,183,997
Cost of goods sold	3,256,853	3,495,251	3,695,137	793,575	861,785
Gross profit	1,803,767	1,999,453	2,095,339	313,446	322,212
SG&A expenses	399,310	435,617	453,606	115,760	111,661
Operating income	1,404,457	1,563,836	1,641,733	197,686	210,551
Interest expense	(1)	(1)	(1)	(1)	(1)
Other expense	(1)	(1)	(1)	(1)	(1)
Other income items	(1)	(1)	(1)	(1)	(1)
Net income	(1)	(1)	(1)	(1)	(1)
Depreciation/amortization	(1)	(1)	(1)	(1)	(1)
Cash flow	(1)	(1)	(1)	(1)	(1)
	Ratio to net sales (percent)				
Cost of goods sold	64.4	63.6	63.8	71.7	72.8
Gross profit	35.6	36.4	36.2	28.3	27.2
SG&A expenses	7.9	7.9	7.8	10.5	9.4
Operating income	27.8	28.5	28.4	17.9	17.8
Net income	(1)	(1)	(1)	(1)	(1)
	Number of firms reporting				
Data	43	43	43	43	44
Operating losses	0	0	0	6	6
Net losses	(1)	(1)	(1)	(1)	(1)
Decreases from previous year in--					
Net sales	-	7	9	-	17
Operating income	-	12	17	-	19
Net income	-	12	17	-	19
¹ These data were not collected from the non-Southern-tier plants.					
Note.--***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-7D

Gray portland cement and cement clinker: U.S. (NATIONAL) producers' quantity and value of net sales, by types of sales, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Net sales:					
Commercial sales:					
Cement	63,907	66,934	67,554	12,549	13,439
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	76,011	79,214	82,001	15,756	17,096
Value (\$1,000)					
Net sales:					
Commercial sales:					
Cement	4,229,219	4,628,408	4,765,046	882,114	935,804
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	5,060,620	5,494,704	5,790,476	1,107,021	1,183,997
<p>Note.—The Commission did not ask the non-Southern-tier plants for separate data on cement and clinker. Their sales are all recorded as cement sales.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table III-8D

Results of operations (per short ton) of U.S. (NATIONAL) producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
<i>Per short ton</i>					
Net sales:					
Trade:					
Cement	\$66.18	\$69.15	\$70.54	\$70.29	\$69.63
Clinker	***	***	***	***	***
Internal consumption:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Company transfers:					
Cement	***	***	***	***	***
Clinker	***	***	***	***	***
Total	66.58	69.37	70.61	70.26	69.26
Cost of goods sold:					
Raw materials:					
Purchased clinker:					
Imported	(1)	(1)	(1)	(1)	(1)
Domestic	(1)	(1)	(1)	(1)	(1)
All others	(1)	(1)	(1)	(1)	(1)
Total raw materials	(1)	(1)	(1)	(1)	(1)
Direct labor	(1)	(1)	(1)	(1)	(1)
Other factory	(1)	(1)	(1)	(1)	(1)
Total cost of goods sold	42.85	44.12	45.06	50.37	50.41
Gross profit	23.73	25.24	25.55	19.89	18.85
SG&A expenses	5.25	5.50	5.53	7.35	6.53
Operating income	18.48	19.74	20.02	12.55	12.32
Net income	(1)	(1)	(1)	(1)	(1)
¹ These data were not collected from the non-Southern-tier plants.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-9D

Gray portland cement and cement clinker: U.S. (NATIONAL) producers' variance analysis, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			Jan.-Mar.
	1997-99	1997-98	1998-99	1999-2000
Value (\$1,000)				
Total net sales:				
Price variance	331,057	220,836	102,451	(17,173)
Volume variance	398,799	213,248	193,321	94,149
Total net sales variance	729,856	434,084	295,772	76,976
Cost of sales:				
Cost variance	(181,630)	(101,159)	(76,912)	(719)
Volume variance	(256,654)	(137,239)	(122,974)	(67,491)
Total cost variance	(438,284)	(238,398)	(199,886)	(68,210)
Gross profit variance	291,572	195,686	95,886	8,766
SG&A expenses:				
Expense variance	(22,829)	(19,481)	(2,663)	13,944
Volume variance	(31,467)	(16,826)	(15,326)	(9,845)
Total SG&A variance	(54,296)	(36,307)	(17,989)	4,099
Operating income variance	237,276	159,379	77,897	12,865
Summarized as:				
Price variance	331,057	220,836	102,451	(17,173)
Net cost/expense variance	(204,458)	(120,639)	(79,575)	13,225
Net volume variance	110,677	59,182	55,021	16,813
Note: Unfavorable variances are shown in parentheses; all others are favorable. Variances are calculated from unrounded data.				
Source: Compiled from data submitted in response to Commission questionnaires.				

**Investment in Productive Facilities, Capital Expenditures,
and Research and Development Expenses**

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment and total plant assets for their gray portland cement and cement clinker operations are shown in tables III-10A through III-10D. R&D expenses were reported by *** in the Southern-tier region and by *** in the Southern California region. ***.

Table III-10A

Gray portland cement and cement clinker: SOUTHERN-TIER producers' capital expenditures, research and development expenses, and value of assets, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Capital expenditures	159,060	277,910	620,825	93,549	145,587
R&D expenses	***	***	***	***	***
Fixed assets:					
Original cost	3,257,197	3,437,344	3,903,896	3,396,981	3,916,745
Book value	1,662,127	1,760,803	2,103,228	1,723,695	2,149,985
Total assets	2,508,023	2,709,948	3,313,966	2,698,135	3,272,680
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-10B

Gray portland cement and cement clinker: SOUTHERN CALIFORNIA producers' capital expenditures, research and development expenses, and value of assets, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Capital expenditures	47,317	36,404	84,388	17,146	29,941
R&D expenses	***	***	***	***	***
Fixed assets:					
Original cost	968,274	1,014,896	1,071,191	1,027,410	1,105,111
Book value	483,125	511,220	546,192	522,520	566,155
Total assets	745,070	761,888	798,699	773,808	811,990
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-10C

Gray portland cement and cement clinker: FLORIDA producers' capital expenditures, research and development expenses, and value of assets, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Capital expenditures	16,451	72,366	94,414	22,577	12,305
R&D expenses	***	***	***	***	***
Fixed assets:					
Original cost	321,906	360,471	411,184	386,176	518,091
Book value	191,515	227,003	261,819	246,161	363,375
Total assets	324,278	406,175	504,492	430,549	523,413
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-10D

Gray portland cement and cement clinker: U.S. (NATIONAL) producers' capital expenditures, research and development expenses, and value of assets, fiscal years 1997-99, January-March 1999, and January-March 2000

Item	Fiscal years			January-March	
	1997	1998	1999	1999	2000
Capital expenditures	480,626	589,166	1,107,824	192,637	318,809
R&D expenses	(1)	(1)	(1)	(1)	(1)
Fixed assets:					
Original cost	(1)	(1)	(1)	(1)	(1)
Book value	(1)	(1)	(1)	(1)	(1)
Total assets	(1)	(1)	(1)	(1)	(1)
* These data were not collected from the non-Southern-tier plants.					
Source: Compiled from data submitted in response to Commission questionnaires.					

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Tables IV-1A, IV-1B, IV-1C, and IV-1D present the Southern-tier, Southern California, Florida, and U.S. (National) imports of gray portland cement. While both subject and nonsubject imports have grown on a regional and national level from 1997 to 1999, the primary source of that growth has come from nonsubject sources. From 1997 to 1999, nonsubject Southern-tier imports increased from 4.5 million short tons to 10.7 million short tons; nonsubject Southern California imports grew from 1.1 million short tons to 2.5 million short tons; nonsubject imports into Florida rose from 1.8 million short tons to 3.1 million short tons; and nonsubject U.S. (National) imports jumped from 13.2 million short tons to 23.2 million short tons. Primary nonsubject sources were Canada, China, Thailand, China, Greece, Spain, Sweden, Turkey, Colombia, and Korea. While Canada has traditionally been the leading source of imports, Thailand is a new entrant in the market coming from zero in 1997 to be the third leading source of gray portland cement imports with more than 3.4 million short tons in 1999 and the second leading source of gray portland cement and cement clinker combined at 5.6 million short tons. Tables IV-2A, IV-2B, IV-2C, and IV-2D present the Southern-tier, Southern California, Florida, and U.S. (National) imports of cement clinker.

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Table IV-1A

Gray portland cement: SOUTHERN-TIER imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan		16	32	32	36
Mexico	978	1,262	1,216	328	270
Venezuela	866	861	983	248	296
Subtotal	1,844	2,139	2,231	608	603
All other sources	4,521	7,709	10,705	2,369	2,460
Total imports	6,366	9,847	12,936	2,977	3,063
Value (\$1,000)					
Japan	87	768	1,384	1,339	1,324
Mexico	34,858	45,318	44,861	12,023	9,770
Venezuela	40,160	40,013	46,910	11,903	12,759
Subtotal	75,106	86,098	93,155	25,265	23,853
All other sources	203,191	344,513	448,966	102,448	99,772
Total imports	278,297	430,612	542,121	127,713	123,626
Unit value (per short ton)					
Japan	\$707.23	\$48.80	\$43.38	\$42.05	\$36.29
Mexico	35.65	35.91	36.90	36.63	36.12
Venezuela	46.35	46.46	47.71	47.99	43.04
Subtotal	40.72	40.26	41.75	41.55	39.53
All other sources	44.94	44.69	41.94	43.25	40.56
Total imports	43.72	43.73	41.91	42.91	40.36
Share of quantity (percent)					
Japan		0.2	0.2	1.1	1.2
Mexico	15.4	12.8	9.4	11.0	8.8
Venezuela	13.6	8.7	7.6	8.3	9.7
Subtotal	29.0	21.7	17.2	20.4	19.7
All other sources	71.0	78.3	82.8	79.6	80.3
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan		0.2	0.3	1.0	1.1
Mexico	12.5	10.5	8.3	9.4	7.9
Venezuela	14.4	9.3	8.7	9.3	10.3
Subtotal	27.0	20.0	17.2	19.8	19.3
All other sources	73.0	80.0	82.8	80.2	80.7
Total imports	100.0	100.0	100.0	100.0	100.0
¹ Less than 500 short tons. ² Less than 0.05 percent. Source: Compiled from official Commerce statistics.					

Table IV-1B

Gray portland cement: SOUTHERN CALIFORNIA imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan	0	16	32	32	36
Mexico	21	29	49	19	10
Venezuela	0	0	0	0	0
Subtotal	21	44	81	51	46
All other sources	1,089	2,099	2,465	537	379
Total imports	1,110	2,144	2,546	588	426
Value (\$1,000)					
Japan	0	702	1,328	1,328	1,324
Mexico	846	996	1,809	714	333
Venezuela	0	0	0	0	0
Subtotal	846	1,698	3,137	2,042	1,657
All other sources	54,411	91,410	94,069	20,624	15,979
Total imports	55,257	93,108	97,205	22,666	17,636
Unit value (per short ton)					
Japan	\$0.00	\$44.91	\$41.73	\$41.73	\$36.29
Mexico	40.45	34.74	36.70	37.99	33.86
Venezuela	0.00	0.00	0.00	0.00	0.00
Subtotal	40.45	38.32	38.67	40.34	35.77
All other sources	49.97	43.54	38.17	38.41	42.13
Total imports	49.79	43.44	38.18	38.57	41.44
Share of quantity (percent)					
Japan	0.0	0.7	1.2	5.4	8.6
Mexico	1.9	1.3	1.9	3.2	2.3
Venezuela	0.0	0.0	0.0	0.0	0.0
Subtotal	1.9	2.1	3.2	8.6	10.9
All other sources	98.1	97.9	96.8	91.4	89.1
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan	0.0	0.8	1.4	5.9	7.5
Mexico	1.5	1.1	1.9	3.1	1.9
Venezuela	0.0	0.0	0.0	0.0	0.0
Subtotal	1.5	1.8	3.2	9.0	9.4
All other sources	98.5	98.2	96.8	91.0	90.6
Total imports	100.0	100.0	100.0	100.0	100.0
Source: Compiled from official Commerce statistics.					

Table IV-1C

Gray portland cement: FLORIDA imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	861	777	861	218	255
Subtotal	861	777	861	218	255
All other sources	1,818	2,457	3,051	677	962
Total imports	2,678	3,234	3,912	894	1,217
Value (\$1,000)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	39,897	36,103	41,082	10,459	10,960
Subtotal	39,897	36,103	41,082	10,459	10,960
All other sources	76,011	107,222	131,323	29,632	38,635
Total imports	115,908	143,325	172,405	40,091	49,595
Unit value (per short ton)					
Japan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mexico	0.00	0.00	0.00	0.00	0.00
Venezuela	46.36	46.49	47.72	48.02	43.04
Subtotal	46.36	46.49	47.72	48.02	43.04
All other sources	41.82	43.63	43.04	43.80	40.14
Total imports	43.28	44.32	44.07	44.83	40.75
Share of quantity (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	32.1	24.0	22.0	24.4	20.9
Subtotal	32.1	24.0	22.0	24.4	20.9
All other sources	67.9	76.0	78.0	75.6	79.1
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	34.4	25.2	23.8	26.1	22.1
Subtotal	34.4	25.2	23.8	26.1	22.1
All other sources	65.6	74.8	76.2	73.9	77.9
Total imports	100.0	100.0	100.0	100.0	100.0
Source: Compiled from official Commerce statistics.					

Table IV-1D

Gray portland cement: U.S. (NATIONAL) imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan		23	32	32	37
Mexico	978	1,262	1,216	328	270
Venezuela	1,338	1,462	1,907	398	513
Subtotal	2,316	2,747	3,156	758	820
All other sources	13,165	18,303	23,223	4,312	4,409
Total imports	15,481	21,050	26,379	5,070	5,229
Value (\$1,000)					
Japan	252	1,368	1,873	1,457	1,372
Mexico	34,858	45,318	44,861	12,023	9,770
Venezuela	60,640	66,542	89,098	18,809	22,296
Subtotal	95,750	113,228	135,832	32,289	33,438
All other sources	612,376	824,487	1,012,351	186,780	185,874
Total imports	708,125	937,714	1,148,182	219,069	219,312
Unit value (per short ton)					
Japan	\$675.03	\$59.78	\$57.09	\$45.48	\$37.52
Mexico	35.65	35.91	36.90	36.63	36.12
Venezuela	45.32	45.50	46.72	47.27	43.45
Subtotal	41.34	41.22	43.04	42.59	40.77
All other sources	46.52	45.05	43.59	43.32	42.16
Total imports	45.74	44.55	43.53	43.21	41.94
Share of quantity (percent)					
Japan		0.1	0.1	0.6	0.7
Mexico	6.3	6.0	4.6	6.5	5.2
Venezuela	8.6	6.9	7.2	7.8	9.8
Subtotal	15.0	13.1	12.0	15.0	15.7
All other sources	85.0	86.9	88.0	85.0	84.3
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan		0.1	0.2	0.7	0.6
Mexico	4.9	4.8	3.9	5.5	4.5
Venezuela	8.6	7.1	7.8	8.6	10.2
Subtotal	13.5	12.1	11.8	14.7	15.2
All other sources	86.5	87.9	88.2	85.3	84.8
Total imports	100.0	100.0	100.0	100.0	100.0
¹ Less than 500 short tons. ² Less than 0.05 percent. Source: Compiled from official Commerce statistics.					

Table IV-2A

Cement clinker: SOUTHERN-TIER imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	347	257	177	33	0
Subtotal	347	257	177	33	0
All other sources	640	769	1,388	253	404
Total imports	987	1,026	1,565	287	404
Value (\$1,000)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	13,733	11,034	6,851	1,261	0
Subtotal	13,733	11,034	6,851	1,261	0
All other sources	26,763	28,620	44,187	8,619	13,521
Total imports	40,496	39,654	51,039	9,880	13,521
Unit value (per short ton)					
Japan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mexico	0.00	0.00	0.00	0.00	0.00
Venezuela	39.59	42.99	38.73	\$38.10	0.00
Subtotal	39.59	42.99	38.73	\$38.10	0.00
All other sources	41.83	37.21	31.84	34.00	33.50
Total imports	41.04	38.66	32.62	34.48	33.50
Share of quantity (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	35.2	25.0	11.3	11.6	0.0
Subtotal	35.2	25.0	11.3	11.6	0.0
All other sources	64.8	75.0	88.7	88.4	100.0
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	33.9	27.8	13.4	12.8	0.0
Subtotal	33.9	27.8	13.4	12.8	0.0
All other sources	66.1	72.2	86.6	87.2	100.0
Total imports	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official Commerce statistics.

Table IV-2B

Cement clinker: SOUTHERN CALIFORNIA imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	0	0	0	0	0
Subtotal	0	0	0	0	0
All other sources	0	0	0	0	0
Total imports	0	0	0	0	0
Value (\$1,000)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	0	0	0	0	0
Subtotal	0	0	0	0	0
All other sources	0	0	0	0	0
Total imports	0	0	0	0	0
Unit value (per short ton)					
Japan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mexico	0.00	0.00	0.00	0.00	0.00
Venezuela	0.00	0.00	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00	0.00	0.00
All other sources	0.00	0.00	0.00	0.00	0.00
Total imports	0.00	0.00	0.00	0.00	0.00
Share of quantity (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0
Subtotal	0.0	0.0	0.0	0.0	0.0
All other sources	0.0	0.0	0.0	0.0	0.0
Total imports	0.0	0.0	0.0	0.0	0.0
Share of value (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0
Subtotal	0.0	0.0	0.0	0.0	0.0
All other sources	0.0	0.0	0.0	0.0	0.0
Total imports	0.0	0.0	0.0	0.0	0.0

Source: Compiled from official Commerce statistics.

Table IV-2C

Cement clinker: FLORIDA imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	182	187	177	33	0
Subtotal	182	187	177	33	0
All other sources	391	306	394	120	122
Total imports	572	493	571	153	122
Value (\$1,000)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	7,518	8,117	6,851	1,261	0
Subtotal	7,518	8,117	6,851	1,261	0
All other sources	16,157	13,110	15,230	4,822	4,319
Total imports	23,675	21,227	22,081	6,083	4,319
Unit value (per short ton)					
Japan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mexico	0.00	0.00	0.00	0.00	0.00
Venezuela	41.40	43.50	38.73	\$38.10	0.00
Subtotal	41.40	43.50	38.73	\$38.10	0.00
All other sources	41.37	42.82	38.65	40.30	35.39
Total imports	41.38	43.08	38.67	39.82	35.39
Share of quantity (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	31.7	37.9	31.0	21.7	0.0
Subtotal	31.7	37.9	31.0	21.7	0.0
All other sources	68.3	62.1	69.0	78.3	100.0
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	31.8	38.2	31.0	20.7	0.0
Subtotal	31.8	38.2	31.0	20.7	0.0
All other sources	68.2	61.8	69.0	79.3	100.0
Total imports	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official Commerce statistics.

Table IV-2D

Cement clinker: U.S. (NATIONAL) imports, by sources, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			Jan.-Mar.	
	1997	1998	1999	1999	2000
Quantity (1,000 short tons)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	860	499	362	95	0
Subtotal	860	499	362	95	0
All other sources	2,477	4,057	4,676	464	927
Total imports	3,337	4,557	5,038	559	927
Value (\$1,000)					
Japan	0	0	0	0	0
Mexico	0	0	0	0	0
Venezuela	34,863	20,739	12,883	3,387	0
Subtotal	34,863	20,739	12,883	3,387	0
All other sources	116,869	153,184	180,767	19,607	33,340
Total imports	151,732	173,923	193,650	22,994	33,340
Unit value (per short ton)					
Japan	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mexico	0.00	0.00	0.00	0.00	0.00
Venezuela	40.54	41.53	35.61	35.71	0.00
Subtotal	40.54	41.53	35.61	35.71	0.00
All other sources	47.19	37.75	38.66	42.22	35.96
Total imports	45.47	38.17	38.44	41.11	35.96
Share of quantity (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	25.8	11.0	7.2	17.0	0.0
Subtotal	25.8	11.0	7.2	17.0	0.0
All other sources	74.2	89.0	92.8	83.0	100.0
Total imports	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Japan	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0
Venezuela	23.0	11.9	6.7	14.7	0.0
Subtotal	23.0	11.9	6.7	14.7	0.0
All other sources	77.0	88.1	93.3	85.3	100.0
Total imports	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official Commerce statistics.

U.S. IMPORTERS' INVENTORIES

Tables IV-3A, IV-3B, IV-3C, and IV-3D present the Southern-tier, Southern California, Florida, and U.S. (National) importers' inventories during the review period.

Table IV-3A

Gray portland cement: SOUTHERN-TIER importers' end-of period inventories of imports, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table IV-3B

Gray portland cement: SOUTHERN CALIFORNIA importers' end-of period inventories of imports, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table IV-3C

Gray portland cement: FLORIDA importers' end-of period inventories of imports, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table IV-3D

Gray portland cement: U.S. (NATIONAL) importers' end-of period inventories of imports, 1997-99, January-March 1999, and January-March 2000

* * * * *

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Table IV-4 (gray portland cement) and table IV-5 (cement clinker) present information with respect to the gray portland cement and cement clinker capacity,¹ production, capacity utilization, domestic and export shipments, and inventories of Mexican producers CEMEX, Apasco, and GCCC. Together these firms estimate they accounted for *** percent of Mexican production of gray portland cement in 1999. At the time of the original investigation, the Mexican cement and clinker industry consisted of nine corporate groups with a total of 26 cement plants. It was estimated that four of the corporate groups accounted for 90 percent of the Mexican market. Presently, there are five Mexican producers: CEMEX, GCCC, Apasco, Cruz Azul, and Moctezuma²--operating 29 plants located throughout Mexico. CEMEX and GCCC accounted for all exports of gray portland cement and cement clinker to the United States during the period of review. Figure IV-1 presents the location of the Mexican industry's plants and marine terminals.³

Table IV-4

Gray portland cement: Data for producers in Mexico, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table IV-5

Cement clinker: Data for producers in Mexico, 1997-99, January-March 1999, and January-March 2000

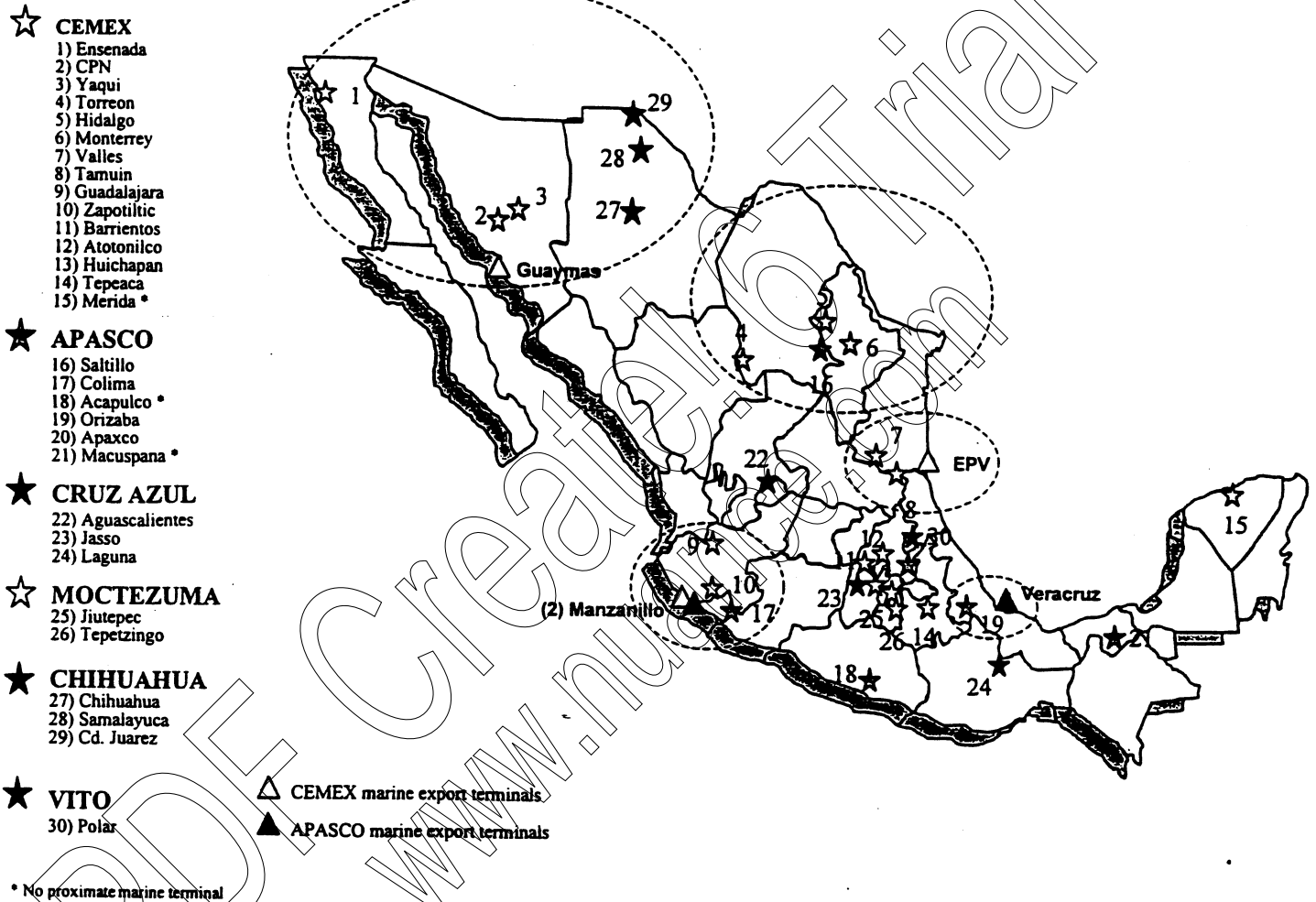
* * * * *

¹ In its foreign producer questionnaires, the Commission asked respondents to report their "average production capacity" which was defined as: The level of production that your establishment(s) could reasonably have expected to attain during the specified periods. Assume normal operating conditions (i.e., using equipment and machinery in place and ready to operate; normal operating levels (hours per week/weeks per year) and time for downtime, maintenance, repair, and cleanup; and a typical or representative product mix).

² Moctezuma is affiliated with Lafarge of France and Buzzi Unicem of Italy. Lafarge of France is the corporate parent of Lafarge, a U.S. producer. Lafarge operates 10 U.S. production facilities with a Southern-tier production facility located at Palmetto, FL.

³ See also petitioners' prehearing brief, exhibit 49 "Maps Regarding Cement from Mexico."

Figure IV-1
 Mexican industry: Cement plants and marine terminals



Source: Mexican respondents' posthearing brief, volume II, exhibit 6.

Aside from the individual producers, another source of capacity and production information concerning the Mexican industry is the Mexican Cement Chamber (CANACEM). During the original investigation, the Commission, through the U.S. embassy in Mexico City, obtained information from CANACEM. The Commission once again asked the U.S. Trade Center at the embassy in Mexico City to provide whatever information was available from CANACEM. The Commission received a response from the U.S. Trade Center on August 3, 2000. Petitioners also provided similar CANACEM information received via the U.S. Trade Center in their prehearing brief.⁴ Additionally, CANACEM directly provided information to the Commission. Unlike the information provided to the Commission and petitioner from CANACEM, via the U.S. Trade Center (installed capacity), the latter provided company specific capacity data⁵ (practical capacity) rather than a single capacity figure for the entire Mexican industry. The information provided from CANACEM is as follows:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
CANACEM capacity data reported to--				
U.S. Trade Center	42,296,600	42,296,600	49,603,500	50,705,800
Commission	-	-	-	***
CANACEM production data reported to--				
U.S. Trade Center	27,960,260	30,366,077	30,582,731	31,224,598
Commission	***	***	***	***

A comparison of CANACEM individual company capacity data with that provided by individual companies responding to the Commission's foreign questionnaire is presented below.⁶

	<u>CANACEM</u>	<u>Questionnaire</u>
CEMEX	***	***
Apasco	***	***
GCCC	***	***
Cruz Azul	***	N/A
Moctezuma	***	N/A

⁴ Petitioners' prehearing brief, exhibit 47.

⁵ In the data provided directly to the Commission, ***.

⁶ Petitioners argue that CANACEM has "****." In support of this position, petitioners state, in part: ". . . the Chamber ***. For example, the Chamber ***. In the original investigation, however, CEMEX and the Chamber represented that the 'actual capacity in Mexico' as of 1989 was 'calculated with 325 days, as you do it here in the States and most other countries.' As correctly noted by the Commission staff, '[s]uch an approach would yield a capacity figure approximately 90 percent of the theoretical figure based on 360 days operation.' "

Petitioners' prehearing brief, p. 99.

Additionally, petitioners state: ". . . while the Chamber ***." Id., p. 100.

Insofar as the data submitted to the Commission by CEMEX, GCCC, and Apasco, petitioners state that the capacity data in tables IV-4 and IV-5 should be rejected as “false and misleading.”⁷ In particular, petitioners dispute figures from CEMEX which it said “***.”⁸ In its questionnaire, CEMEX⁹ reported a capacity of *** short tons. As a further manifestation of their concern with regard to the capacity figures, petitioners, by letter dated August 4, 2000, requested that the Commission verify the information provided by CEMEX, the “dominant Mexican producer,” in response to the Commission’s foreign producer questionnaire.¹⁰ In support of its request, petitioner stated:

“CEMEX has a long history of providing false information to the Department of Commerce. Over the course of the antidumping order on cement and clinker from Mexico, CEMEX, the dominant Mexican cement producer, has repeatedly requested that the Department of Commerce conduct administrative reviews and has then repeatedly concealed or misrepresented information when responding to Commerce’s information requests. Commerce’s verification of CEMEX’s questionnaire responses has been instrumental in ferreting out the false and misleading information CEMEX submitted.”

In addition to its request for verification, petitioner asked, among other things, for CEMEX to submit proprietary versions of certain submissions that it made to Commerce that petitioner deemed “highly relevant to this investigation.”¹¹ CEMEX provided the requested information that showed an installed capacity of *** during the ninth administrative review period¹² and *** during the eighth administrative review period.¹³

In addition to its request for verification, petitioner further questioned CEMEX’s capacity figures by noting capacity figures reported by CEMEX in a notice of appreciation warrants dated November 16, 1999 and in a filing with the Securities and Exchange Commission on June 30, 2000. In both instances, CEMEX reported a capacity of 27.2 million metric tons (30.0 million short tons).¹⁴ Additionally, petitioner noted that CEMEX had reported an installed capacity figure of 28.5 million metric tons (31.4 million short tons) in an offering circular dated June 14, 1999.¹⁵ On August 10, 2000, the Commission requested that CEMEX reconcile the capacity figures in these documents with the numbers provided in

⁷ Petitioners’ prehearing brief, Exceptions to the prehearing report, p. 13.

⁸ *Id.*, p. 94. This continues an argument from the original investigation between petitioners and respondents when they disagreed over Mexican capacity figures. *Gray Portland Cement and Cement Clinker from Mexico*, Investigation No. 731-TA-451 (Final), USITC Pub. 2305, August 1990, pp. A-56-A-61.

⁹ CEMEX, the largest Mexican producer, accounted for *** percent of total production in Mexico in 1999.

¹⁰ Letter from Joseph W. Dorn, King and Spalding, to Donna R. Koehnke, Secretary, USITC, August 4, 2000.

¹¹ *Id.* In regard to this request, Chairman Koplán requested that CEMEX provide the information submitted to Commerce. TR, pp. 165-166. On August 18, 2000, CEMEX complied with that request by providing its plant specific information submitted to Commerce during the eighth and ninth administrative reviews. Letter from Irwin W. Altschuler, Manatt, Phelps, and Phillips, to Donna R. Koehnke, Secretary, USITC, August 18, 2000, exhibit 1.

¹² August 1, 1998-July 31, 1999.

¹³ August 1, 1997-July 31, 1998.

¹⁴ Letter from Joseph W. Dorn, King and Spalding, to Donna R. Koehnke, Secretary, USITC, August 4, 2000, exhibits 4 and exhibit 1, respectively.

¹⁵ *Id.*, exhibit 2.

its questionnaire response.¹⁶

CEMEX responded to the Commission's request on August 14, 2000.¹⁷ In its response, CEMEX stated:

"Since the three public documents were reporting nominal capacity, kiln utilization and efficiency factors were assumed at 100 percent. Therefore, for purposes of the public documents, the *** short tons figure for nominal clinker capacity was adjusted only by a third factor, namely a clinker to cement ratio. In the June 14, 1999 public document which reported capacity as of December 31, 1998, a clinker to cement ratio of 89 percent was used. In the November 16, 1999 and June 30, 2000 public documents a ratio of 94 percent was used."¹⁸

With respect to its questionnaire response, CEMEX offered:

"'Average annual capacity' (practical capacity reported to the ITC in CEMEX's Foreign Producer's Questionnaire response, question II-21) is based on Gray Portland Cement (GPC) that is saleable in the United States (i.e., Type I, Type II, Type V). Again Pozzolanic cement is not used in the United States. To convert nominal clinker capacity to practical capacity required multiplying clinker capacity by the 87 percent kiln utilization rate and then by the 92 percent kiln efficiency rate.¹⁹ Next, the resulting practical clinker capacity was converted to practical cement capacity by dividing by 95 percent."^{20 21}

¹⁶ Letter from Lynn Featherstone, Director of Investigations, USITC, to Oscar Frias, Planning Coordinator, CEMEX, August 10, 2000. The Commission also requested that CEMEX provide production and capacity data for each of its Mexican plants for 1999 as well as requesting that it reconcile the difference between the five marine terminals reported in the November 16, 1999, circular and the number of marine terminals reported in its questionnaire response at question II.20.

¹⁷ Letter from Irwin W. Altschuler, Manatt, Phelps, and Phillips, to Lynn Featherstone, Director of Investigations, USITC, August 14, 2000.

¹⁸ Id. A CEMEX footnote indicates that the change in clinker to cement ratio to 94 percent was made to "better reflect a cement product traded in world markets."

¹⁹ A CEMEX footnote at this point notes letters from "our two kiln suppliers confirming the reasonableness of these utilization factors." ***. In its posthearing brief, petitioners challenged the conclusions in these letters with letters of their own from ***. Petitioners' posthearing brief, attachments J and K. In the case of ***, it was explained "to determine a kiln's actual clinker production capacity per day, I suggest multiplying the 'rated' capacity by a factor of 110 to 115 percent." The *** letter stated "it is not uncommon that, depending on the capability of the operator, a kiln's maximum daily clinker output will exceed its rated daily capacity by at least 10 percent."

²⁰ Letter from Irwin W. Altschuler, Manatt, Phelps, and Phillips, to Lynn Featherstone, Director of Investigations, USITC, August 14, 2000.

²¹ With respect to the use of the 95 percent figure by CEMEX, petitioners commented:

"...CEMEX ***. CEMEX's calculation is based upon the false premise that ***. This premise is incorrect, because most cement produced by CEMEX in Mexico is pozzolanic cement, which is comprised of 15 to 40 percent pozzolan. To produce pozzolanic cement, CEMEX adds pozzolans to the clinker during the grinding stage. As a consequence of the addition of pozzolan in the production of pozzolanic cement, clinker represented only *** percent of total weight of all cement produced by CEMEX in 1999 (***)"

(continued...)

On September 6, 2000, Commission staff met with representatives of CEMEX “to understand, review, and verify the different capacity data that CEMEX has provided in its submissions to {the} Department of Commerce, to {the} U.S. International Trade Commission and in its several public documents” in this review.²² As a result of the verification, CEMEX’s ***.²³ Insofar as the capacity for gray portland cement, the verification report stated: “***.”²⁴

As a result of the verification, the capacity numbers presented in tables IV-4 and IV-5 have been adjusted accordingly.

As has already been pointed out, CEMEX is the largest Mexican producer, accounting for *** percent of 1999 production. It is an integrated, multinational producer with operations in Africa, Asia, Central America, North America, South America, and Western Europe. CEMEX is the world’s third largest cement producer, owning or being affiliated with companies in Bangladesh, Colombia, Costa Rica, the Dominican Republic, Egypt, Indonesia, Jamaica, Panama, the Philippines, Spain, Trinidad and Tobago, and Venezuela.²⁵ CEMEX’s first overseas acquisition took place in 1992 with its purchase of Spain’s two largest cement companies.²⁶ While CEMEX ***.²⁷ According to CEMEX, ***.²⁸

CEMEX owns or has interests in 18 plants in Mexico, owning 15 and jointly owning 3 others.²⁹ Its other operations in Mexico include: 216 ready-mix concrete operations, 72 land distribution centers, and 5 marine terminals.³⁰ CEMEX reported that it uses ***.³¹ According to CEMEX, ***.³² Aside from

²¹ (...continued)

Petitioners’ prehearing brief, pp. 95-96, exhibits 27 and 62.

²² Letter from Lynn Featherstone, Director of Investigations, USITC, to Irwin W. Altschuler, Manatt, Phelps, and Phillips, August 31, 2000.

²³ USITC Verification Report, Invs. Nos. 303-TA-21 (Review) and 731-TA-451, 461, and 519 (Review), CEMEX S.A. de C.V., Mexico, September 12, 2000.

²⁴ Id. p. 2.

²⁵ <http://www.cemex.com>. At the time of the original investigation, CEMEX was the world’s tenth largest producer.

²⁶ Id.

²⁷ CEMEX questionnaire.

²⁸ Id.

²⁹ <http://www.cemex.com>. The capacity listed on CEMEX’s website is nearly 27.2 million metric tons (nearly 30.0 million short tons).

³⁰ Id.

³¹ CEMEX questionnaire. ***. With respect to reconciling the number of marine terminals reported in public documents with the number reported in CEMEX’s questionnaire, CEMEX commented:

“Question II-20 of CEMEX’s Foreign Producers’ Questionnaire response requests the identification of, and information regarding, ‘terminals used for export shipments.’ CEMEX’s response correctly identifies the three marine terminal facilities that CEMEX could use for export shipments of bulk cement. By contrast, in CEMEX’s November 16, 1999, offering circular, CEMEX mentioned five marine terminals. This reference to five terminals included terminals that are not used for, or suitable for, exports of bulk cement.”

Letter from Irwin W. Altschuler, Manatt, Phelps, and Phillips, to Lynn Featherstone, Director of Investigations, USITC, August 14, 2000.

³² ***. CEMEX questionnaire. During the original investigation CEMEX exported from ***, and Yaqui was under construction. Additionally, petitioner maintains that CEMEX exported from Merida in the Yucatan and notes that its Hidalgo plant exported during the original investigation when it was then owned by Cementos Hidalgo. Petitioners’ prehearing brief, pp. 92-93. Using capacity numbers from the CEMEX questionnaire, the ***.

the United States, CEMEX's other export markets include: ***.³³ From 1997 to 1999, CEMEX's exports as a share of total shipments ranged between ***.³⁴ Should the antidumping order be revoked, CEMEX indicates: "****."^{35 36}

Apasco is the second largest Mexican producer, operating six plants and accounting for *** percent of total production in Mexico in 1999. Like CEMEX, Apasco is an integrated, multinational producer with operations in El Salvador and Honduras. It is a subsidiary of Holderbank, based in Switzerland, the world's largest cement producer.³⁷ After the antidumping order was issued in 1990, Apasco ceased exporting gray portland cement and cement clinker to the United States.³⁸ Apasco's current export markets are ***.³⁹ With respect to its plans should the antidumping order be revoked,

³³ CEMEX questionnaire.

³⁴ Id.

³⁵ Id. As noted earlier in this report, CEMEX USA brought ***.

³⁶ Petitioners noted comments appearing in the July 20, 2000, and August 4, 2000 issues of El Financiero concerning possible post revocation plans:

Javier Prieto de la Fuente, President of the Mexican Cement Chamber and an official of CEMEX, "stated that in case the duty is eliminated, which has been in force for more than ten years, and which is currently approximately of 35 percent, the national cement companies could export approximately four million tons to the southern market of the United States. 'The elimination of that duty would increase Mexican cement exports to the U.S., which may reach four million tons,' the official added." El Financiero, July 20, 2000.

"CEMEX expects the 10-year U.S. ban on Mexican cement will be lifted in September and that the country's cement sector exports to the United States will reach 4 million tons a year." El Financiero, August 4, 2000.

Petitioners' posthearing brief, exhibit L.

In response, CEMEX commented:

"Mr. Javier Prieto de la Fuente, in his capacity as Chairman of the Mexican Cement Producers Association (CANACEM), was interviewed by a reporter from the Mexican newspaper, El Financiero. In the course of that interview, Mr. Prieto stated that if the Mexican cement industry shifted all of its exports to the United States the total quantity of such exports could reach 4 million tons. This statement assumes that all current exports to the U.S. continue, that all capacity of the Mexican cement producers to export is shifted to the U.S., and that all exports to any other third country destination are re-directed and shipped to the U.S. Thus, the statement reflects the outer limits of the realm of what is theoretically possible. It is not based on any stated or likely future scenarios. Further, no discussion of any specific export destinations within the U.S. occurred."

Mexican respondents' posthearing brief, volume II, answers to Commission questions, pp. 2-3 and exhibit 3.

³⁷ Holderbank is the corporate parent of Holnam, a U.S. producer, as well as Caribe, a Venezuelan producer. Holnam operates 12 U.S. production facilities with 3 of them located in the Southern-tier Region at Theodore, AL, Artesia, MS, and Midlothian, TX. In addition, Holnam is an importer with ***.

³⁸ During the original investigation, Apasco exported through the Port of Veracruz and had two plants located in the Gulf coast area. The *** of its exports went to Florida. At the time of that investigation, Apasco was constructing the new Ramos Arizpe plant in Coahuila, in northern Mexico. *Gray Portland Cement and Cement Clinker from Mexico*, Investigation No. 731-TA-451 (Final), USITC Pub. 2305, August 1990, p. A-58. That plant has a capacity of ***. According to petitioner the plant has "easy rail access to Texas via Laredo." Additionally, Apasco opened a new plant at Tecoman, Colima. <http://www.apasco.com.mx>. Petitioners note that the Tecoman facility "has access to California by ship via Apasco's deep water terminal at Manzanillo." Petitioners' prehearing brief, p. 93. The plant has a capacity of ***.

³⁹ Apasco questionnaire.

Apasco notes that “***.”⁴⁰

Apasco has seven plants in Mexico, with a capacity of ***.⁴¹ Its other operations in Mexico include: 72 ready-mix concrete operations, 23 distribution centers, 2 marine terminals for export, and 4 aggregate operations.⁴² The two marine terminals, located in Manzanillo and Veracruz, have an annual throughput capacity of ***.⁴³ Since 1990, Apasco has opened plants at Ramon Arizpe, Coahuila (northern Mexico) and Tecoman, Colima (Pacific coast, southwest of Mexico City) and purchased a plant in Acapulco.⁴⁴

GCCC, the other Mexican producer aside from CEMEX to export to the United States during the period of review, accounted for *** percent of total production in Mexico in 1999.⁴⁵ GCCC owns Rio Grande, a U.S. producer located at Tijeras, NM,⁴⁶ and is indirectly affiliated with CEMEX. In addition to the Rio Grande purchase, GCCC started operations at Samalayuca, Chihuahua,⁴⁷ 35 miles south of El Paso, TX, in 1995 and, in 1998, announced plans to construct a new plant in the United States at Pueblo, CO.⁴⁸ All three of GCCC’s plants are located in the State of Chihuahua (Chihuahua, Ciudad Juarez, and Samalayuca) in northern Mexico and have an annual capacity of ***.⁴⁹ According to GCCC, its exports

⁴⁰ Id.

⁴¹ Id. The capacity listed on Apasco’s website is 8.9 million metric tons (9.8 million short tons). <http://www.apasco.com.mx>. In its questionnaire, Apasco stated that its capacity was calculated by using “***.” Petitioners note that Apasco “consistently reports to the public that its cement capacity is 9,810,000 short tons.” Petitioners’ prehearing brief, p. 98.

⁴² <http://www.apasco.com.mx>.

⁴³ Apasco questionnaire. The Veracruz facility is ***. Id.

⁴⁴ <http://www.apasco.com.mx>.

⁴⁵ ***. GCCC questionnaire.

⁴⁶ GCCC purchased Rio Grande in 1994.

⁴⁷ Petitioners note that the plant has “easy rail access to Texas, New Mexico, and Arizona.” Petitioners’ prehearing brief, p. 93.

⁴⁸ <http://www.gcc.com>.

⁴⁹ GCCC questionnaire. The capacity listed on GCCC’s website is 2.1 million metric tons (2.3 million short tons). <http://www.gcc.com>. In its prehearing brief, petitioners commented:

“In its *** This methodology, however, incorrectly, assumes that GCCC’s grinding capacity will only be used to grind cement that contains *** percent clinker. ***. On April 22, 1999, the National Organization for the Standardization and Certification of Construction Materials issued Mexican Cement Norms for various types of portland cement. The Mexican Norms, unlike the ASTM, allow up to 5 percent filler to be added to the clinker and gypsum. Thus, ordinary portland cement may contain 90 percent clinker, 5 percent gypsum, and 5 percent filler. As a result, assuming that GCCC does not produce pozzolanic cement (which only requires 45 to 89 percent clinker), GCCC’s cement capacity ***. In fact, however, it is likely that GCCC’s grinding capacity is ***.” Petitioners’ prehearing brief, pp. 98-99.

In response, GCCC stated:

“ . . . the Domestic Interested Parties claim that GCCC has ***. The Domestic Interested Parties speculate that GCCC must have included ***. Contrary to their speculation, GCCC ***, which in any event has been permitted only recently (as of April 1999) by the Mexican Norms. ***.

Mexican respondents’ posthearing brief, pp. 12-13. See also, letter from Walter J. Spak, White and Case, to Donna R. Koehnke, Secretary, USITC, August 18, 2000. IV-18

have accounted for “almost half of all cement from Mexico during the past three years.”⁵⁰ William Webb of Rio Grande, GCCC’s U.S. producer, testified that the exports are:

“used to satisfy customers mainly in the southern New Mexico and El Paso markets. All of the imported cement comes from GCCC Cemento Samalayuca plant which is only 30 miles from El Paso, and also is the closest plant to the southern New Mexico market. There is no U.S. production within 200 miles of El Paso or southern New Mexico.”⁵¹

With respect to the possible revocation of the antidumping order, GCCC noted: “***.”⁵²

The other two Mexican producers, Cruz Azul⁵³ and Moctezuma, are the third and fourth largest producers in Mexico. They did not export to the United States during the original investigation and have not done so during the review period.

Mexican exports are or have been subject to antidumping duties in three countries in addition to the United States during the period of review. According to CEMEX, “these three decisions have little or no effect on CEMEX’s exports now nor will they have any significant effect on imports in the foreseeable future.”⁵⁴ On July 12, 2000, the Government of Brazil announced the results of its dumping investigation concerning cement, stating that it would apply a 22.5 percent tariff on Mexican cement exports to the states of Acre, Amazonas, Roraima and a portion of Para.⁵⁵ The period of the investigation was January 1, 1998 to June 30, 1999. According to CEMEX, it had *** exports to Brazil during the period of investigation (***) in the amount of ***.⁵⁶

On January 17, 2000, the Government of Guatemala issued an antidumping finding applying an 89.54 percent tariff on cement exports to Guatemala by Cruz Azul.⁵⁷ The finding is not applicable to any other Mexican exporters.

⁵⁰ TR, p. 149, William Webb, Rio Grande.

⁵¹ Id. See also, GCCC prehearing brief, pp. 19-28.

⁵² GCCC questionnaire.

⁵³ Petitioners note that Cruz Azul has a marine terminal in Salina Cruz, Oaxaca, in southern Mexico. Petitioners’ posthearing brief, p. 14. Cruz Azul has exported to South America in recent years.

⁵⁴ Mexican respondents’ posthearing brief, volume II, answers to Commission questions, p. 1.

⁵⁵ In the same decision, the Government of Brazil also announced the imposition of a 19.4-percent tariff on Venezuelan cement exports. The four states in question are located in the northern part of Brazil.

⁵⁶ Mexican respondents’ posthearing brief, volume II, answers to Commission questions, exhibit 1.

⁵⁷ Petitioners’ prehearing brief, exhibit 72.

On January 14, 2000, the Government of Ecuador announced that it would impose an antidumping duty for a period of six months equivalent to 20 percent, c.i.f. value, on imports of cement from Mexico.⁵⁸ CEMEX “***”⁵⁹

THE INDUSTRY IN JAPAN

Table IV-6 (gray portland cement) and table IV-7 (cement clinker) present information with respect to the gray portland cement and cement clinker capacity, production, capacity utilization, domestic and export shipments, and inventories of Japanese producers Mitsubishi, Sumitomo Osaka, Taiheiyo, Tokuyama, and Ube. Together, these firms estimate they accounted for 87.3 percent of Japanese production of gray portland cement in 1999. Four of these five firms accounted for “virtually all” exports of gray portland cement to the United States during the original investigation.⁶⁰ Petitioners argue that the Commission should reject the capacity data in table IV-6 as “false and misleading” and should use the clinker capacity data in table IV-7 in its examination of the Japanese industry.⁶¹ Petitioners make this request based on the fact that the reported Japanese gray portland cement capacity is equal to 93 percent of cement clinker capacity; whereas U.S. producers, Mexican producers, and Venezuelan producers ***.⁶²

Petitioners note that in the original investigation, 1990 gray portland cement capacity was 12 percent greater than cement clinker capacity, and gray portland cement production was 6 percent greater than cement clinker production.⁶³ Petitioners suggest that the gray portland cement capacity figure be adjusted to 112 percent of cement clinker capacity. Using this methodology, gray portland cement capacity (1,000 short tons) and capacity utilization (percent) figures in table IV-6 would be (*table IV-6 figures in italics*):

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>January-March</u>	
				<u>1999</u>	<u>2000</u>
Adjusted:					
Capacity	101,099	100,737	100,814	25,818	24,423
Capacity utilization	83.5	75.3	73.7	70.8	75.4
<i>Table IV-6:</i>					
<i>Capacity</i>	<i>85,481</i>	<i>85,455</i>	<i>83,765</i>	<i>21,489</i>	<i>21,489</i>
<i>Capacity utilization</i>	<i>98.8</i>	<i>88.8</i>	<i>88.7</i>	<i>85.1</i>	<i>85.7</i>

⁵⁸ Petitioners’ prehearing brief, exhibit 73.

⁵⁹ Mexican respondents’ posthearing brief, volume II, answers to Commission questions, p. 1.

⁶⁰ *Gray Portland Cement and Cement Clinker from Japan*, Investigation No. 731-TA-461 (Final), USITC Pub. 2376, April 1991, p. A-50. Mitsubishi, Nihon, Onada, Sumitomo Osaka, and Ube were exporters. Nihon and Onada are predecessor companies to Taiheiyo. Tokuyama was not an exporter.

⁶¹ Petitioners’ prehearing brief, exceptions to the prehearing report, p. 15.

⁶² *Id.*, pp. 154-155.

⁶³ *Id.*, p. 155.

Table IV-6

Gray portland cement: Data for producers in Japan, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
AVERAGE PRODUCTION CAPACITY	85,481	85,455	83,765	21,489	21,489
PRODUCTION	84,440	75,853	74,321	18,281	18,414
END-OF-PERIOD INVENTORIES	3,764	3,703	3,400	4,130	3,580
SHIPMENTS:					
Home market	75,689	68,728	67,732	16,157	16,703
Internal consumption/transfers	2,307	2,283	2,070	496	463
Exports to--					
Florida	0	0	0	0	0
Alabama, Mississippi, Louisiana, Texas, New Mexico, and Arizona	0	0	0	0	0
Southern California	0	0	0	0	0
Northern California	0	0	0	0	0
Southern-tier	0	0	0	0	0
All other States	0	0	0	0	0
TOTAL United States	0	0	0	0	0
All other export markets	9,200	6,489	6,279	1,529	1,240
Total exports	9,200	6,489	6,279	1,529	1,240
Total shipments	87,196	77,500	76,081	18,182	18,406
Table continued on next page.					

Table IV-6--Continued

Gray portland cement: Data for producers in Japan, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Ratios and shares (percent)					
Capacity utilization	98.8	88.8	88.7	85.1	85.7
Inventories/production	4.5	4.9	4.6	5.6	4.9
Inventories/shipments	4.3	4.8	4.5	5.7	4.9
Share of total shipments:					
Home market	86.8	88.7	89.0	88.9	90.7
Internal consumption/transfers	2.6	2.9	2.7	2.7	2.5
Exports to--					
Florida	0.0	0.0	0.0	0.0	0.0
Alabama, Mississippi, Louisiana, Texas, New Mexico, and Arizona	0.0	0.0	0.0	0.0	0.0
Southern California	0.0	0.0	0.0	0.0	0.0
Northern California	0.0	0.0	0.0	0.0	0.0
Southern-tier	0.0	0.0	0.0	0.0	0.0
All other States	0.0	0.0	0.0	0.0	0.0
TOTAL United States	0.0	0.0	0.0	0.0	0.0
All other export markets	10.6	8.4	8.3	8.4	6.7
Total exports	10.6	8.4	8.3	8.4	6.7
Source: Compiled from data submitted in response to Commission questionnaires.					

Table IV-7

Cement clinker: Data for producers in Japan, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Quantity (1,000 short tons)					
AVERAGE PRODUCTION CAPACITY	90,267	89,944	90,013	23,052	21,807
PRODUCTION	82,305	72,282	70,385	17,381	17,578
END-OF-PERIOD INVENTORIES	765	787	756	916	769
SHIPMENTS:					
Home market	0	0	0	0	0
Internal consumption/transfers	78,569	70,246	68,335	16,816	16,846
Exports to--					
Florida	0	0	0	0	0
Alabama, Mississippi, Louisiana, Texas, New Mexico, and Arizona	0	0	0	0	0
Southern California	0	0	0	0	0
Northern California	0	0	0	0	0
Southern-tier	0	0	0	0	0
All other States	0	0	0	0	0
TOTAL United States	0	0	0	0	0
All other export markets	3,628	1,959	2,006	434	633
Total exports	3,628	1,959	2,006	434	633
Total shipments	82,197	72,205	70,341	17,250	17,479
Table continued on next page.					

Table IV-7--Continued

Cement clinker: Data for producers in Japan, 1997-99, January-March 1999, and January-March 2000

Item	1997	1998	1999	Jan.-Mar. 1999	Jan.-Mar. 2000
Ratios and shares (percent)					
Capacity utilization	91.2	80.4	78.2	75.4	80.6
Inventories/production	0.9	1.1	1.1	1.3	1.1
Inventories/shipments	0.9	1.1	1.1	1.3	1.1
Share of total shipments:					
Home market	0.0	0.0	0.0	0.0	0.0
Internal consumption/transfers	95.6	97.3	97.1	97.5	96.4
Exports to--					
Florida	0.0	0.0	0.0	0.0	0.0
Alabama, Mississippi, Louisiana, Texas, New Mexico, and Arizona	0.0	0.0	0.0	0.0	0.0
Southern California	0.0	0.0	0.0	0.0	0.0
Northern California	0.0	0.0	0.0	0.0	0.0
Southern-tier	0.0	0.0	0.0	0.0	0.0
All other States	0.0	0.0	0.0	0.0	0.0
TOTAL United States	0.0	0.0	0.0	0.0	0.0
All other export markets	4.4	2.7	2.9	2.5	3.6
Total exports	4.4	2.7	2.9	2.5	3.6
Source: Compiled from data submitted in response to Commission questionnaires.					

In response to Commission questions concerning gray portland cement capacity, Japanese respondents stated:

“The difficulty is compounded in Japan where Japanese producers do not track cement (i.e., grinding) capacity as a matter of course, but only for clinker (i.e., kiln) capacity. Because Japan does not import clinker and never has, clinker capacity sets the upper bound on the ability of the Japanese industry to produce cement. Clinker capacity, for the Japanese producers, is the most accurate and reliable measure of capacity in this industry as well as the meaningful measure of any excess Japanese capacity.

Because Japan producers do not record cement capacity in the normal course of business, ***. This serves as a reasonable proxy for cement capacity given that cement grinding capacity is not routinely tracked. This reflects their actual experience and the Commission’s instructions to report practical as opposed to theoretical, rated capacity.”⁶⁴

Japan is the third largest cement producing country in the world after China and the United States. Such was the case during the original investigations. The years since 1990 have seen an overall consolidation of the Japanese industry as the number of producers dropped from 23 operating 41 plants, at the time of the dumping finding, to the present day 19 producers operating 39 plants in 1998.⁶⁵ Over the same period of time, capacity rose from 96.1 million short tons to 105.4 million short tons.⁶⁶ Production of cement increased from 95.9 million short tons in 1990 to a high of 109.6 million short tons in 1996, then dropped to 91.8 million short tons in 1998.⁶⁷ Consumption, at an all time high of 95.3 million short tons in 1991, declined irregularly to 90.7 million short tons in 1996, then dropped more sharply to 78.9 million short tons in 1998.⁶⁸ The 1997 Asian financial crisis was mentioned by all the questionnaire respondents as playing a primary role in the drop in production and consumption from 1996 to 1998.

With respect to that crisis, petitioners state that it “practically overnight” caused demand for cement and clinker to plummet in Japan’s major Asian markets and continues to have a depressing effect on demand in a number of Asian countries.⁶⁹ Petitioners note that the economic crisis has caused some Japanese producers to explore export opportunities in distant markets such as Africa and South America and state that “had it not been for the antidumping duty order in the United States, the Asian economic

⁶⁴ Japanese respondents’ posthearing brief, appendix A, pp. 1-2.

⁶⁵ *Cement in Japan, 1999*, Japan Cement Association. ***. Japanese respondents’ prehearing brief, p. 48.

⁶⁶ *Id.* Beginning in 1993, capacity was calculated on 320 operating days rather than the 300 days that had been used before. Thus, from 1993 to 1994, capacity increased from 99.8 million short tons to 108.0 million short tons. From 1994, capacity has declined to 105.4 million short tons.

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ Petitioners’ prehearing brief, pp. 140-141. With regard to the depressed state of many Asian economies, the Director of Taiheiyo’s International Cement Department, in an interview in *World Cement* (June 2000), said:

“Exports are bad. The Asian economic situation is improving but demand for cement is still bad. It will take another couple of years for Asian markets to improve. There is still an over-supply of housing, especially in countries such as Thailand, Malaysia and Indonesia. The South Korean economy has shown a slight improvement and there are good signs of recovery there.”

Petitioners’ prehearing brief, exhibit 83.

crisis would have unleashed a torrent of Japanese cement imports into California.”⁷⁰ Given weak demand in Asia, among other reasons,⁷¹ petitioners believe that Japanese producers would “undoubtedly resume their export focus on California.”⁷² Japanese respondents dispute petitioners’ claim that the regional economy is vulnerable due to the weakened cement demand in Japan and its third country markets. They note that a forecast of Japanese demand projects that home market demand will increase by 1.3 percent both in 2000 and 2001 and cite a Deutsche Bank report concerning projected improvements in Japan’s third country markets.⁷³

As noted earlier in this section, five Japanese producers provided the Commission information concerning their operations. Taiheiyo, an integrated multinational producer, is the largest Japanese producer of gray portland cement with 10 plants and 3 grinding operations with a capacity of 33.2 million short tons.⁷⁴ Taiheiyo’s foreign operations include production facilities in the United States,⁷⁵ China, and Vietnam. Taiheiyo exports approximately *** percent of its shipments with its principal export markets being ***.⁷⁶

With respect to anticipated changes in the character of its operations in the event the antidumping order is revoked, Taiheiyo commented: “***.”⁷⁷

Petitioners contend that Japanese producers are highly motivated to direct their exports to the U.S. market citing, as an example, Taiheiyo’s questionnaire comment that in “***.”⁷⁸ Japanese

⁷⁰ Id., p. 142.

⁷¹ Among the other reasons cited by the petitioners for a renewed focus on exports to California is their contention that over 75 percent of Japan’s clinker capacity is located on or near a deep-water port that is accessible to ocean-going vessels. Petitioners’ prehearing brief, p. 158. In response to a Commission question on this matter, Japanese respondents stated:

“Petitioners are in fact not correct when they assert that over 75 percent of Japan’s clinker capacity is located on or near a deep water port accessible to ocean-going vessels that could be used for export to the United States. In fact, only approximately one-third of Japan’s clinker capacity is located on or near a deep water port accessible to ocean-going vessels that could be used to export to the United States. Approximately 31 million tons of clinker capacity in Japan is located on or near a deep water port accessible to ocean-going vessels that could be used to export to the United States. While other clinker capacity is located at ports, those other ports are not deep water ports accessible to the ocean-going vessels of a size large enough to export to the United States.”

Japanese respondents’ posthearing brief, responses to Commission questions, pp. 4-5.

⁷² Petitioners’ prehearing brief, p. 157.

⁷³ Japanese respondents’ prehearing brief, p. 50. The Deutsche Bank report indicates that, “the year 2000 is expected to be characterized by a sharp recovery in Asia/Pacific, and a favorable pricing environment with volume starting to come back . . .”

⁷⁴ *Cement in Japan, 1999*, Japan Cement Association. Taiheiyo’s 1999 capacity utilization rate was *** percent. Taiheiyo questionnaire.

⁷⁵ Taiheiyo owns U.S. producer California Portland with plants located in Colton, CA, Mojave, CA, and Rilitto, AZ.

⁷⁶ Taiheiyo questionnaire.

⁷⁷ Id.

⁷⁸ Petitioners’ prehearing brief, Exceptions to prehearing report, p. 15. In this regard, petitioners also take note that Taiheiyo’s U.S. operation, California Portland, is presently constructing a new import terminal at Stockton in northern California. Petitioners’ prehearing brief, foreign industry appendix, attachment O. In response, Japanese respondents state that the “new import terminal will source cement from numerous sources, including Taiheiyo’s
(continued...)

respondents counter that their motivation to export to the United States has changed from the original investigation given Taiheiyo's and Mitsubishi's ownership of a "****" of Southern California production capacity.⁷⁹

Sumitomo Osaka is the second largest producer of gray portland cement in Japan, operating 6 plants with a capacity of 15.9 million short tons.⁸⁰ Sumitomo merged with Osaka Cement in 1994 to form the present day corporation and, in addition to its Japanese operations, has a production facility in the Philippines. Sumitomo Osaka exports to ***.⁸¹ Concerning anticipated changes in the character of its operations should the dumping order be revoked, Sumitomo Osaka noted: "****."⁸²

Mitsubishi, the third largest Japanese producer, operates six plants with a capacity of 14.8 million short tons.⁸³ Mitsubishi is a multinational producer with operations in the United States,⁸⁴ Singapore, China, Vietnam, and the Philippines.⁸⁵ From 1997 to 1999, Mitsubishi exported approximately *** percent of its total shipments with its primary markets being ***.⁸⁶ Insofar as the possible revocation of the dumping order changing the character of its operations, Mitsubishi noted that even if the antidumping order were revoked, it "****."⁸⁷

Ube, the fourth largest Japanese producer, is a multinational producer with facilities in China and India. Ube operates three plants in Japan with a capacity of 11.8 million short tons⁸⁸ and, in 1998, formed a joint venture with Mitsubishi to market cement.⁸⁹ Ube's principal export markets are ***.⁹⁰ Should the dumping order be revoked, Ube anticipates ***.⁹¹

Tokuyama is the fifth largest Japanese producer, operating one plant with a capacity of 6.6

⁷⁸ (...continued)

other overseas production facilities outside Japan . . ." Japanese respondents' posthearing brief, appendix A, pp. 4-5.

⁷⁹ Japanese respondents' posthearing brief, p. 6. The level of Taiheiyo's investment in California, ***. During the original investigation, Taiheiyo's predecessors, Nihon and Onada, and Mitsubishi accounted for ***. Japanese respondents' posthearing brief, appendix A, p. 3. In 1999, the Southern California production facilities of California Portland and Mitsubishi accounted for *** percent of capacity and *** percent of production in that region. California Portland opposes revocation ***.

⁸⁰ *Cement in Japan, 1999*, Japan Cement Association. Sumitomo Osaka's 1999 capacity utilization rate was *** percent. Sumitomo Osaka questionnaire.

⁸¹ Sumitomo Osaka questionnaire.

⁸² Id.

⁸³ *Cement in Japan, 1999*, Japan Cement Association. Mitsubishi's 1999 capacity utilization rate was *** percent. Mitsubishi questionnaire.

⁸⁴ Mitsubishi's U.S. production facility is in Lucerne Valley, CA.

⁸⁵ <http://www.mmc.com>.

⁸⁶ Mitsubishi questionnaire.

⁸⁷ Id.

⁸⁸ *Cement in Japan, 1999*, Japan Cement Association.

⁸⁹ <http://www.ube-ind.co.jp>.

⁹⁰ Ube questionnaire. Ube's 1999 capacity utilization rate was *** percent. Ube questionnaire.

⁹¹ Id.

million short tons.⁹² Tokuyama's Nanyo plant is the largest single-factory cement facility in Japan.⁹³ Tokuyama exports in ***.⁹⁴ With regard to a change in the character of its operations if the dumping order is revoked, Tokuyama noted: "****."⁹⁵

Japanese exports of gray portland cement and cement clinker are not subject to any antidumping/countervailing duties or non-tariff barriers to trade in any countries other than the United States.

THE INDUSTRY IN VENEZUELA

Table IV-8 (gray portland cement) and table IV-9 (cement clinker) present information with respect to the gray portland cement and cement clinker capacity, production, capacity utilization, domestic and export shipments, and inventories of Venezuelan producers Vencemos and Caribe. Together these two producers account for *** percent of Venezuelan capacity.⁹⁶ ***.⁹⁷

At the time of the original investigations, the Venezuelan cement and clinker industry was comprised of seven producers operating 11 plants. Presently, there are five Venezuelan producers: Vencemos, Caribe,⁹⁸ Fabrica Nacional de Cementos,⁹⁹ Cementos Catatumbo,¹⁰⁰ and Cementos Andino, operating 12 plants located throughout Venezuela.¹⁰¹

Vencemos, the largest Venezuelan producer, is an integrated company that became a subsidiary of CEMEX in 1994.¹⁰² With a capacity of nearly 4.3 million short tons,¹⁰³ it produces cement in three locations and one grinder operation.¹⁰⁴ Vencemos' largest facility, Pertigalete, is located in the

⁹² *Cement in Japan, 1999*, Japan Cement Association. Tokuyama's 1999 capacity utilization rate was *** percent. Tokuyama questionnaire.

⁹³ <http://www.tokuyama.co.jp>.

⁹⁴ Tokuyama questionnaire.

⁹⁵ Id.

⁹⁶ *The Global Cement Report*, 3rd edition, 1998.

⁹⁷ Caribe, although a party to these reviews, did not file a prehearing or posthearing brief nor did it appear at the Commission's hearing.

⁹⁸ Caribe is 50 percent owned by Holderbank of Switzerland. Holderbank is the corporate parent of Holnam, a U.S. producer, as well as Apasco, a Mexican producer. Holnam operates 12 U.S. production facilities with 3 of them located in the Southern-tier at Theodore, AL, Artesia, MS, and Midlothian, TX. In addition, Holnam is an importer with ***.

⁹⁹ Fabrica Nacional de Cementos, the third largest Venezuelan producer, is partially owned by Lafarge of France. *The Global Cement Report*, 3rd edition, 1998. Lafarge of France is the corporate parent of Lafarge, a U.S. producer and importer. Lafarge operates 10 U.S. production facilities with a Southern-tier production facility located at Palmetto, FL.

¹⁰⁰ Cementos Catatumbo, the fourth largest Venezuelan producer, is partially owned by Lafarge of France. *The Global Cement Report*, 3rd edition, 1998.

¹⁰¹ The collective capacity of the 12 facilities is nearly 9.6 million short tons. *Global Cement Report*, 3rd edition, 1998.

¹⁰² <http://www.vencemos.com>.

¹⁰³ *The Global Cement Report*, 3rd edition, 1998.

¹⁰⁴ <http://www.vencemos.com>. The plants are located in the states of Anzoategui, Zulia, and Lara in northern Venezuela. Vencemos also owns a grinding operation in the Guayana region that was purchased in 1993.

Table IV-8

Gray portland cement: Data for producers in Venezuela, 1997-99, January-March 1999, and January-March 2000

* * * * *

Table IV-9

Cement clinker: Data for producers in Venezuela, 1997-99, January-March 1999, and January-March 2000

* * * * *

northeastern region of Venezuela and has a deep water port which is used for exporting to the Caribbean region and the United States.¹⁰⁵ According to Vencemos, the Pertigalete plant¹⁰⁶ is ***.¹⁰⁷ Besides the cement operations, Vencemos' subsidiary, Venmarca, is the leading ready-mix concrete operation in Venezuela.¹⁰⁸ Vencemos' foreign presence consists of cement and ready-mix concrete operations in the Dominican Republic that were purchased in 1997 and the establishment of a cement terminal in northeastern Brazil in 1996.¹⁰⁹ Fifty-eight percent of Vencemos' exports go to the United States, 30 percent to Central America and the Caribbean, and 12 percent to South America.¹¹⁰ Vencemos stated that it anticipates ***.¹¹¹

Caribe, Venezuela's second largest producer, operates facilities located at Cumarebo in the western region and San Sebastian in the north near Caracas. The latter was acquired as part of Caribe's 1996 purchase of another Venezuelan producer, Conceca. Collectively, these plants have a capacity of 2.3 million metric tons.¹¹² In addition to the United States, Caribe also exports to ***.¹¹³ Insofar as anticipated changes in the character of operations if the suspended investigations are terminated, Caribe stated: "****."¹¹⁴

As noted earlier in this report, the portion of Venezuelan product coming into the Florida region has dropped from 98 percent in 1991¹¹⁵ to just over 45 percent by 1999.¹¹⁶ According to Vencemos, the majority of its exports to the United States is "shipped to locations outside Florida to destinations that include Illinois, New York, Massachusetts, and Maryland." Further, Vencemos stated "our customers have told us, and it is consistent with our understanding of the U.S. market, that the share of Venezuelan

¹⁰⁵ Id. Vencemos ships close to 80 percent of Venezuelan exports with its main export markets being the southeastern United States and the Caribbean. All of its export shipments are from the mill.

¹⁰⁶ The Pertigalete plant is the largest in Venezuela. Id.

¹⁰⁷ Vencemos questionnaire.

¹⁰⁸ <http://www.vencemos.com>.

¹⁰⁹ Id.

¹¹⁰ Id. During the original investigations, almost half of Venezuelan exports were going to the Caribbean and half to the United States. *Gray Portland Cement and Cement Clinker from Venezuela*, USITC Pub. 2400, July 1991, p. A-43.

¹¹¹ Vencemos questionnaire.

¹¹² *The Global Cement Report*, 3rd edition, 1998.

¹¹³ Caribe questionnaire.

¹¹⁴ Id.

¹¹⁵ During the original investigations, the Florida region was characterized as a "natural market for Venezuela's portland cement because of proximity. . ." *Gray Portland Cement and Cement Clinker from Venezuela*, USITC Pub. 2400, July 1991, p. A-43.

¹¹⁶ During the period of review, 54 percent of Venezuelan imports entered the Florida region.

cement exported to locations outside Florida is expected to increase.”¹¹⁷ In its questionnaire, Vencemos indicated that in the year 2000 its exports to Florida would account for *** percent of its total exports to the United States.¹¹⁸ Vencemos argues that its reduced concentration on the Florida market for other U.S. markets as well as Caribbean markets will continue and cites as an example:

“ . . . a major customer ***, located in *** to which it estimates it will sell approximately *** metric tons of cement in 2001 alone, or about *** of its total U.S. sales that year. It is in the final stages of negotiation of this *** contract.”¹¹⁹

Petitioners argue that “even with the agreements, Florida remains the most important market for imports from Venezuela,” and that should the suspended investigations be terminated, the “existing focus of Venezuelan exports on Florida would intensify. . . .”¹²⁰ With respect to Vencemos’ claim that it will increase its sales to non-Florida markets, petitioners state that “even if this *** occurs as suggested by Vencemos, it will be offset by reductions in purchases of Venezuelan cement in non-Florida markets by other imports.”¹²¹ In this regard, petitioners offer the following: “***.”¹²²

In addition to the foregoing, petitioners also view the Venezuelan economy as “weak” with consumption in the home market “down,” a condition it sees as putting Venezuelan producers in a position where they are “likely to increase their exports to the United States -- especially to Florida and the Southern-tier -- in the event the suspension agreements are terminated.”¹²³ In this regard, Vencemos counters:

“Petitioners’ claims of economic uncertainty derive from the recent recession. However, this year modest growth of the Venezuelan economy is predicted. Indeed, there already are indicators of a slight upturn. On August 23, 2000 the Central Bank of Venezuela announced GDP growth rate of 2.6 percent in the second quarter from a year earlier which represents a 1.5 percent increase in the first half of 2000. There is little doubt that the domestic economy in Venezuela already has hit bottom and has nowhere to go but up. By focusing only on recent problems, petitioners fail to consider the future.”¹²⁴

As noted earlier in Part IV, the Government of Brazil, on July 12, 2000, announced the results of its dumping investigation concerning cement, stating that it would apply a 19.4-percent tariff on Venezuelan cement exports to the states of Acre, Amazonas, Roraima, and a portion of Para.¹²⁵ The period of the investigation was January 1, 1998 to June 30, 1999. Petitioners contend the antidumping order is another factor that will force Vencemos “out of one of its largest export markets and into

¹¹⁷ TR, p. 137, Rafael Anez, Vencemos.

¹¹⁸ During January-March 2000, 49.7 percent of imports from Venezuela entered into the Florida region. Compiled from official Commerce statistics.

¹¹⁹ Vencemos’ posthearing brief, p. 2.

¹²⁰ Petitioners’ posthearing brief, p. 26.

¹²¹ Id., p. 27.

¹²² Id., pp. 27-28.

¹²³ Petitioners’ prehearing brief, foreign producers appendix, appendix 3.

¹²⁴ Vencemos’ posthearing brief, pp. 5-6.

¹²⁵ In the same decision, the Government of Brazil also announced the imposition of a 22.5-percent tariff on Mexican cement exports. The four states in question are located in the northern part of Brazil.

alternative markets.”¹²⁶ According to Vencemos, Brazil represented “only a tiny *** percent of total cement exports by volume whereas the Dominican Republic alone represented about *** percent of total cement export volumes.”¹²⁷ Vencemos further contends that “even if all Brazilian exports shifted to the U.S., no material harm will occur,” stating that such a scenario is “unlikely, considering the growth of and higher prices that can be obtained in the Caribbean.”¹²⁸

¹²⁶ Petitioners’ posthearing brief, p. 27 and answers to Commission questions, p. 46. According to petitioners, Brazil is the second largest export market for Venezuela. TR, p. 242, Joseph W. Dorn, King and Spalding.

¹²⁷ Venezuelan respondents’ posthearing brief, exhibit 3.

¹²⁸ *Id.*, p. 8.

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PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

U.S. producers reported that gray portland cement raw material costs accounted for approximately 19 percent of COGS in 1997, 20 percent in 1998, and 21 percent in 1999. Most responding U.S. producers reported that gray portland cement prices are driven by market supply and demand conditions and not by raw materials costs.¹

Transportation Costs to the U.S. Market

Transportation costs from Japan, Mexico, and Venezuela to the United States (excluding U.S. inland costs) are estimated to be 26.8, 32.1, and 21.9 percent, respectively, of the total cost of the subject products. These estimates are derived from official import data for HTS subheadings 2523.10.00, 2523.29.00, and 2523.90.00, and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Inland transportation costs account for a relatively large share of the delivered price of gray portland cement. For U.S. producers, estimates ranged from 8 to 18 percent. Mexican importers estimated that U.S. inland transportation costs accounted for 10 percent and Venezuelan importers' estimates ranged from 10 to 12 percent.

U.S. producers, and Mexican and Venezuelan importers generally ship gray portland cement within 200 miles of the plant or terminal. Questionnaire responses indicate that 79.9 percent of U.S. producers' shipments in the Southern-tier region are for distances less than 200 miles, and only 6.9 percent are for distances greater than 300 miles. Southern-tier importers of gray portland cement shipped virtually all of their imports of gray portland cement from Mexico and Venezuela within a 200-mile radius of their import terminals.

U.S. shipments of gray portland cement, in bulk, by mode of transportation in 1998, are shown in table V-1. U.S. shipments of gray portland cement from the U.S. producers' plants to their distribution terminals, which accounted for 26 percent of total shipments, were by rail, truck, and barge. Rail (47 percent) and barges (35 percent) carried the majority of the cement from U.S. plants to the terminals, and trucks accounted for the remainder. Nearly 62 percent of total U.S. shipments went directly to consumers, and the vast majority (90 percent) of such shipments were made by truck. Most highway transport trucks carry about 26 short tons of cement, whereas a standard rail car hauls about 100 short tons. A standard barge transports approximately 1,500 short tons of dry material.

¹ *** reported that the largest components of gray portland cement production costs are energy, labor, and maintenance costs.

Table V-1**Gray portland cement: U.S. shipments from U.S. plants, in bulk,¹ by types of carriers, 1998***(In thousands of metric tons)*

Type of carrier	Plant to terminal	Plant to consumers	Terminal to consumers	Total to consumers
Railroad	11,285	5,301	1,182	6,483
Truck	4,118	50,845	32,527	83,372
Barge and boat	8,423	442	900	1,342
Other	-	153	251	404
Total	23,826	56,742	34,860	91,602

¹ Bulk shipments accounted for 97.0 percent of total shipments in 1998.

Source: U.S. Geological Survey, "Cement," 1998.

Tariff Rate

Imports of gray portland cement into the United States are provided for in HTS subheadings 2523.10.00, 2523.29.00, and 2523.90.00. Imports of gray portland cement enter the United States duty-free.

Exchange Rates

Nominal and real exchange rate data for Japan, Mexico, and Venezuela are presented on a yearly basis in figures V-1 through V-3. The nominal value of the Japanese currency relative to the U.S. dollar increased by 27.1 percent over the period 1990-99. When adjusted for movements in producer price indexes in the United States and Japan, the real value of the Japanese currency increased by 5.0 percent relative to the dollar over the same time period. The nominal value of the Mexican currency fell sharply by 71.6 percent vis-a-vis the dollar over the period 1990-99. However, when adjusted for movements in producer price indexes in the United States and Mexico, the real value of the Mexican currency increased by 27.1 percent compared to the dollar over the same time period. The nominal value of the Venezuelan currency fell even more sharply by 92.3 percent against the dollar over the period 1990-99. However, when adjusted for movements in producer price indexes in the United States and Venezuela, the real value of the Venezuelan currency increased by 53.5 percent relative to the dollar over the same time period.

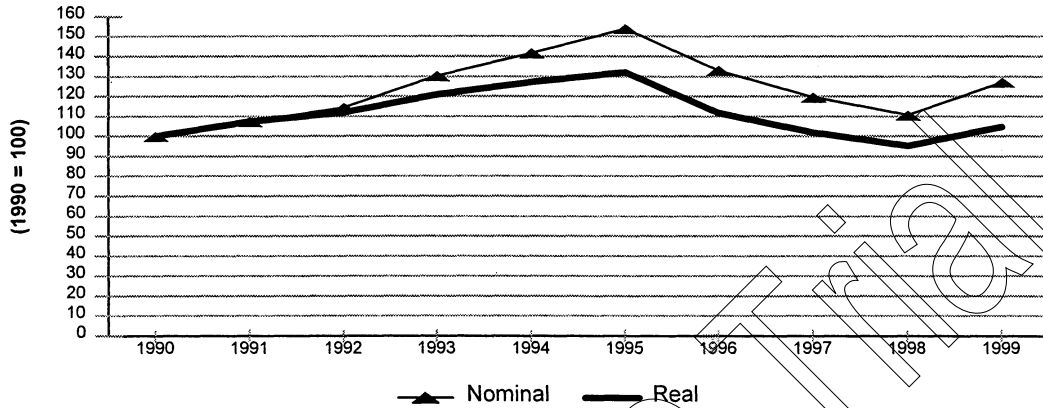
PRICING PRACTICES

U.S. producers and importers from Mexico and Venezuela reported that gray portland cement pricing is generally determined by transaction-by-transaction negotiations.² Neither U.S. producers nor

² Donald Unmacht, President of the National Cement Company of California, reported that all prices in the gray
(continued...)

Figure V-1

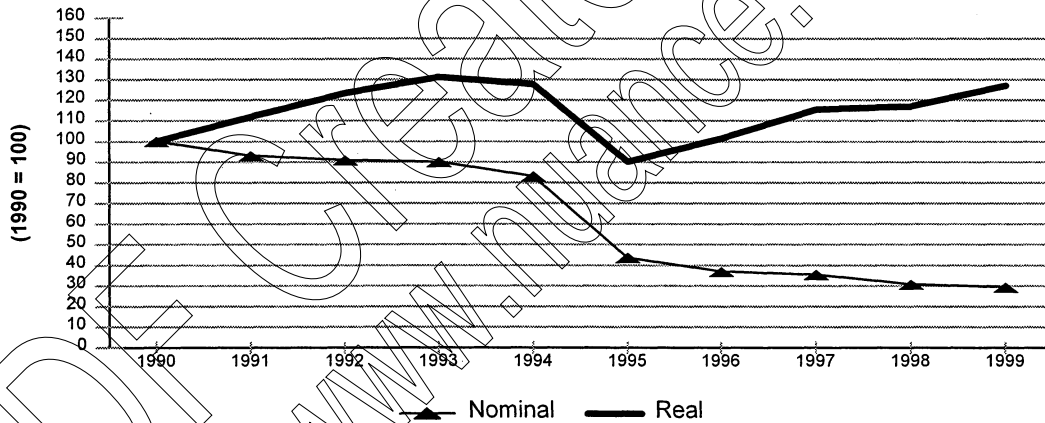
Exchange rates: Indexes of the nominal and real exchange rates of the Japanese yen relative to the U.S. dollar, 1990-99



Source: International Monetary Fund, *International Financial Statistics*, February 2000.

Figure V-2

Exchange rates: Indexes of the nominal and real exchange rates of the Mexican peso relative to the U.S. dollar, 1990-99



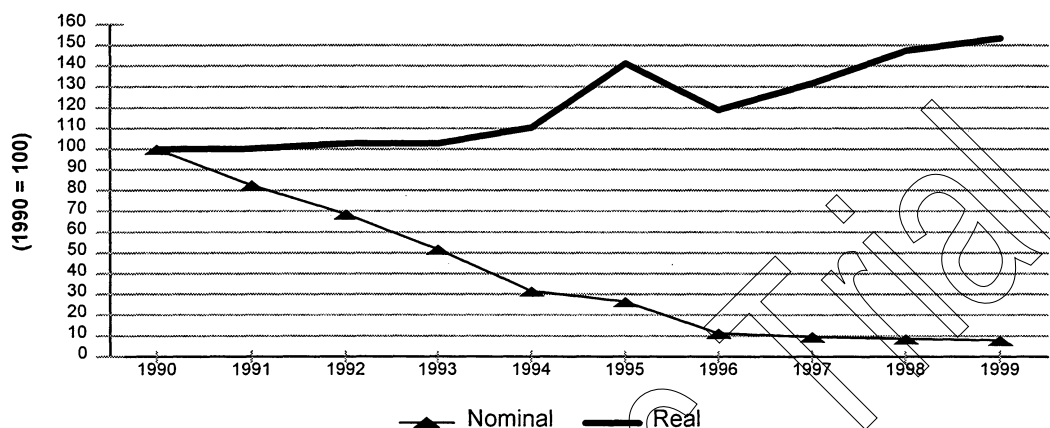
Source: International Monetary Fund, *International Financial Statistics*, February 2000.

² (...continued)

portland cement business are set by competition. Price negotiations are intense, and competing prices typically fall within a very small range. TR, p. 58. Mel Brekhus, Executive Vice President/Chief Operating Officer of Texas Industries, reported that Texas Industries has purchase price agreements with its customers, and prices set by these agreements continue as long as that customer is satisfied. However, if another supplier were to try to sell cement to one of Texas Industries' customers, the only way the supplier could get the business would be by reducing price. TR, p. 59.

Figure V-3

Exchange rates: Indexes of the nominal and real exchange rates of the Venezuelan bolivar relative to the U.S. dollar, 1990-99



Source: International Monetary Fund, *International Financial Statistics*, February 2000.

Mexican and Venezuelan importers issue price lists, although customers are often notified of price changes through price change letters. Prices for gray portland cement are quoted on both a delivered basis and an f.o.b. plant or terminal basis, and typical sales terms are a \$1 per ton discount if paid within 10 days, the remainder due by 30 days. U.S. producers and importers from Mexico and Venezuela do not have set discount policies—discounts are negotiated on a transaction-by-transaction basis and depend on factors such as the prevailing competitive environment and potential purchase volumes.³

U.S. producers sold the vast majority of their gray portland cement on a spot basis, whereas subject importers sold a greater share on a contract basis. U.S. producers sold 91.2 percent of their gray portland cement on a spot basis and the remaining 8.8 percent on a contract basis. Mexican importers sold *** percent of their gray portland cement on a spot basis and the remaining *** percent on a contract basis. Venezuelan importers sold *** percent of their gray portland cement on a spot basis and the remaining *** percent on a contract basis. The duration of subject importers' contracts is typically between 6 months and one year, and contracts are generally not renegotiated during the duration of the contract. Contracts typically fix either price or quantity, and often contain meet or release provisions. One subject importer reported standard quantity requirements of one truck load or railway tank car. No importers reported price premiums for sub-minimum shipments.

Gray portland cement prices have traditionally been determined through a "base-point" pricing system. Under this system, the cement mill closest to a particular customer is considered that customer's base point, and that mill effectively sets the price against which other producers must compete. A delivered price for cement consists of an f.o.b. mill price and any freight costs. In general, firms trying to enter new markets farther from the plant have to absorb additional freight costs in order to compete

³ Donald Unmacht, President of the National Cement Company of California, reported that there are some customers that may buy as little as 1,000 tons of cement a year, and there are other customers that may buy as much as 750,000 tons of cement a year. These two situations would have materially different prices. TR, p. 62.

with firms closer to the markets under a freight equalization system. Thus, distance plays an important role in a supplier's willingness and ability to sell to a particular customer.

PRICE DATA

The Commission requested U.S. producers and importers to provide monthly quantity and value data for sales during the period January 1997 through March 2000. U.S. producers and importers were requested to submit separate pricing data for their sales of type 1 and type 2 cement in the following 16 market areas: Tampa, FL; West Palm Beach, FL; Jacksonville, FL; Orlando, FL; Mobile, AL; New Orleans, LA; El Paso, TX; Houston, TX; San Antonio, TX; Ft. Worth, TX; Albuquerque, NM; Phoenix, AZ; Tucson, AZ; San Diego, CA; LA/Orange County, CA; and San Francisco, CA.

Twenty-three U.S. producers, two Mexican importers, and five Venezuelan importers provided usable pricing data for sales of the type 1 and type 2 cement. No importers reported price data for sales of imported Japanese type 1 or type 2 cement to the specified market areas during January 1997-March 2000. Pricing data reported by the U.S. producers accounted for *** percent, *** percent, and *** percent of U.S. producers' domestic shipments of cement into the Southern-tier, Southern California, and Florida regions, respectively, during January 1997-March 2000. Pricing data reported by importers accounted for *** percent and *** percent of U.S. imports of Mexican cement into the Southern-tier and Southern California regions, respectively, and *** percent and *** percent of U.S. imports of Venezuelan cement into the Southern-tier and Florida regions, respectively.⁴

Price Trends

Weighted-average prices and margins of underselling/overselling for U.S.-produced and imported gray portland cement are shown in tables F-1 through F-19 and figures F-1 through F-20 in appendix F on a monthly basis for January 1997-March 2000. Tables V-2 and V-3 summarize price trends by product, country of origin, and sales market area. Except for a few cases, prices generally increased over the period of review.

Price Comparisons

Overall, there were 258 monthly price comparisons between U.S.-produced type 1 and type 2 cement and subject imports from Mexico and Venezuela. Subject Mexican imports undersold domestic products in 71 months, and oversold domestic products in 85 months. Subject Venezuelan imports undersold domestic products in 81 months, and oversold domestic products in 21 months. Tables V-4 through V-6 provide summaries of underselling/overselling information by country of origin and sales market area for the two products for which data were collected.

⁴ Importers did not report any price data for sales of Mexican gray portland cement into Florida, or any price data for sales of Venezuelan gray portland cement into Southern California.

Table V-2
Summary of weighted-averages of prices (dollars per ton) for type 1 cement, by country of origin and sales market area

Market area	United States				Mexico				Venezuela			
	Number of months	High price	Low price	Percent change in price ¹	Number of months	High price	Low price	Percent change in price ¹	Number of months	High price	Low price	Percent change in price ¹
Tampa												
W. Palm Beach	19	\$76.68	\$67.85	1.2	-	-	-	-	39	***	***	***
Jacksonville	39	79.32	65.51	10	-	-	-	-	27	***	***	***
Orlando	39	80.72	55.62	40.8	-	-	-	-	-	-	-	-
Mobile	38	84.93	66.83	(4.9)	-	-	-	-	-	-	-	-
New Orleans	-	-	-	-	-	-	-	-	13	***	***	***
El Paso	-	-	-	-	-	-	-	-	-	-	-	-
Houston	39	79.97	68.32	1.6	-	-	-	-	-	-	-	-
San Antonio	39	76.50	63.80	15.2	-	-	-	-	-	-	-	-
Ft. Worth	-	-	-	-	-	-	-	-	-	-	-	-
Albuquerque	10	64.80	64.80	0	-	-	-	-	-	-	-	-
Phoenix	-	-	-	-	-	-	-	-	-	-	-	-
Tucson	-	-	-	-	-	-	-	-	-	-	-	-
San Diego	-	-	-	-	-	-	-	-	-	-	-	-
LA/Orange Cty	-	-	-	-	-	-	-	-	-	-	-	-
San Francisco	-	-	-	-	-	-	-	-	-	-	-	-

¹ Based on the earliest month and the latest month of data provided.

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

Table V-3
Summary of weighted-averages of prices (dollars per ton) for type 2 cement, by country of origin and sales market area

Market area	United States				Mexico				Venezuela			
	Number of months	High price	Low price	Percent change in price ¹	Number of months	High price	Low price	Percent change in price ¹	Number of months	High price	Low price	Percent change in price ¹
Tampa	39	\$72.47	\$60.60	6.6	-	-	-	-	-	-	-	-
W. Palm Beach	-	-	-	-	-	-	-	-	-	-	-	-
Jacksonville	39	82.59	69.48	10.4	-	-	-	-	39	***	***	***
Orlando	39	82.07	71.64	6.9	-	-	-	-	-	-	-	-
Mobile	39	80.85	68.51	(10.1)	-	-	-	-	-	-	-	-
New Orleans	39	79.05	74.78	1.4	-	-	-	-	-	-	-	-
El Paso	-	-	-	-	39	***	***	***	-	-	-	-
Houston	39	78.36	70.00	0.3	-	-	-	-	4	***	***	***
San Antonio	39	73.27	59.45	17.4	-	-	-	-	-	-	-	-
Ft. Worth	39	83.91	72.46	8.6	-	-	-	-	-	-	-	-
Albuquerque	39	76.74	64.40	13.6	39	***	***	***	-	-	-	-
Phoenix	39	93.95	82.45	13.2	39	***	***	***	-	-	-	-
Tucson	39	91.41	77.77	17.2	39	***	***	***	-	-	-	-
San Diego	39	79.42	66.81	17.5	39	***	***	***	-	-	-	-
LA/Orange Cty	39	75.07	62.12	13.1	-	-	-	-	-	-	-	-
San Francisco	39	92.52	78.43	12.6	-	-	-	-	-	-	-	-

¹ Based on the earliest month and the latest month of data provided.

Source: Compiled from data submitted in response to Commission questionnaires

Table V-4

Summary of underselling/overselling for sales of imported Mexican type 2 cement, by sales market area

Market area	Number of months of underselling	Number of months of overselling	Weighted-average margin of underselling/(overselling)
Albuquerque:			
1997.....	5	7	***
1998.....	4	8	***
1999.....	6	6	***
2000 (Jan.-Mar.)...	0	3	***
Subtotal	15	24	
Phoenix:			
1997.....	11	1	***
1998.....	10	2	***
1999.....	12	0	***
2000 (Jan.-Mar.)...	3	0	***
Subtotal	36	3	
Tucson:			
1997.....	11	1	***
1998.....	5	7	***
1999.....	2	10	***
2000 (Jan.-Mar.)...	2	1	***
Subtotal	20	19	
San Diego:			
1997.....	0	12	***
1998.....	0	12	***
1999.....	0	12	***
2000 (Jan.-Mar.)...	0	3	***
Subtotal	0	39	
All market areas	71	85	
Source: Compiled from data submitted in response from Commission questionnaires.			

Table V-5

Summary of underselling/overselling for sales of imported Venezuelan type 1 cement, by sales market area

Market area	Number of months of underselling	Number of months of overselling	Weighted-average margin of underselling/(overselling)
Tampa:			
1997.....	4	3	***
1998.....	0	5	***
1999.....	0	1	***
2000 (Jan.-Mar.)...	0	0	***
Subtotal	4	9	
West Palm Beach:			
1997.....	0	0	***
1998.....	4	1	***
1999.....	10	2	***
2000 (Jan.-Mar.)...	2	0	***
Subtotal	16	3	
Jacksonville:			
1997.....	0	0	***
1998.....	12	0	***
1999.....	12	0	***
2000 (Jan.-Mar.)...	3	0	***
Subtotal	27	0	
All market areas	47	12	
Source: Compiled from data submitted in response from Commission questionnaires.			

Table V-6

Summary of underselling/overselling for sales of imported Venezuelan type 2 cement, by sales market area

Market area	Number of months of underselling	Number of months of overselling	Weighted-average margin of underselling/(overselling)
Jacksonville:			
1997.....	12	0	***
1998.....	12	0	***
1999.....	7	5	***
2000 (Jan.-Mar.)...	2	1	***
Subtotal	33	6	
Houston:			
1997.....	0	0	***
1998.....	1	1	***
1999.....	0	1	***
2000 (Jan.-Mar.)...	0	1	***
Subtotal	1	3	
All market areas	34	9	

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

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APPENDIX A

FEDERAL REGISTER NOTICES AND ADEQUACY STATEMENT

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INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303-TA-21 (Review) and 731-TA-451, 461, and 519 (Review)]

Gray Portland Cement and Clinker From Japan, Mexico, and Venezuela

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders and suspended investigations on gray portland cement & clinker from Japan, Mexico, and Venezuela.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders and termination of the suspended investigations on gray portland cement & clinker from Japan, Mexico, and Venezuela would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for

responses is September 21, 1999. Comments on the adequacy of responses may be filed with the Commission by October 15, 1999.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: August 2, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193), Elizabeth Haines (202-205-3200), or Vera Libeau (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background

On the dates listed below, the Department of Commerce issued antidumping duty orders on the subject imports:

Order date	Product/country	Inv. No.	F.R. cite
8/30/90	Gray portland cement and clinker/Mexico	731-TA-451	55 F.R. 35443.
5/10/91	Gray portland cement and clinker/Japan	731-TA-461	56 F.R. 21658.

On the dates listed below, the Department of Commerce suspended the following countervailing duty and antidumping duty investigations:

Order date	Product/country	Inv. No.	F.R. cite
2/27/92	Gray portland cement and clinker/Venezuela	731-TA-519	57 F.R. 6706.
3/17/92	Gray portland cement and clinker/Venezuela	303-TA-21	57 F.R. 9242.

The Commission is conducting reviews to determine whether revocation of the orders and termination

of the suspended investigations would be likely to lead to continuation or recurrence of material injury to the

domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 99-5-026.

Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S.

International Trade Commission, 500 E Street, SW, Washington, DC 20436.

to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions

The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The *Subject Countries* in these reviews are Japan, Mexico, and Venezuela.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission defined the Domestic Like Product as gray portland cement and cement clinker.

(4) The *Domestic Industry* is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission defined the Domestic Industry as producers of gray portland cement and cement clinker, including "grinding only" operations.

In all cases, the Commission concluded that "appropriate circumstances" existed for a regional analysis of the industry; however, the Commission found different regions to be appropriate based on the facts of each investigation. In its determination concerning Mexico, two Commissioners found that either the southern-tier region (the Gulf States and California) or the alternative southern-tier region (excludes northern California and the inland counties of the Gulf States) was appropriate and that no compelling case was made for one rather than the other. For purposes of the determination, they used the southern-tier region because it was the more difficult region within which to reach an affirmative finding. One Commissioner found that the alternative southern-tier region was appropriate. In its determination concerning Japan, the Commission found the regional industry to consist of producers in southern California; certain Commissioners found the regional industry to consist of producers in the State of California. In its

determinations concerning Venezuela, the Commission found the regional industry to consist of producers in Florida. For purposes of this notice, you should report information separately on each of the following Domestic Industries: (1) Producers of gray portland cement and cement clinker, including "grinding only" operations, located in the southern-tier region (the Gulf States and California); (2) producers of gray portland cement and cement clinker, including "grinding only" operations, located in southern California; (3) producers of gray portland cement and cement clinker, including "grinding only" operations, located in Florida; and, producers of gray portland cement and cement clinker, including "grinding only" operations, located in the United States as a whole.

(5) The *Order Dates* are the dates that the antidumping duty orders under review became effective and the investigations were suspended. In these reviews, the Order Dates are as presented in the preceding tabulations.

(6) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the Reviews and Public Service List

Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

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

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the

reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification

Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is September 21, 1999. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is October 15, 1999. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability To Provide Requested Information

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall

notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution

If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent

Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders and termination of the suspended

investigations on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Countries that currently export or have exported Subject Merchandise to the United States or other countries since the years the petitions were filed. The Subject Merchandise, the Subject Countries, and the years the petitions were filed are listed below:

Subject merchandise/subject country	Years
Gray portland cement and clinker/Mexico	1989
Gray portland cement and clinker/Japan	1990
Gray portland cement and clinker/Venezuela	1991

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 1998 (report quantity data in short tons and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data

in short tons and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Countries accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Countries; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998

(report quantity data in short tons and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Countries accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Countries accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the Order Dates, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include A-5 technology; production methods;

development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: July 27, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-19756 Filed 7-30-99; 8:45 am]

BILLING CODE 7020-02-P

E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: November 4, 1999.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202-205-3172), Office of Investigations, U.S.

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

SUPPLEMENTARY INFORMATION: On November 4, 1999, the Commission determined¹ that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group responses to its notice of institution (64 FR 41958, August 2, 1999) were adequate with respect to each review, and that the respondent interested party group responses were adequate with respect to Mexico and Venezuela, but inadequate with respect to Japan. The Commission also found that other circumstances warranted conducting a full review with respect to Japan. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: November 10, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-29956 Filed 11-16-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303-TA-21 (Review) and 731-TA-451, 461, and 519 (Review)]

Gray Portland Cement and Cement Clinker from Japan, Mexico, and Venezuela

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders and suspended investigations on gray portland cement and cement clinker from Japan, Mexico, and Venezuela.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on gray portland cement and cement clinker from Japan and Mexico and termination of the suspension agreement on gray portland cement and cement clinker from Venezuela would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B); a schedule for the reviews will be established and announced at a later date.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through

¹ Chairman Bragg is not participating in these five-year reviews.

DEPARTMENT OF COMMERCE**International Trade Administration****[A-588-815]****Gray Portland Cement and Cement Clinker from Japan; Final Results of Antidumping Duty Expedited Sunset Review****AGENCY:** Import Administration, International Trade Administration, Department of Commerce.**ACTION:** Notice of Final Results of Expedited Sunset Review: Gray Portland Cement and Cement Clinker From Japan.

SUMMARY: On August 2, 1999, the Department of Commerce ("the Department") published the notice of initiation of sunset review of the antidumping duty order on gray portland cement and cement clinker from Japan (64 FR 41915), pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). The merchandise covered by this order is gray cement, which is hydraulic cement and the primary component of concrete, and cement clinker, which is an intermediate material produced when manufacturing cement and has no use other than grinding into finished cement. On the basis of a notice of intent to participate and adequate substantive response filed on behalf of a domestic interested party, and inadequate response (in this case no response) from respondent interested parties, we determined to conduct an expedited sunset review. Based on our analysis of the comments received, we find that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the levels listed below in the section entitled *Final Results of the Review*.**EFFECTIVE DATE:** March 3, 2000.**FOR FURTHER INFORMATION CONTACT:** Eun W. Cho or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-1560, A-8 respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute

Unless otherwise indicated, all citations to the Act, are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department regulations are to 19 CFR Part 351 (1999). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department Policy Bulletin 98:3—Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) (*Sunset Policy Bulletin*).

Background

On August 2, 1999, the Department published the notice of initiation of sunset review of the antidumping duty order on gray portland cement and cement clinker from Japan (64 FR 41915). We invited parties to comment. On the basis of a notice of intent to participate and adequate substantive response filed on behalf of a domestic interested party, and inadequate response (in this case no response) from respondent interested parties, we determined to conduct an expedited sunset review. The Department is conducting this sunset review in accordance with sections 751 and 752 of the Act.

In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). This review concerns a transition order within the meaning of section 751(c)(6)(C)(ii) of the Act. Therefore, on December 3, 1999, the Department determined that the sunset review of the antidumping duty order on gray portland cement and cement clinker from Japan is extraordinarily complicated and extended the time limit for completion of the final results of this review until not later than February 28, 2000, in accordance with section 751(c)(5)(B) of the Act.¹

Scope of Review

The products covered by this order are gray portland cement and cement clinker ("portland cement") from Japan. Gray portland cement is a hydraulic

cement and the primary component of concrete. Cement clinker, an intermediate material produced when manufacturing cement, has no use other than grinding into finished cement. Microfine cement was specifically excluded from the antidumping duty order. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule ("HTS") item number 2523.29, and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also been entered under item number 2523.90 as *other hydraulic cements*. The Department made two scope rulings regarding the subject merchandise.²

Analysis of Comments Received

All issues raised in substantive responses by parties to this sunset review are addressed in the Issues and Decision Memorandum ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Joseph A. Spetrini Acting Assistant Secretary, dated February 28, 2000, which is hereby adopted and incorporated by reference into this notice. The issues discussed in the attached Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the order revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in B-099.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ita.doc.gov/import_admin/records/frn/, under the heading *Japan*. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

Manufacturer/exporter	Margin (percent)
Nihon	69.89
Onoda	70.52
All others	70.23

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility

² See *Scope Rulings*, 57 FR 19602 (May 7, 1992), classes G and H of *oil well cement* are within the scope of the order; and *Scope Rulings*, 58 FR 27542 (May 10, 1993), *nittetsu super fine cements* is not within the scope of the order.

concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing this determination and notice in accordance with sections section 751(c), 752, and 777(i) of the Act.

Dated: February 28, 2000.

Joseph A. Spetrini,
Acting Assistant Secretary for Import Administration

[FR Doc. 00-5213 Filed 3-2-00; 8:45 am]

BILLING CODE 3510-DS-P

¹ See *Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 67847 (December 3, 1999).

DEPARTMENT OF COMMERCE**International Trade Administration**

[C-307-804]

Gray Portland Cement and Cement Clinker From Venezuela; Final Results of Expedited Sunset Review of Suspended Countervailing Duty Investigation

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

ACTION: Notice of final results of expedited sunset review: gray portland cement and cement clinker from Venezuela.

SUMMARY: On August 2, 1999, the Department of Commerce ("the Department") initiated a sunset review of the suspended countervailing duty investigation on gray portland cement and cement clinker from Venezuela (64 FR 41915) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and adequate substantive response filed on behalf of a domestic interested party and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited sunset review. As a result of this review, the Department finds that termination of the suspended countervailing duty investigation would be likely to lead to continuation or recurrence of a countervailable subsidy.

EFFECTIVE DATE: March 3, 2000.

FOR FURTHER INFORMATION CONTACT: Eun W. Cho or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-1560, respectively.

SUPPLEMENTARY INFORMATION:**The Applicable Statute**

Unless otherwise indicated, all citations to the Act are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department regulations are to 19 CFR part 351 (1999). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department Policy Bulletin 98:3—Policies Regarding the Conduct of Five-year ("Sunset") Reviews of

Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) (Sunset Policy Bulletin).

Background

On August 2, 1999, the Department initiated a sunset review of the suspended countervailing duty investigation on gray portland cement and cement clinker from Venezuela (64 FR 41915). We invited parties to comment. On the basis of a notice of intent to participate and adequate substantive response filed on behalf of a domestic interested party and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited sunset review. The Department is conducting this sunset review in accordance with sections 751 and 752 of the Act.

In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, a suspension of an investigation in effect on January 1, 1995). This review concerns a transition suspended investigation within the meaning of section 751(c)(6)(C)(i) of the Act. Therefore, on December 3, 1999, the Department determined that the sunset review of the suspended countervailing duty investigation on portland cement from Venezuela is extraordinarily complicated and extended the time limit for completion of the final results of this review until not later than February 28, 2000, in accordance with section 751(c)(5)(B) of the Act.¹

Scope of Review

The products covered by this suspended investigation are gray portland cement and cement clinker ("portland cement") from Venezuela. Gray portland cement is a hydraulic cement and the primary component of concrete. Cement clinker, an intermediate material produced when manufacturing cement, has no use other than grinding into finished cement. Oil well cement is also included within the scope. Microfine cement was specifically excluded from the scope. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule ("HTS") item number 2523.29, and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also

¹ See Extension of Time Limit for Final Results of Five-Year Reviews, 64 FR 67847 (December 3, 1999).

been entered under item number 2523.90 as other hydraulic cements.

The HTS item numbers are provided for convenience and customs purposes. The written product description remains dispositive as to the scope of the product coverage.

Analysis of Comments Received

All issues raised in substantive responses by parties to this sunset review are addressed in the Issues and Decision Memorandum ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Joseph A. Spetrini Acting Assistant Secretary, dated February 28, 2000, which is hereby adopted and incorporated by reference into this notice. The issues discussed in the attached Decision Memo include the likelihood of continuation or recurrence of countervailable subsidy and the magnitude of the net subsidy likely to prevail were the suspension agreement terminated. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in B-099.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ita.doc.gov/import_admin/records/frn/, under the heading Venezuela. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

We determine that termination of the suspended countervailing duty investigation would be likely to lead to continuation or recurrence of countervailable subsidy. However, we have no information whether the program, which gave rise to the net countervailable subsidy in the investigation, has been altered to effectuate any change in the net countervailable subsidy since the subsidy agreement. Consequently, we cannot determine the net countervailable subsidy likely to prevail under the instant review.

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing this determination and notice in accordance

with sections section 751(c), 752, and 777(i) of the Act.

Dated: February 28, 2000.

Joseph A. Spetrini,
Acting Assistant Secretary for Import Administration.

[FR Doc. 00-5212 Filed 3-2-00; 8:45 am]

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**INTERNATIONAL TRADE
COMMISSION**

[Investigations Nos. 303-TA-21 (Review)
and 731-TA-451, 461, and 519 (Review)]

**Gray Portland Cement and Cement
Clinker from Japan, Mexico, and
Venezuela¹**

AGENCY: United States International
Trade Commission.

ACTION: Scheduling of full five-year
reviews concerning the antidumping
duty orders and suspended
investigations on gray portland cement
from Japan, Mexico, and Venezuela.

SUMMARY: The Commission hereby gives
notice of the scheduling of full review
pursuant to section 751(c)(5) of the
Tariff Act of 1930 (19 U.S.C. 1675(c)(5))
(the Act) to determine whether
revocation of the antidumping duty
orders and termination of the suspended
investigations on gray portland cement
and cement clinker from Japan, Mexico,
and Venezuela would be likely to lead
to continuation or recurrence of material
injury. The Commission has determined
to exercise its authority to extend the
review period by up to 90 days pursuant
to 19 U.S.C. 1675(c)(5)(B). For further
information concerning the conduct of
these reviews and rules of general
application, consult the Commission's
Rules of Practice and Procedure, part
201, subparts A through E (19 CFR part

² Pursuant to a request by parties in support of
continuation of the orders, the Commission revised
and extended its schedule for these reviews on
November 30, 1999 (64 FR 68116, December 6,
1999).

¹ The investigation numbers are as follows: Japan
is 731-TA-461 (Review); Mexico is 731-TA-451
(Review); and Venezuela is 303-TA-21 (Review)
and 731-TA-519 (Review).

201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: March 27, 2000.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-205-3191), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background

On November 10, 1999, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (64 FR 62689, November 17, 1999). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Participation in the Reviews and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

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

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorize applicants under the APO issued in the reviews, provided

that the application is made by 45 days after publication of this notice.

Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the reviews will be placed in the nonpublic record on July 26, 2000 and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on August 15, 2000, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before August 7, 2000. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on August 10, 2000, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is August 4, 2000. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is August 24, 2000; witness testimony must be filed no later than three days before the hearing. In addition, any person who

has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before August 24, 2000. On September 18, 2000, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before September 20, 2000, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: March 29, 2000.

By order of the Commission.

Donna R. Koehnke,
Secretary.

[FR Doc. 00-8355 Filed 4-4-00; 8:45 am]

BILLING CODE 7020-02-M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-201-802]

**Gray Portland Cement and Cement
Clinker From Mexico; Final Results of
Full Sunset Review**

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

ACTION: Notice of final results of full
sunset review: gray portland cement and
cement clinker from Mexico.

SUMMARY: On February 28, 2000, the
Department of Commerce ("the
Department") published a notice of
preliminary results of the full sunset
review of the antidumping duty order
on gray portland cement and cement
clinker from Mexico (65 FR 10468)
pursuant to section 751(c) of the Tariff
Act of 1930, as amended ("the Act").
We provided interested parties an
opportunity to comment on our
preliminary results. We received
comments from both domestic and
respondent interested parties. As a
result of this review, the Department
finds that revocation of this order would
be likely to lead to continuation or
recurrence of dumping.

EFFECTIVE DATE: July 3, 2000.

FOR FURTHER INFORMATION CONTACT: Eun
W. Cho or Carole Showers, Office of
Policy for Import Administration,
International Trade Administration,
U.S. Department of Commerce, 14th
Street and Constitution Avenue, NW,
Washington, DC 20230; telephone: (202)
482-1698 or (202) 482-3217, A-14
respectively.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders, 63 FR 13516 (March 20, 1998) ("Sunset Regulations"), and in 19 CFR part 351 (1999) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

Background

On February 28, 2000, the Department published in the *Federal Register* a notice of preliminary results of the full sunset review of the antidumping duty order on gray portland cement and cement clinker from Mexico pursuant to the Act. In our preliminary results, we determined that revocation of the order would be likely to lead to continuation or recurrence of dumping. In addition, we preliminarily determined that the following margins are likely to prevail for respective manufactures/exporters if the order were revoked: CEMEX, S.A. ("CEMEX") " 95.44 percent; Apasco, S.A. de C.V. ("Apasco") " 53.26 percent; Cementos Hidalgo, S.C.L. " 3.69 percent; and all others " 59.91 percent.

Subsequent to the issuance of our preliminary results, on March 15, 2000, the Department issued the final results of the administrative review covering the period from August 1, 1997, through July 31, 1998 (65 FR 13943). Information included in the latest final results of the administrative review is reflected in our final determination.

On April 10, 2000, we received case briefs from both domestic and respondent interested parties within the deadline specified in 19 CFR 351.309(c)(1)(i). We also received rebuttal comments from both parties on April 18, 2000, within the deadline specified in 19 CFR 351.309(d).¹

Scope of Review

The products covered by this order include gray portland cement and clinker ("portland cement") from

¹ On April 13, 2000, the domestic interested parties requested an extension of the deadline for filing rebuttal comments to the case briefs. The Department extended the deadline until April 18, 2000, for all participants eligible to file rebuttal comments.

Mexico. Gray portland cement is a hydraulic cement and the primary component of concrete. Clinker, an intermediate material product produced when manufacturing cement, has no use other than of being ground into finished cement. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule ("HTS") item number 2523.29 and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also been entered under HTS item number 2523.90 as other hydraulic cements. In its only scope ruling, the Department determined that masonry cement is not within the scope of the order. The HTS subheadings are provided for convenience and customs purposes only. Our written description of the scope of the proceeding is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this sunset review are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated June 27, 2000, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the order revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B-099, of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ita.doc.gov/import-admin/records/frn/. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on portland cement from Mexico would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

Manufacturer/Exporter	Margin (percent)
CEMEX/GCCC/Hidalgo	91.94
Apasco	53.26
All others	59.91

This notice also serves as the only reminder to parties subject to administrative protective orders

("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 27, 2000.

Troy H. Cribb,
Acting Assistant Secretary for Import Administration.

[FR Doc. 00-16792 Filed 6-30-00; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE**International Trade Administration****[A-307-803]****Gray Portland Cement and Cement
Clinker From Venezuela; Final Results
of Sunset Review of Suspended
Antidumping Duty Investigation****AGENCY:** Import Administration,
International Trade Administration,
Department of Commerce.**ACTION:** Notice of Final Results of Full
Sunset Review: Gray Portland Cement
and Cement Clinker From Venezuela.

SUMMARY: On February 28, 2000, the Department of Commerce ("the Department") published a notice of preliminary results of the full sunset review of the suspended antidumping duty investigation on gray portland cement and cement clinker from Venezuela (65 FR 10467) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). We provided interested parties an opportunity to comment on our preliminary results. We received comments only from domestic interested parties. As a result of this review, the Department finds that termination of this agreement would be likely to lead to continuation or recurrence of dumping at the rates indicated in the Final Results of Review section of this notice.**FOR FURTHER INFORMATION CONTACT:** Eun W. Cho or Carole Showers, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-3217, A-16 respectively.

EFFECTIVE DATE: July 3, 2000.

Statute and Regulations

Unless otherwise indicated, all citations to the Act of 1930 are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department regulations are to 19 CFR part 351 (1999). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department Policy Bulletin 98:3—Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) (Sunset Policy Bulletin).

Background

On February 28, 2000, the Department published in the *Federal Register* a notice of preliminary results of the suspended antidumping duty investigation on gray portland cement and cement clinker from Venezuela pursuant to section 751(c) of the Act. In our preliminary results, we determined that termination of the suspended antidumping duty investigation would be likely to lead to continuation or recurrence of dumping. In addition, we preliminarily determined that the following weighted-average dumping margins are likely to prevail if the order were revoked: 50.02 percent for Venezolana de Cementos, S.A.C.A. ("Vencemos"); 49.20 percent for Cementos Caribe, C.A. ("Caribe"); and 49.26 percent for all others.

Only domestic interested parties submitted a case brief within the deadline specified in 19 CFR 351.309(c)(1)(i). (See domestic interested parties April 10, 2000, case brief.)

Scope of Review

The products covered by this order include gray portland cement and cement clinker ("portland cement") from Venezuela. Gray portland cement is a hydraulic cement and the primary component of concrete. Clinker, an intermediate material product produced when manufacturing cement, has no use other than of being ground into finished cement. Oil well cement is also included within the scope of the investigation. Gray portland cement is currently classifiable under the Harmonized Tariff Schedule ("HTS") item number 2523.29 and cement clinker is currently classifiable under

HTS item number 2523.10. Gray portland cement has also been entered under HTS item number 2523.90 as other hydraulic cements. The HTS subheadings are provided for convenience and customs purposes only. Our written description of the scope of the proceeding is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this sunset review are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated June 27, 2000, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the order revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B-099, of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ita.doc.gov/import_admin/records/fm/. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

We determine that termination of the suspended antidumping duty investigation on portland cement from Venezuela would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

Manufacturer/exporter	Margin (percent)
Vencemos	50.02
Caribe	49.20
All others	49.26

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 27, 2000.

Troy H. Cribb,
Acting Assistant Secretary for Import Administration.

[FR Doc. 00-16793 Filed 6-30-00; 8:45 am]

BILLING CODE 3510-05-P

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Gray Portland Cement and Cement Clinker from Japan, Mexico, and Venezuela Inv. Nos. 303-TA-21 and 731-TA-451, 461, and 519 (Review)

On November 4, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).¹

Regarding domestic interested parties, the Commission received an adequate joint response containing company specific information for each domestic producer represented and broken out by the three separate regional domestic industries defined in the original investigations, as follows: The Committee For Fairly Traded Mexican Cement (an *ad hoc* coalition of 21 Southern Tier U.S. producers of the domestic like product); The Committee For Fairly Traded Japanese Cement (an *ad hoc* association of five Southern California U.S. producers of the domestic like product); and The Committee For Fairly Traded Venezuelan Cement (an *ad hoc* association of four Florida U.S. producers of the domestic like product); as well as three labor unions representing workers engaged in the production of the domestic like product (the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, the Paper, Allied-Industrial Chemical and Energy Workers International Union, and the International Union of Operating Engineers). The Commission also received adequate responses from two other regional U.S. producers of the domestic like product (Rio Grande Portland Cement Corporation, and Sunbelt Cement of Texas, LP). These responding parties account for a significant share of production of the domestic like product.

With regard to respondent interested parties, the Commission received adequate responses from Cementos Apasco, S.A. de C.V. (a Mexican producer of subject merchandise); CEMEX, S.A. de C.V. (a Mexican producer and exporter of subject merchandise), jointly with its wholly owned subsidiary, Sunbelt Cement of Texas, LP (a U.S. producer and the exclusive U.S. importer of Mexican and Venezuelan subject merchandise for CEMEX) and its subsidiary Corporacion Venezolana de Cementos, S.A. de C.A. (a Venezuelan producer of subject merchandise); Cementos de Chihuahua, S.A. de C.V. ("CDC") (a Mexican producer of the subject merchandise); Rio Grande Portland Cement Corporation (a U.S. affiliate of CDC, a U.S. producer and U.S. importer of the subject merchandise from Mexico); and Cementos Caribe, C.A. (a Venezuelan producer and exporter of the

¹ Chairman Bragg is not participating in these five-year reviews.

subject merchandise). These companies account for a significant share of production, exports, and/or imports of subject merchandise, as the case may be, from Mexico and Venezuela. The Commission did not receive a response from any respondent interested party in the review concerning Japan.

The Commission determined that the domestic interested party group responses to its notice of institution and respondent interested party group responses in *Gray Portland Cement and Cement Clinker from Mexico* and in *Gray Portland Cement and Cement Clinker from Venezuela* were adequate and therefore determined to conduct full reviews. Because no respondent interested party responded to the notice of institution, the Commission determined that the respondent interested party group response for the review concerning Japan was inadequate. However, the Commission determined to conduct a full review to promote administrative efficiency in light of the Commission's decision to conduct full reviews with respect to *Gray Portland Cement and Cement Clinker from Mexico* and *Gray Portland Cement and Cement Clinker from Venezuela*.

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APPENDIX B
LIST OF WITNESSES

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CALENDAR OF PUBLIC HEARING

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

Subject: Gray Portland Cement and Cement Clinker from Japan, Mexico, and Venezuela

Invs. Nos.: 303-TA-21 (Review) and 731-TA-451, 461 and 519 (Review)

Date and Time: August 15, 2000 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Continuation of the Orders:

King & Spalding
Washington, D.C.
on behalf of

Domestic Producers

Ande Abbott, Director of Legislation, International Brotherhood of Boilermakers
Mel G. Brekhus, Executive Vice President/Chief Operating Officer, TXI
Allen Walsh, Chief Operating Officer, Alamo
Vaughn S. Corley, Executive Vice President & General Manager, Arizona Portland
Donald Unmacht, President, National of California
David Vickers, President, Calaveras
J. Edward Allsopp, III, Vice President, Sales & Marketing, Florida Crushed Stone
Fred W. Cohrs, Vice President, Florida Rock Industries
Andrew R. Wechsler, Managing Director of International Practices, LECC

Joseph W. Dorn)
Michael P. Mabile)-OF COUNSEL
Thomas D. Blanford)

In Support of the Revocation of the Orders:

Embassy of Mexico, Washington, D.C.

Javier Mancera, Minister, SECOFI-NAFTA Office
Bryan Elwood, Counselor, SECOFI-NAFTA Office

In Support of the Revocation of the Orders:

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

Mexican Respondents

Kenneth A. Mayfield, County Commissioner District 4, Dallas County, Dallas, TX
Michael S. Carliner, Staff Vice President for Economics, National Association of Home Builders, Washington, D.C.
Greg Gible, General Manager, Quikrete Southern California, Corona, CA
Tom Randsdell, President, Southwestern Division, Vulcan Materials Company, San Antonio, TX
Doug Ward, President, Superlite Block, Inc., Division of Oldcastle Architectural, Phoenix, AZ
Juan Prestamo, Planning Manager, CEMEX, Monterrey, N.L., Mexico
Rose Mary Clyburn, Vice President-Cement, U.S. Operations, CEMEX USA, Houston, TX
Seth T. Kaplan, Economist, Charles River Associates, Washington, D.C.

Irwin P. Altschuler)
Frederick L. Ikenson) OF COUNSEL

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

Mexican Respondents

Fernando Barney, Operations and Logistics Manager, GCC, Chihuahua, Mexico
William C. Webb, Vice President-Sales, Rio Grande, Albuquerque, NM

Walter J. Spak)
Kristina Zissis) OF COUNSEL

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

Venezuelan Respondents

Rafael Añez, Trading and Logistics Director, Vencemos

Irwin P. Altschuler)
Frederick L. Ikenson) OF COUNSEL

In Support of the Revocation of the Orders-Continued:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
Washington, D.C.
on behalf of

Japanese Respondents

Youichi Haruta, Manager, International Business Department, Taiheiyo
Daniel W. Klett, Economist, Capital Trade, Inc.

Spencer S. Griffith)
Patrick F.J. Macrory) OF COUNSEL

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APPENDIX C
SUMMARY DATA

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Table C-1

Portland cement: Summary data concerning the SOUTHERN TIER, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
Regional consumption quantity:									
Amount	36,152	39,052	43,135	10,053	10,321	19.3	8.0	10.5	2.7
Regional producers' share (1)	75.6	69.7	65.1	65.9	65.3	-10.5	-5.9	-4.5	-0.6
External producers' share (1)	6.8	5.1	4.9	4.5	5.0	-1.9	-1.7	-0.3	0.6
Importers' share (1):									
Japan	0.0	0.0	0.1	0.3	0.4	0.1	0.0	0.0	0.0
Mexico	2.7	3.2	2.8	3.3	2.6	0.1	0.5	-0.4	-0.6
Venezuela	2.4	2.2	2.3	2.5	2.9	-0.1	-0.2	0.1	0.4
Subtotal	5.1	5.5	5.2	6.0	5.8	0.1	0.4	-0.3	-0.2
Other sources	12.5	19.7	24.8	23.6	23.8	12.3	7.2	5.1	0.3
Total imports	17.6	25.2	30.0	29.6	29.7	12.4	7.6	4.8	0.1
U.S. imports into region from:									
Japan:									
Quantity	0.123	16	32	32	36	25,741.1	12,643.8	102.8	14.6
Value	87	768	1,384	1,339	1,324	1,485.1	779.3	80.3	-1.1
Unit value	\$707.23	\$48.80	\$43.38	\$42.05	\$36.29	-93.9	-93.1	-11.1	-13.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	978	1,262	1,216	328	270	24.4	29.1	-3.6	-17.6
Value	34,858	45,318	44,861	12,023	9,770	28.7	30.0	-1.0	-18.7
Unit value	\$35.65	\$35.91	\$36.90	\$36.63	\$36.12	3.5	0.7	2.7	-1.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Venezuela:									
Quantity	866	861	983	248	296	13.5	-0.6	14.2	19.5
Value	40,160	40,013	46,910	11,903	12,759	16.8	-0.4	17.2	7.2
Unit value	\$46.35	\$46.46	\$47.71	\$47.99	\$43.04	2.9	0.2	2.7	-10.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	1,844	2,139	2,231	608	603	21.0	16.0	4.3	-0.8
Value	75,106	86,098	93,155	25,265	23,853	24.0	14.6	8.2	-5.6
Unit value	\$40.72	\$40.26	\$41.75	\$41.55	\$39.53	2.5	-1.1	3.7	-4.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	4,521	7,709	10,705	2,369	2,460	136.8	70.5	38.9	3.9
Value	203,191	344,513	448,966	102,448	99,772	121.0	69.6	30.3	-2.6
Unit value	\$44.94	\$44.69	\$41.94	\$43.25	\$40.56	-6.7	-0.6	-6.2	-6.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	6,366	9,847	12,936	2,977	3,063	103.2	54.7	31.4	2.9
Value	278,297	430,612	542,121	127,713	123,626	94.8	54.7	25.9	-3.2
Unit value	\$43.72	\$43.73	\$41.91	\$42.91	\$40.36	-4.1	0.0	-4.2	-5.9
Ending inventory quantity	417	465	595	445	538	21.0	11.4	8.6	20.9
Shipment quantity into the region by external U.S. producers									
	2,453	2,001	2,101	449	520	-14.3	-18.4	5.0	15.8

Table continued on next page.

Table C-1--Continued

Portland cement: Summary data concerning the SOUTHERN TIER, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
U.S. regional producers':									
Average capacity quantity	35,375	35,458	35,831	8,928	9,198	1.3	0.2	1.1	3.0
Production quantity	32,321	32,198	33,181	7,367	7,532	2.7	-0.4	3.1	2.2
Capacity utilization (1)	91.4	90.8	92.6	82.5	81.9	1.2	-0.6	1.8	-0.6
U.S. shipments within region:									
Quantity	27,333	27,204	28,097	6,628	6,738	2.8	-0.5	3.3	1.7
Value	1,746,440	1,849,499	1,981,786	463,688	470,693	13.5	5.9	7.2	1.5
Unit value	\$63.89	\$67.99	\$70.53	\$69.96	\$69.86	10.4	6.4	3.7	-0.2
U.S. shipments outside region:									
Quantity	4,652	4,949	5,225	1,231	1,279	12.3	6.4	5.6	4.0
Value	282,727	320,508	326,687	78,357	77,888	15.5	13.4	1.9	-0.6
Unit value	\$60.77	\$64.76	\$62.52	\$63.67	\$60.88	2.9	6.6	-3.5	-4.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	1,794	1,812	1,678	1,328	1,181	-6.5	1.0	-7.4	-11.0
Inventories/production (1)	5.6	5.6	5.1	4.5	3.9	-0.5	0.1	-0.6	-0.6
Production workers	3,282	3,304	3,447	3,380	3,440	5.0	0.7	4.3	1.8
Hours worked (1,000s)	7,225	7,146	7,382	1,911	1,979	2.2	-1.1	3.3	3.6
Wages paid (\$1,000s)	148,978	156,183	166,250	42,801	45,447	11.6	4.8	6.4	6.2
Hourly wages	\$20.62	\$21.86	\$22.52	\$22.39	\$22.96	9.2	6.0	3.0	2.5
Productivity (tons per hour)	4.5	4.5	4.5	3.9	3.8	0.5	0.7	-0.2	-1.3
Unit labor costs	\$4.61	\$4.85	\$5.01	\$5.81	\$6.03	8.7	5.2	3.3	3.9
Net sales (2):									
Quantity	32,239	32,995	33,974	7,980	8,201	5.4	2.3	3.0	2.8
Value	2,038,329	2,200,554	2,341,125	547,789	557,033	14.9	8.0	6.4	1.7
Unit value	\$63.23	\$66.69	\$68.91	\$68.64	\$67.92	9.0	5.5	3.3	-1.0
Cost of goods sold (COGS)	1,296,277	1,365,319	1,410,697	372,004	373,691	8.8	5.3	3.3	0.5
Gross profit or (loss)	742,052	835,235	930,428	175,785	183,342	25.4	12.6	11.4	4.3
SG&A expenses	150,137	163,420	173,018	45,356	45,183	15.2	8.8	5.9	-0.4
Operating income or (loss)	591,915	671,815	757,410	130,429	138,159	28.0	13.5	12.7	5.9
Capital expenditures	159,060	277,910	620,825	93,549	145,587	290.3	74.7	123.4	55.6
Unit COGS	\$40.21	\$41.38	\$41.52	\$46.62	\$45.57	3.3	2.9	0.3	-2.3
Unit SG&A expenses	\$4.66	\$4.95	\$5.09	\$5.68	\$5.51	9.4	6.4	2.8	-3.1
Unit operating income or (loss)	\$18.36	\$20.36	\$22.29	\$18.34	\$16.85	21.4	10.9	9.5	3.1
COGS/sales (1)	63.6	62.0	60.3	67.9	67.1	-3.3	-1.6	-1.8	-0.8
Operating income or (loss)/ sales (1)	29.0	30.5	32.4	23.8	24.8	3.3	1.5	1.8	1.0

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Financial data reported for Portland cement and cement clinker.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-2

Portland cement: Summary data concerning SOUTHERN CALIFORNIA, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
Regional consumption quantity:									
Amount	6,485	6,999	8,263	1,837	1,782	27.4	7.9	18.1	-3.0
Regional producers' share (1) ..	77.3	67.4	61.7	61.8	71.0	-15.5	-9.9	-5.7	9.2
External producers' share (1) ..	5.6	2.0	7.5	6.2	5.2	1.8	-3.6	5.5	-1.0
Importers' share (1):									
Japan	0.0	0.2	0.4	1.7	2.0	0.4	0.2	0.2	0.3
Mexico	0.3	0.4	0.6	1.0	0.6	0.3	0.1	0.2	-0.5
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	0.3	0.6	1.0	2.8	2.6	0.7	0.3	0.3	-0.2
Other sources	16.8	30.0	29.8	29.2	21.3	13.0	18.2	-0.2	-8.0
Total imports	17.1	30.6	30.8	32.0	23.9	13.7	13.5	0.2	-8.1
U.S. imports into region from:									
Japan:									
Quantity	0	16	32	32	36	(2)	(2)	103.6	14.6
Value	0	702	1,328	1,328	1,324	(2)	(2)	89.2	-0.3
Unit value	(2)	\$44.91	\$41.73	\$41.73	\$36.29	(2)	(2)	-7.1	-13.0
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Mexico:									
Quantity	21	29	49	19	10	135.5	37.0	71.9	-47.6
Value	846	996	1,809	714	333	113.7	17.7	81.6	-53.3
Unit value	\$40.45	\$34.74	\$36.70	\$37.99	\$33.86	-9.3	-14.1	5.6	-10.9
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Venezuela:									
Quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Subtotal:									
Quantity	21	44	81	51	46	287.6	111.7	83.1	-8.5
Value	846	1,698	3,137	2,042	1,657	270.5	100.6	84.7	-18.8
Unit value	\$40.45	\$38.32	\$38.67	\$40.34	\$35.77	-4.4	-5.3	0.9	-11.3
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Other sources:									
Quantity	1,089	2,099	2,465	537	379	126.4	92.8	17.4	-29.4
Value	54,411	91,410	94,069	20,625	15,979	72.9	68.0	2.9	-22.5
Unit value	\$49.97	\$43.54	\$38.17	\$38.41	\$42.13	-23.6	-12.9	-12.3	9.7
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
All sources:									
Quantity	1,110	2,144	2,546	588	426	129.4	93.2	18.8	-27.6
Value	55,257	93,108	97,205	22,666	17,636	75.9	68.5	4.4	-22.2
Unit value	\$49.79	\$43.44	\$38.18	\$38.57	\$41.44	-23.3	-12.8	-12.1	7.4
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Shipment quantity into the region by external U.S. producers									
	365	140	618	114	92	69.2	-61.6	340.9	-19.2

Table continued on next page.

Table C-2--Continued

Portland cement: Summary data concerning SOUTHERN CALIFORNIA, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
U.S. regional producers':									
Average capacity quantity	8,521	8,554	8,704	2,117	2,135	2.1	-0.4	1.8	0.9
Production quantity	7,920	7,840	8,173	1,807	1,959	3.2	-1.0	4.3	8.4
Capacity utilization (1)	93.0	91.6	93.9	85.4	91.8	0.9	-1.3	2.2	6.4
U.S. shipments within region:									
Quantity	5,010	4,715	5,099	1,135	1,265	1.8	-5.9	8.2	11.4
Value	299,201	305,225	346,696	75,083	83,440	15.9	2.0	13.6	11.1
Unit value	\$59.72	\$64.74	\$67.99	\$66.15	\$65.98	13.8	8.4	5.0	-0.3
U.S. shipments outside region:									
Quantity	2,979	3,108	3,010	706	758	1.0	4.3	-3.1	7.3
Value	180,631	211,020	199,633	47,708	49,255	10.5	16.8	-5.4	3.2
Unit value	\$60.63	\$67.90	\$66.32	\$67.55	\$64.99	9.4	12.0	-2.3	-3.8
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	219	235	297	215	235	35.8	7.3	26.4	9.3
Inventories/production (1)	2.8	3.0	3.6	3.0	3.0	0.9	0.2	0.6	0.0
Production workers	771	809	805	795	815	4.4	4.9	-0.4	2.5
Hours worked (1,000s)	1,807	1,862	1,905	476	482	5.4	3.0	2.3	1.3
Wages paid (\$1,000s)	43,601	46,553	48,968	12,101	12,674	12.3	6.8	5.2	4.7
Hourly wages	\$24.13	\$25.00	\$25.70	\$25.41	\$26.28	6.5	3.6	2.8	3.4
Productivity (tons per hour)	4.4	4.2	4.3	3.8	4.1	-2.1	-3.9	1.9	7.1
Unit labor costs	\$5.50	\$5.94	\$5.99	\$6.70	\$6.47	8.8	7.9	0.9	-3.4
Net sales (4):									
Quantity	8,351	8,307	8,790	1,946	2,198	5.3	-0.5	5.8	12.9
Value	496,895	541,801	577,206	127,819	140,754	16.2	9.0	6.5	10.1
Unit value	\$59.50	\$65.22	\$65.67	\$65.68	\$64.04	10.4	9.6	0.7	-2.5
Cost of goods sold (COGS)	352,408	366,677	388,025	95,069	99,695	10.1	4.0	5.8	4.9
Gross profit or (loss)	144,487	175,124	189,181	32,750	41,059	30.9	21.2	8.0	25.4
SG&A expenses	36,574	40,533	41,644	10,701	11,391	13.9	10.8	2.7	6.4
Operating income or (loss)	107,913	134,591	147,537	22,049	29,668	36.7	24.7	9.6	34.6
Capital expenditures	47,317	36,404	84,388	17,146	29,941	78.3	-23.1	131.8	74.6
Unit COGS	\$42.20	\$44.14	\$44.14	\$48.85	\$45.36	4.6	4.6	0.0	-7.2
Unit SG&A expenses	\$4.38	\$4.88	\$4.74	\$5.50	\$5.18	8.2	11.4	-2.9	-5.8
Unit operating income or (loss)	\$12.92	\$16.20	\$16.78	\$11.33	\$13.50	29.9	25.4	3.6	19.1
COGS/sales (1)	70.9	67.7	67.2	74.4	70.8	-3.7	-3.2	-0.5	-3.5
Operating income or (loss)/ sales (1)	21.7	24.8	25.6	17.3	21.1	3.8	3.1	0.7	3.8

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

(3) Not available.

(4) Financial data reported for Portland cement and cement clinker.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-3

Portland cement: Summary data concerning FLORIDA, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
Regional consumption quantity:									
Amount	7,093	7,592	8,336	2,016	2,311	17.5	7.0	9.8	14.6
Regional producers' share (1) ..	50.9	46.4	44.0	47.7	37.4	-6.9	-4.5	-2.4	-10.4
External producers' share (1) ..	11.3	11.0	9.1	7.9	10.0	-2.3	-0.3	-1.9	2.0
Importers' share (1):									
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	12.1	10.2	10.3	10.8	11.0	-1.8	-1.9	0.1	0.2
Subtotal	12.1	10.2	10.3	10.8	11.0	-1.8	-1.9	0.1	0.2
Other sources	25.6	32.4	36.6	33.6	41.6	11.0	6.7	4.2	8.1
Total imports	37.8	42.6	46.9	44.4	52.7	9.2	4.8	4.3	8.3
U.S. imports into region from:									
Japan:									
Quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Mexico:									
Quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Venezuela:									
Quantity	861	777	861	218	255	0.0	-9.8	10.9	16.9
Value	39,897	36,103	41,082	10,459	10,960	3.0	-9.5	13.8	4.8
Unit value	\$46.36	\$46.49	\$47.72	\$48.02	\$43.04	2.9	0.3	2.6	-10.4
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Subtotal:									
Quantity	861	777	861	218	255	0.0	-9.8	10.9	16.9
Value	39,897	36,103	41,082	10,459	10,960	3.0	-9.5	13.8	4.8
Unit value	\$46.36	\$46.49	\$47.72	\$48.02	\$43.04	2.9	0.3	2.6	-10.4
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Other sources:									
Quantity	1,818	2,457	3,051	677	962	67.9	35.2	24.2	42.3
Value	76,011	107,222	131,323	29,632	38,635	72.8	41.1	22.5	30.4
Unit value	\$41.82	\$43.63	\$43.04	\$43.80	\$40.14	2.9	4.3	-1.4	-8.4
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
All sources:									
Quantity	2,678	3,234	3,912	894	1,217	46.1	20.7	21.0	36.1
Value	115,908	143,325	172,405	40,091	49,595	48.7	23.7	20.3	23.7
Unit value	\$43.28	\$44.32	\$44.07	\$44.83	\$40.75	1.8	2.4	-0.6	-9.1
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Shipment quantity into the region by external U.S. producers									
	803	834	754	159	230	-6.1	3.8	-9.5	44.3

Table continued on next page.

Table C-3--Continued

Portland cement: Summary data concerning FLORIDA, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
U.S. regional producers:									
Average capacity quantity	4,316	4,331	4,504	1,116	1,315	4.4	0.3	4.0	17.8
Production quantity	3,802	3,625	3,863	964	917	1.6	-4.7	6.6	-4.9
Capacity utilization (1)	88.1	83.7	85.8	86.4	69.7	-2.3	-4.4	2.1	-16.7
U.S. shipments within region:									
Quantity	3,612	3,524	3,669	962	864	1.6	-2.4	4.1	-10.2
Value	217,329	218,030	232,892	62,365	57,360	7.2	0.3	6.8	-8.0
Unit value	\$60.17	\$61.87	\$63.48	\$64.83	\$66.42	5.5	2.8	2.6	2.5
U.S. shipments outside region:									
Quantity	158	132	198	47	41	25.3	-16.5	50.0	-13.1
Value	9,761	8,432	15,671	3,051	2,747	60.5	-13.6	85.9	-10.0
Unit value	\$61.78	\$63.88	\$79.15	\$64.68	\$67.00	28.1	3.4	23.9	3.6
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	198	157	165	108	174	-16.7	-20.7	5.1	61.1
Inventories/production (1)	5.2	4.3	4.3	2.8	4.7	-0.9	-0.9	-0.1	1.9
Production workers	416	398	416	413	502	0.0	-4.3	4.5	21.5
Hours worked (1,000s)	1,014	953	952	279	328	-6.1	-6.0	-0.1	17.6
Wages paid (\$1,000s)	19,135	18,533	19,239	4,912	5,967	0.5	-3.1	3.8	21.5
Hourly wages	\$18.87	\$19.44	\$20.21	\$17.62	\$18.19	7.1	3.1	3.9	3.3
Productivity (tons per hour)	3.7	3.8	4.1	3.5	2.8	8.2	1.4	6.7	-19.2
Unit labor costs	\$5.03	\$5.11	\$4.98	\$5.10	\$6.51	-1.0	1.6	-2.6	27.8
Net sales (4):									
Quantity	3,777	3,668	3,880	1,013	910	2.7	-2.9	5.8	-10.2
Value	227,713	227,485	252,828	65,682	60,502	11.0	-0.1	11.1	-7.9
Unit value	\$60.29	\$62.02	\$65.16	\$64.84	\$66.49	8.1	2.9	5.1	2.5
Cost of goods sold (COGS)	151,474	149,311	153,362	39,988	42,115	1.2	-1.4	2.7	5.3
Gross profit or (loss)	76,239	78,174	99,466	25,684	18,387	30.5	2.5	27.2	-28.4
SG&A expenses	19,429	20,128	19,983	6,452	6,061	2.9	3.6	-0.7	-6.1
Operating income or (loss)	56,810	58,046	79,483	19,232	12,326	39.9	2.2	36.9	-35.9
Capital expenditures	16,451	72,366	94,414	22,577	12,305	473.9	339.9	30.5	-45.5
Unit COGS	\$40.10	\$40.71	\$39.53	\$39.48	\$46.28	-1.4	1.5	-2.9	17.2
Unit SG&A expenses	\$5.14	\$5.49	\$5.15	\$6.37	\$6.66	0.1	6.7	-6.1	4.6
Unit operating income or (loss)	\$15.04	\$15.82	\$20.49	\$18.99	\$13.55	36.2	5.2	29.4	-28.7
COGS/sales (1)	66.5	65.6	60.7	60.9	69.6	-5.9	-0.9	-5.0	8.7
Operating income or (loss)/ sales (1)	24.9	25.5	31.4	29.3	20.4	6.5	0.6	5.9	-8.9

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

(3) Not available.

(4) Financial data reported for Portland cement and cement clinker.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-4

Portland cement: Summary data concerning the UNITED STATES (NATIONAL), 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
U.S. consumption quantity:									
Amount	104,152	111,169	116,450	22,080	23,563	11.8	6.7	4.8	6.7
Responding producers' share (1)	72.1	69.7	68.9	70.1	70.6	-3.2	-2.4	-0.8	0.5
Other producers' share (1) . . .	13.0	11.4	8.5	7.0	7.2	-4.6	-1.7	-2.9	0.2
Importers' share (1):									
Japan	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Mexico	0.9	1.1	1.0	1.5	1.1	0.1	0.2	-0.1	-0.3
Venezuela	1.3	1.3	1.6	1.8	2.2	0.4	0.0	0.3	0.4
Subtotal	2.2	2.5	2.7	3.4	3.5	0.5	0.2	0.2	0.0
Other sources	12.6	16.5	19.9	19.5	18.7	7.3	8.8	3.5	-0.8
Total imports	14.9	18.9	22.7	23.0	22.2	7.8	4.1	3.7	-0.8
U.S. imports from:									
Japan:									
Quantity	0.373	23	33	32	37	8,704.1	6,041.1	43.4	14.1
Value	252	1,368	1,873	1,457	1,372	644.6	443.8	36.9	-5.9
Unit value	\$675.03	\$59.78	\$57.09	\$45.48	\$37.52	-91.5	-91.1	-4.5	-17.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	978	1,262	1,216	328	270	24.4	29.1	-3.6	-17.6
Value	34,858	45,318	44,861	12,023	9,770	28.7	30.0	-1.0	-18.7
Unit value	\$35.65	\$35.91	\$36.90	\$36.63	\$36.12	3.5	0.7	2.7	-1.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Venezuela:									
Quantity	1,338	1,462	1,907	398	513	42.5	9.3	30.4	29.0
Value	60,640	66,542	89,098	18,809	22,296	46.9	9.7	33.9	18.5
Unit value	\$45.32	\$45.50	\$46.72	\$47.27	\$43.45	3.1	0.4	2.7	-8.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	2,316	2,747	3,156	758	820	36.3	18.6	14.9	8.2
Value	95,750	113,228	135,832	32,289	33,438	41.9	18.3	20.0	3.6
Unit value	\$41.34	\$41.22	\$43.04	\$42.59	\$40.77	4.1	-0.3	4.4	-4.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	13,165	18,303	23,223	4,312	4,409	76.4	39.0	26.9	2.3
Value	612,376	824,487	1,012,351	186,780	185,874	65.3	34.6	22.8	-0.5
Unit value	\$46.52	\$45.05	\$43.59	\$43.32	\$42.16	-6.3	-3.2	-3.2	-2.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	15,481	21,050	26,379	5,070	5,229	70.4	36.0	25.3	3.1
Value	708,125	937,714	1,148,182	219,069	219,312	62.1	32.4	22.4	0.1
Unit value	\$45.74	\$44.55	\$43.53	\$43.21	\$41.94	-4.8	-2.6	-2.3	-2.9
Ending inventory quantity	580	655	659	707	764	13.5	12.8	0.6	8.1
Shipments by nonresponding U.S. producers (quantity)									
	13,560	12,631	9,861	1,535	1,695	-27.3	-6.9	-21.9	10.4

Table continued on next page.

Table C-4--Continued

Portland cement: Summary data concerning the UNITED STATES (NATIONAL), 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
Responding U.S. producers:									
Average capacity quantity	80,471	80,928	82,266	20,292	20,663	2.2	0.6	1.7	1.8
Production quantity	75,223	76,222	78,409	15,784	16,437	4.2	1.3	2.9	4.1
Capacity utilization (1)	93.5	94.2	95.3	77.8	79.5	1.8	0.7	1.1	1.8
U.S. shipments:									
Quantity	75,111	77,489	80,210	15,475	16,639	6.8	3.2	3.5	7.5
Value	5,026,925	5,426,160	5,703,951	1,094,890	1,163,928	13.5	7.9	5.1	6.3
Unit value	\$66.93	\$70.03	\$71.11	\$70.75	\$69.95	8.3	4.6	1.6	-1.1
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	4,623	4,350	5,612	4,259	5,215	21.4	-5.9	29.0	22.5
Inventories/production (1)	6.1	5.7	7.2	6.7	7.9	1.0	-0.4	1.4	1.2
Production workers	6,777	6,843	7,030	6,917	7,014	3.7	1.0	2.7	1.4
Hours worked (1,000s)	15,206	15,125	15,570	3,742	3,829	2.4	-0.5	2.9	2.3
Wages paid (\$1,000s)	304,794	316,659	331,848	79,901	84,291	8.9	3.9	4.8	5.5
Hourly wages	\$20.04	\$20.94	\$21.31	\$21.35	\$22.01	6.3	4.4	1.8	3.1
Productivity (tons per hour)	4.4	4.5	4.5	3.7	3.8	2.7	2.4	0.3	2.4
Unit labor costs	\$4.57	\$4.66	\$4.73	\$5.82	\$5.86	3.5	2.0	1.5	0.7
Net sales (2):									
Quantity	76,011	79,214	82,001	15,758	17,096	7.9	4.2	3.5	8.5
Value	5,060,620	5,494,704	5,790,476	1,107,021	1,183,997	14.4	8.6	5.4	7.0
Unit value	\$66.58	\$69.37	\$70.61	\$70.26	\$69.26	6.1	4.2	1.8	-1.4
Cost of goods sold (COGS)	3,256,853	3,495,251	3,695,137	793,575	861,785	13.5	7.3	5.7	8.6
Gross profit or (loss)	1,803,767	1,999,453	2,095,339	313,446	322,212	16.2	10.8	4.8	2.8
SG&A expenses	399,310	435,617	453,606	115,760	111,661	13.6	9.1	4.1	-3.5
Operating income or (loss)	1,404,457	1,563,836	1,641,733	197,686	210,551	16.9	11.3	5.0	6.5
Capital expenditures	480,626	589,166	1,107,824	192,637	318,809	130.5	22.6	88.0	65.5
Unit COGS	\$42.85	\$44.12	\$45.06	\$50.37	\$50.41	5.2	3.0	2.1	0.1
Unit SG&A expenses	\$5.25	\$5.50	\$5.53	\$7.35	\$6.53	5.3	4.7	0.6	-11.1
Unit operating income or (loss)	\$18.48	\$19.74	\$20.02	\$12.55	\$12.32	8.4	6.8	1.4	-1.8
COGS/sales (1)	64.4	63.6	63.8	71.7	72.8	-0.5	-0.7	0.2	1.1
Operating income or (loss)/ sales (1)	27.8	28.5	28.4	17.9	17.8	0.6	0.7	-0.1	-0.1

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Financial data reported for Portland cement and cement clinker.

Note.—Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-5

Portland cement: Summary data concerning CALIFORNIA, ARIZONA, NEW MEXICO, and TEXAS, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
Regional consumption quantity:									
Amount	24,415	26,635	29,974	6,933	6,832	22.8	9.1	12.5	-1.5
Regional producers' share (1) ..	82.9	75.2	69.3	69.4	71.6	-13.6	-7.7	-5.9	2.2
External producers' share (1) ..	4.1	4.2	6.0	5.0	4.5	2.0	0.1	1.9	-0.5
Importers' share (1):									
Japan	0.0	0.1	0.1	0.5	0.5	0.1	0.1	0.0	0.1
Mexico	4.0	4.7	4.1	4.7	4.0	0.1	0.7	-0.7	-0.8
Venezuela	0.0	0.2	0.2	0.3	0.3	0.2	0.2	-0.1	-0.0
Subtotal	4.0	5.0	4.3	5.5	4.8	0.3	1.0	-0.7	-0.7
Other sources	9.0	15.6	20.3	20.1	19.2	11.3	6.6	4.7	-0.9
Total imports	13.0	20.6	24.7	25.6	24.0	11.6	7.6	4.0	-1.7
U.S. imports into region from:									
Japan:									
Quantity	0.123	16	32	32	36	25,837.4	12,691.1	102.8	14.6
Value	87	768	1,384	1,339	1,324	1,485.1	779.3	80.3	-1.1
Unit value	\$709.86	\$48.80	\$43.38	\$42.05	\$36.29	-93.9	-93.1	-11.1	-13.7
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Mexico:									
Quantity	978	1,262	1,216	328	270	24.4	29.1	-3.6	-17.6
Value	34,858	45,318	44,861	12,023	9,770	28.7	30.0	-1.0	-18.7
Unit value	\$35.65	\$35.91	\$36.90	\$36.63	\$36.12	-3.5	0.7	2.7	-1.4
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Venezuela:									
Quantity	0	63	46	22	20	(3)	(3)	-27.1	-9.4
Value	0	2,922	2,263	1,023	873	(3)	(3)	-22.5	-14.6
Unit value	(3)	\$46.55	\$49.45	\$47.00	\$44.29	(3)	(3)	6.2	-5.8
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Subtotal:									
Quantity	978	1,340	1,294	382	327	32.3	37.1	-3.5	-14.4
Value	34,946	49,007	48,508	14,384	11,967	38.8	40.2	-1.0	-16.8
Unit value	\$35.74	\$36.56	\$37.50	\$37.68	\$36.64	4.9	2.3	2.6	-2.8
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Other sources:									
Quantity	2,204	4,156	6,098	1,394	1,310	176.6	88.5	46.7	-6.0
Value	104,453	190,052	254,304	61,344	53,457	143.5	81.9	33.8	-12.9
Unit value	\$47.39	\$45.73	\$41.71	\$44.01	\$40.82	-12.0	-3.5	-8.8	-7.3
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
All sources:									
Quantity	3,182	5,496	7,391	1,776	1,636	132.3	72.7	34.5	-7.8
Value	139,399	239,059	302,812	75,729	65,424	117.2	71.5	26.7	-13.6
Unit value	\$43.81	\$43.50	\$40.97	\$42.65	\$39.98	-6.5	-0.7	-5.8	-6.3
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Shipment quantity into the region by external U.S. producers									
	992	1,115	1,811	347	307	82.6	12.4	62.5	-11.6

Table continued on next page.

Table C-5--Continued

Portland cement: Summary data concerning CALIFORNIA, ARIZONA, NEW MEXICO, and TEXAS, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
U.S. regional producers ¹ :									
Average capacity quantity	24,981	25,049	25,249	6,235	6,306	1.1	0.3	0.8	1.1
Production quantity	22,595	22,549	23,297	5,242	5,360	3.1	-0.2	3.3	2.3
Capacity utilization (1)	90.5	90.0	92.3	84.1	85.0	1.8	-0.4	2.3	0.9
U.S. shipments within region:									
Quantity	20,241	20,024	20,772	4,810	4,888	2.6	-1.1	3.7	1.6
Value	1,295,151	1,389,070	1,502,363	343,940	347,154	16.0	7.3	8.2	0.9
Unit value	\$63.99	\$69.37	\$72.33	\$71.50	\$71.02	13.0	8.4	4.3	-0.7
U.S. shipments outside region:									
Quantity	2,452	2,505	2,454	619	681	0.1	2.2	-2.1	10.1
Value	146,745	161,157	151,663	39,351	41,141	3.4	9.8	-5.9	4.5
Unit value	\$59.86	\$64.32	\$61.81	\$63.57	\$60.38	3.3	7.5	-3.9	-5.0
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	835	886	953	715	734	14.1	6.1	7.6	2.7
Inventories/production (1)	3.7	3.9	4.1	3.4	3.4	0.4	0.2	0.2	0.0
Production workers	2,275	2,314	2,368	2,365	2,348	4.1	1.7	2.4	-0.7
Hours worked (1,000s)	5,066	5,054	5,208	1,323	1,330	2.8	-0.2	3.0	0.5
Wages paid (\$1,000s)	105,809	112,742	119,342	30,242	31,417	12.6	6.6	5.9	3.9
Hourly wages	\$20.89	\$22.31	\$22.92	\$22.85	\$23.62	9.7	6.8	2.7	3.3
Productivity (tons per hour)	4.5	4.5	4.5	4.0	4.0	0.3	0.0	0.3	1.7
Unit labor costs	\$4.68	\$5.00	\$5.12	\$5.77	\$5.86	9.4	6.8	2.5	1.6
Net sales (4):									
Quantity	22,939	23,311	23,865	5,546	5,749	4.0	1.6	2.4	3.7
Value	1,450,437	1,584,491	1,682,411	388,770	396,353	16.0	9.2	6.2	2.0
Unit value	\$63.23	\$67.97	\$70.50	\$70.10	\$68.94	11.5	7.5	3.7	-1.6
Cost of goods sold (COGS)	924,314	963,307	998,265	259,975	259,904	8.0	4.2	3.6	-0.0
Gross profit or (loss)	526,123	621,184	684,146	128,795	136,449	30.0	18.1	10.1	5.9
SG&A expenses	100,631	108,754	117,990	29,920	29,301	17.3	8.1	8.5	-2.1
Operating income or (loss)	425,492	512,430	566,156	98,875	107,148	33.1	20.4	10.5	8.4
Capital expenditures	103,942	155,076	477,650	56,601	119,436	359.5	49.2	208.0	103.8
Unit COGS	\$40.29	\$41.32	\$41.83	\$48.87	\$45.21	3.8	2.6	1.2	-3.6
Unit SG&A expenses	\$4.39	\$4.67	\$4.94	\$5.39	\$5.10	12.7	6.3	6.0	-5.5
Unit operating income or (loss)	\$18.55	\$21.98	\$23.72	\$17.83	\$18.64	27.9	18.5	7.9	4.5
COGS/sales (1)	63.7	60.8	59.3	66.9	65.6	-4.4	-2.9	-1.5	-1.3
Operating income or (loss)/ sales (1)	29.3	32.3	33.7	25.4	27.0	4.3	3.0	1.3	1.6

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not available.

(3) Not applicable.

(4) Financial data reported for Portland cement and cement clinker.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-6
Portland cement: Summary data concerning CALIFORNIA, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
Regional consumption quantity:									
Amount	9,971	11,591	13,025	2,914	2,849	30.6	16.2	12.4	-2.2
Regional producers' share (1) ..	88.9	79.0	73.9	71.1	79.0	-15.0	-9.8	-5.1	8.0
Importers' share (1):									
Japan	0.0	0.1	0.2	1.1	1.3	0.2	0.1	0.1	0.2
Mexico	0.2	0.2	0.4	0.6	0.3	0.2	0.0	0.1	-0.3
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	0.2	0.4	0.6	1.7	1.6	0.4	0.2	0.2	-0.1
Other sources	10.9	20.6	25.5	27.2	19.3	14.6	9.7	4.9	-7.9
Total imports	11.1	21.0	26.1	28.9	21.0	15.0	9.8	5.1	-8.0
U.S. imports into region from:									
Japan:									
Quantity	0	16	32	32	36	(2)	(2)	103.6	14.7
Value	0	702	1,328	1,328	1,324	(2)	(2)	89.2	-0.3
Unit value	(2)	\$44.91	\$41.73	\$41.73	\$36.29	(2)	(2)	-7.1	-13.0
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Mexico:									
Quantity	21	29	49	19	10	135.5	37.0	71.9	-47.6
Value	846	996	1,809	714	333	113.7	17.7	81.6	-53.3
Unit value	\$40.45	\$34.74	\$36.70	\$37.99	\$33.86	-9.3	-14.1	5.6	-10.9
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Venezuela:									
Quantity	0	0	0	0	0	0.0	0.0	0.0	0.0
Value	0	0	0	0	0	0.0	0.0	0.0	0.0
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Subtotal:									
Quantity	21	44	81	51	46	287.6	111.7	83.1	-8.5
Value	846	1,698	3,137	2,042	1,657	270.5	100.6	84.7	-18.8
Unit value	\$40.45	\$38.32	\$38.67	\$40.34	\$35.77	-4.4	-5.3	0.9	-11.3
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Other sources:									
Quantity	1,089	2,387	3,321	792	551	205.0	119.2	39.2	-30.5
Value	54,454	106,391	137,848	34,692	23,461	153.1	95.4	29.5	-32.4
Unit value	\$50.01	\$44.58	\$41.50	\$43.79	\$42.60	-17.0	-10.9	-6.9	-2.7
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
All sources:									
Quantity	1,110	2,431	3,402	843	597	206.6	119.0	40.0	-29.2
Value	55,301	108,089	140,955	36,733	25,118	154.9	95.5	30.4	-31.6
Unit value	\$49.83	\$44.47	\$41.43	\$43.58	\$42.07	-16.9	-10.8	-6.8	-3.5
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)

Table continued on next page.

Table C-6--Continued

Portland cement: Summary data concerning CALIFORNIA, 1997-99, January-March 1999, and January-March 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-March		1997-99	1997-98	1998-99	Jan.-Mar. 1999-00
				1999	2000				
U.S. regional producers ¹ :									
Average capacity quantity	11,616	11,659	11,829	2,800	2,818	1.8	0.4	1.5	0.6
Production quantity	10,979	10,889	11,302	2,441	2,518	2.9	-0.8	3.8	3.2
Capacity utilization (1)	94.5	93.4	95.5	87.2	89.4	1.0	-1.1	2.2	2.2
U.S. shipments within region:									
Quantity	8,861	9,160	9,623	2,071	2,252	8.6	3.4	5.0	8.7
Value	554,476	632,446	690,878	144,606	155,945	24.6	14.1	9.2	7.8
Unit value	\$62.57	\$69.04	\$71.80	\$69.82	\$69.25	14.7	10.3	4.0	-0.8
U.S. shipments outside region:									
Quantity	2,231	1,721	1,591	408	376	-28.7	-22.9	-7.6	-7.8
Value	134,682	110,568	94,851	25,780	20,823	-29.6	-17.9	-14.2	-19.2
Unit value	\$60.36	\$64.23	\$59.61	\$63.16	\$55.32	-1.2	6.4	-7.2	-12.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	314	331	413	309	309	31.5	5.4	24.8	0.0
Inventories/production (1)	2.9	3.0	3.7	3.2	3.1	0.8	0.2	0.6	-0.1
Production workers	956	994	994	992	1,000	4.0	4.0	0.0	0.8
Hours worked (1,000s)	2,225	2,250	2,300	584	586	3.4	1.1	2.2	0.3
Wages paid (\$1,000s)	51,565	55,509	58,168	14,453	14,995	12.6	7.6	4.8	3.8
Hourly wages	\$23.18	\$24.67	\$25.29	\$24.74	\$25.58	9.1	6.5	2.5	3.4
Productivity (tons per hour)	4.9	4.8	4.9	4.2	4.3	-0.4	-1.9	1.5	2.8
Unit labor costs	\$4.70	\$5.10	\$5.15	\$5.92	\$5.95	9.6	8.5	1.0	0.6
Net sales (4):									
Quantity	11,454	11,366	11,894	2,584	2,804	8.8	-0.8	4.6	8.5
Value	706,221	768,570	816,605	175,240	184,828	15.6	8.8	6.2	5.5
Unit value	\$61.66	\$67.62	\$68.66	\$67.81	\$65.92	11.4	9.7	1.5	-2.8
Cost of goods sold (COGS)	493,008	506,534	528,215	135,673	138,437	7.1	2.7	4.3	2.0
Gross profit or (loss)	213,213	262,036	288,390	39,537	46,391	35.3	22.9	10.1	17.3
SG&A expenses	49,991	54,974	57,975	14,493	14,956	16.0	10.0	5.5	3.2
Operating income or (loss)	163,222	207,062	230,415	25,044	31,435	41.2	26.9	11.3	25.5
Capital expenditures	59,872	51,792	103,949	21,370	36,974	73.6	-13.5	100.7	73.0
Unit COGS	\$43.04	\$44.57	\$44.41	\$52.51	\$49.37	3.2	3.5	-0.3	-6.0
Unit SG&A expenses	\$4.36	\$4.84	\$4.87	\$5.61	\$5.33	11.7	10.8	0.8	-4.9
Unit operating income or (loss)	\$14.25	\$18.22	\$19.37	\$9.69	\$11.21	35.9	27.8	6.3	15.7
COGS/sales (1)	69.8	65.9	64.7	77.4	74.9	-5.1	-3.9	-1.2	-2.5
Operating income or (loss)/ sales (1)	23.1	26.9	28.2	14.3	17.0	5.1	3.8	1.3	2.7

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

(3) Not available.

(4) Financial data reported for Portland cement and cement clinker.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

APPENDIX D
COMPAS PRESENTATION

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The following model estimates the effects of revoking the antidumping order on U.S. imports of Mexican gray portland cement into the Southern-tier region. The model uses the elasticity and market growth estimates from Part II of this report, Commerce margins, market shares, and transportation costs obtained from Customs data. The results are estimates of the changes in price, quantity, and revenue that would occur under a range of different elasticity scenarios. These estimates assume a one-year time frame (1999-2000) and zero growth rates.

Model inputs

	Market shares (<i>percent</i>)	Duties (<i>percent</i>)	Transportation (<i>percent</i>)
Domestic	74.2		
Mexican	1.6	91.9	32.1
Nonsubject	24.2		25.0

Growth rates (<i>percent</i>)	
Aggregate demand	0
Domestic supply	0
Mexican	0
Nonsubject supply	0

Elasticity ranges	Low	High
Substitution	4	8
Demand	-0.5	-0.2
Domestic supply	1	4
Mexican supply	3	6
Nonsubject supply	3	6

Scenario #1:

Low Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.0%	-1.0%	-2.0%	73.2%
Mexico	-20.8%	141.9%	91.5%	3.1%
Subject #2	0.0%	-5.0%	-5.0%	0.0%
Subject #3	0.0%	-5.0%	-5.0%	0.0%
Subject #4	0.0%	-5.0%	-5.0%	0.0%
Subject #5	0.0%	-5.0%	-5.0%	0.0%
Subject #6	0.0%	-5.0%	-5.0%	0.0%
Subject #7	0.0%	-5.0%	-5.0%	0.0%
Subject #8	0.0%	-5.0%	-5.0%	0.0%
Other sources	-0.7%	-2.2%	-2.9%	23.7%
Industry	-1.4%	0.7%	-0.7%	

Scenario #2:

Low Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-0.6%	-2.5%	-3.1%	72.4%
Mexico	-27.5%	244.7%	149.8%	4.0%
Subject #2	0.0%	-4.9%	-4.9%	0.0%
Subject #3	0.0%	-4.9%	-4.9%	0.0%
Subject #4	0.0%	-4.9%	-4.9%	0.0%
Subject #5	0.0%	-4.9%	-4.9%	0.0%
Subject #6	0.0%	-4.9%	-4.9%	0.0%
Subject #7	0.0%	-4.9%	-4.9%	0.0%
Subject #8	0.0%	-4.9%	-4.9%	0.0%
Other sources	-0.5%	-2.9%	-3.4%	23.5%
Industry	-1.4%	0.7%	-0.7%	

Scenario #3:

Low Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.3%	-1.3%	-2.6%	73.3%
Mexico	-21.0%	140.4%	89.9%	3.1%
Subject #2	0.0%	-6.3%	-6.3%	0.0%
Subject #3	0.0%	-6.3%	-6.3%	0.0%
Subject #4	0.0%	-6.3%	-6.3%	0.0%
Subject #5	0.0%	-6.3%	-6.3%	0.0%
Subject #6	0.0%	-6.3%	-6.3%	0.0%
Subject #7	0.0%	-6.3%	-6.3%	0.0%
Subject #8	0.0%	-6.3%	-6.3%	0.0%
Other sources	-0.9%	-2.8%	-3.7%	23.6%
Industry	-1.7%	0.3%	-1.4%	

Scenario #4:

Low Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-0.7%	-2.8%	-3.5%	72.4%
Mexico	-27.6%	243.1%	148.5%	4.0%
Subject #2	0.0%	-5.6%	-5.6%	0.0%
Subject #3	0.0%	-5.6%	-5.6%	0.0%
Subject #4	0.0%	-5.6%	-5.6%	0.0%
Subject #5	0.0%	-5.6%	-5.6%	0.0%
Subject #6	0.0%	-5.6%	-5.6%	0.0%
Subject #7	0.0%	-5.6%	-5.6%	0.0%
Subject #8	0.0%	-5.6%	-5.6%	0.0%
Other sources	-0.6%	-3.4%	-4.0%	23.5%
Industry	-1.5%	0.3%	-1.2%	

Scenario #5:

High Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-1.6%	-1.6%	-3.1%	72.6%	-1.3%	-5.2%	-6.5%	70.1%
Mexico	-14.5%	204.6%	160.3%	4.2%	-21.2%	470.8%	350.0%	7.3%
Subject #2	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #3	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #4	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #5	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #6	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #7	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #8	0.0%	-13.2%	-13.2%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Other sources	-1.3%	-3.8%	-5.0%	23.2%	-1.1%	-6.6%	-7.7%	22.6%
Industry	-1.9%	0.9%	-0.9%		-2.1%	1.1%	-1.1%	

Scenario #6:

High Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-1.3%	-5.2%	-6.5%	70.1%	-1.3%	-5.2%	-6.5%	70.1%
Mexico	-21.2%	470.8%	350.0%	7.3%	-21.2%	470.8%	350.0%	7.3%
Subject #2	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #3	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #4	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #5	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #6	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #7	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Subject #8	0.0%	-14.8%	-14.8%	0.0%	0.0%	-14.8%	-14.8%	0.0%
Other sources	-1.1%	-6.6%	-7.7%	22.6%	-1.1%	-6.6%	-7.7%	22.6%
Industry	-2.1%	1.1%	-1.1%		-2.1%	1.1%	-1.1%	

Scenario #7:

High Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-1.9%	-1.9%	-3.8%	72.7%	-1.5%	-5.7%	-7.1%	70.2%
Mexico	-14.8%	201.9%	157.3%	4.2%	-21.3%	466.6%	346.2%	7.3%
Subject #2	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #3	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #4	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #5	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #6	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #7	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #8	0.0%	-15.9%	-15.9%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Other sources	-1.6%	-4.6%	-6.1%	23.1%	-1.3%	-7.3%	-8.5%	22.6%
Industry	-2.2%	0.4%	-1.8%		-2.2%	0.5%	-1.8%	

Scenario #8:

High Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-1.5%	-5.7%	-7.1%	70.2%	-1.5%	-5.7%	-7.1%	70.2%
Mexico	-21.3%	466.6%	346.2%	7.3%	-21.3%	466.6%	346.2%	7.3%
Subject #2	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #3	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #4	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #5	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #6	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #7	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Subject #8	0.0%	-16.3%	-16.3%	0.0%	0.0%	-16.3%	-16.3%	0.0%
Other sources	-1.3%	-7.3%	-8.5%	22.6%	-1.3%	-7.3%	-8.5%	22.6%
Industry	-2.2%	0.5%	-1.8%		-2.2%	0.5%	-1.8%	

The following model estimates the effects of revoking the antidumping order on U.S. imports of Mexican gray portland cement into the Southern-tier region. The model uses the elasticity and market growth estimates from Part II of this report, Commerce margins, market shares, and transportation costs obtained from Customs data. The results are estimates of the changes in price, quantity, and revenue that would occur under a range of different elasticity scenarios. These estimates assume a one-year time frame (1999-2000) and low end estimated U.S. supply and demand growth rates.

Model inputs

	Market shares (<i>percent</i>)	Duties (<i>percent</i>)	Transportation (<i>percent</i>)
Domestic	74.2		
Mexican	1.6	91.9	32.1
Nonsubject	24.2		25.0

Growth rates (<i>percent</i>)	
Aggregate demand	-0.2
Domestic supply	0
Mexican	0
Nonsubject supply	0

Elasticity ranges	Low	High
Substitution	4	8
Demand	-0.5	-0.2
Domestic supply	1	4
Mexican supply	3	6
Nonsubject supply	3	6

Scenario #1:

Low Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.1%	-1.1%	-2.2%	73.3%
Mexico	-20.9%	141.3%	90.9%	3.1%
Subject #2	0.0%	-5.5%	-5.5%	0.0%
Subject #3	0.0%	-5.5%	-5.5%	0.0%
Subject #4	0.0%	-5.5%	-5.5%	0.0%
Subject #5	0.0%	-5.5%	-5.5%	0.0%
Subject #6	0.0%	-5.5%	-5.5%	0.0%
Subject #7	0.0%	-5.5%	-5.5%	0.0%
Subject #8	0.0%	-5.5%	-5.5%	0.0%
Other sources	-0.8%	-2.4%	-3.2%	23.7%
Industry	-1.5%	0.6%	-1.0%	

Scenario #2:

Low Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-0.7%	-2.6%	-3.3%	72.4%
Mexico	-27.5%	244.0%	149.2%	4.0%
Subject #2	0.0%	-5.2%	-5.2%	0.0%
Subject #3	0.0%	-5.2%	-5.2%	0.0%
Subject #4	0.0%	-5.2%	-5.2%	0.0%
Subject #5	0.0%	-5.2%	-5.2%	0.0%
Subject #6	0.0%	-5.2%	-5.2%	0.0%
Subject #7	0.0%	-5.2%	-5.2%	0.0%
Subject #8	0.0%	-5.2%	-5.2%	0.0%
Other sources	-0.5%	-3.1%	-3.7%	23.5%
Industry	-1.5%	0.5%	-0.9%	

Scenario #3:

Low Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.4%	-1.4%	-2.9%	73.3%
Mexico	-21.1%	139.7%	89.2%	3.1%
Subject #2	0.0%	-7.0%	-7.0%	0.0%
Subject #3	0.0%	-7.0%	-7.0%	0.0%
Subject #4	0.0%	-7.0%	-7.0%	0.0%
Subject #5	0.0%	-7.0%	-7.0%	0.0%
Subject #6	0.0%	-7.0%	-7.0%	0.0%
Subject #7	0.0%	-7.0%	-7.0%	0.0%
Subject #8	0.0%	-7.0%	-7.0%	0.0%
Other sources	-1.0%	-3.1%	-4.0%	23.6%
Industry	-1.8%	0.2%	-1.7%	

Scenario #4:

Low Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-0.8%	-3.0%	-3.8%	72.5%
Mexico	-27.6%	242.3%	147.8%	4.0%
Subject #2	0.0%	-5.9%	-5.9%	0.0%
Subject #3	0.0%	-5.9%	-5.9%	0.0%
Subject #4	0.0%	-5.9%	-5.9%	0.0%
Subject #5	0.0%	-5.9%	-5.9%	0.0%
Subject #6	0.0%	-5.9%	-5.9%	0.0%
Subject #7	0.0%	-5.9%	-5.9%	0.0%
Subject #8	0.0%	-5.9%	-5.9%	0.0%
Other sources	-0.6%	-3.6%	-4.2%	23.5%
Industry	-1.5%	0.1%	-1.4%	

Scenario #5:

High Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.7%	-1.7%	-3.3%	72.6%
Mexico	-14.6%	203.8%	159.4%	4.2%
Subject #2	0.0%	-14.0%	-14.0%	0.0%
Subject #3	0.0%	-14.0%	-14.0%	0.0%
Subject #4	0.0%	-14.0%	-14.0%	0.0%
Subject #5	0.0%	-14.0%	-14.0%	0.0%
Subject #6	0.0%	-14.0%	-14.0%	0.0%
Subject #7	0.0%	-14.0%	-14.0%	0.0%
Subject #8	0.0%	-14.0%	-14.0%	0.0%
Other sources	-1.4%	-4.0%	-5.3%	23.2%
Industry	-2.0%	0.8%	-1.2%	

Scenario #6:

High Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.4%	-5.4%	-6.7%	70.2%
Mexico	-21.2%	469.5%	348.9%	7.3%
Subject #2	0.0%	-15.3%	-15.3%	0.0%
Subject #3	0.0%	-15.3%	-15.3%	0.0%
Subject #4	0.0%	-15.3%	-15.3%	0.0%
Subject #5	0.0%	-15.3%	-15.3%	0.0%
Subject #6	0.0%	-15.3%	-15.3%	0.0%
Subject #7	0.0%	-15.3%	-15.3%	0.0%
Subject #8	0.0%	-15.3%	-15.3%	0.0%
Other sources	-1.2%	-6.8%	-7.9%	22.6%
Industry	-2.2%	0.9%	-1.3%	

Scenario #7:

High Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.0%	-2.0%	-4.0%	72.7%
Mexico	-14.9%	201.0%	156.3%	4.2%
Subject #2	0.0%	-16.9%	-16.9%	0.0%
Subject #3	0.0%	-16.9%	-16.9%	0.0%
Subject #4	0.0%	-16.9%	-16.9%	0.0%
Subject #5	0.0%	-16.9%	-16.9%	0.0%
Subject #6	0.0%	-16.9%	-16.9%	0.0%
Subject #7	0.0%	-16.9%	-16.9%	0.0%
Subject #8	0.0%	-16.9%	-16.9%	0.0%
Other sources	-1.7%	-4.9%	-6.5%	23.1%
Industry	-2.3%	0.3%	-2.1%	

Scenario #8:

High Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.5%	-5.9%	-7.3%	70.2%
Mexico	-21.3%	465.3%	345.0%	7.3%
Subject #2	0.0%	-16.7%	-16.7%	0.0%
Subject #3	0.0%	-16.7%	-16.7%	0.0%
Subject #4	0.0%	-16.7%	-16.7%	0.0%
Subject #5	0.0%	-16.7%	-16.7%	0.0%
Subject #6	0.0%	-16.7%	-16.7%	0.0%
Subject #7	0.0%	-16.7%	-16.7%	0.0%
Subject #8	0.0%	-16.7%	-16.7%	0.0%
Other sources	-1.3%	-7.5%	-8.7%	22.5%
Industry	-2.3%	0.3%	-2.0%	

The following model estimates the effects of revoking the antidumping order on U.S. imports of Mexican gray portland cement into the Southern-tier region. The model uses the elasticity and market growth estimates from Part II of this report, Commerce margins, market shares, and transportation costs obtained from Customs data. The results are estimates of the changes in price, quantity, and revenue that would occur under a range of different elasticity scenarios. These estimates assume a one-year time frame (1999-2000) and high end estimated U.S. supply and demand growth rates.

Model inputs

	Market shares (<i>percent</i>)	Duties (<i>percent</i>)	Transportation (<i>percent</i>)
Domestic	74.2		
Mexican	1.6	91.9	32.1
Nonsubject	24.2		25.0

Growth rates (<i>percent</i>)	
Aggregate demand	3.6
Domestic supply	8.2
Mexican	0
Nonsubject supply	0

Elasticity ranges	Low	High
Substitution	4	8
Demand	-0.5	-0.2
Domestic supply	1	4
Mexican supply	3	6
Nonsubject supply	3	6

Scenario #1:

Low Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.9%	5.3%	2.2%	74.2%
Mexico	-21.0%	140.2%	89.7%	3.0%
Subject #2	0.0%	-6.6%	-6.6%	0.0%
Subject #3	0.0%	-6.6%	-6.6%	0.0%
Subject #4	0.0%	-6.6%	-6.6%	0.0%
Subject #5	0.0%	-6.6%	-6.6%	0.0%
Subject #6	0.0%	-6.6%	-6.6%	0.0%
Subject #7	0.0%	-6.6%	-6.6%	0.0%
Subject #8	0.0%	-6.6%	-6.6%	0.0%
Other sources	-1.0%	-2.9%	-3.8%	22.8%
Industry	-2.9%	5.1%	2.1%	

Scenario #2:

Low Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.5%	2.5%	1.0%	73.0%
Mexico	-27.4%	247.9%	152.6%	3.9%
Subject #2	0.0%	-3.4%	-3.4%	0.0%
Subject #3	0.0%	-3.4%	-3.4%	0.0%
Subject #4	0.0%	-3.4%	-3.4%	0.0%
Subject #5	0.0%	-3.4%	-3.4%	0.0%
Subject #6	0.0%	-3.4%	-3.4%	0.0%
Subject #7	0.0%	-3.4%	-3.4%	0.0%
Subject #8	0.0%	-3.4%	-3.4%	0.0%
Other sources	-0.3%	-2.0%	-2.4%	23.0%
Industry	-2.0%	4.6%	2.6%	

Scenario #3:

Low Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.5%	4.7%	1.0%	74.3%
Mexico	-21.4%	137.2%	86.5%	3.0%
Subject #2	0.0%	-9.3%	-9.3%	0.0%
Subject #3	0.0%	-9.3%	-9.3%	0.0%
Subject #4	0.0%	-9.3%	-9.3%	0.0%
Subject #5	0.0%	-9.3%	-9.3%	0.0%
Subject #6	0.0%	-9.3%	-9.3%	0.0%
Subject #7	0.0%	-9.3%	-9.3%	0.0%
Subject #8	0.0%	-9.3%	-9.3%	0.0%
Other sources	-1.4%	-4.1%	-5.4%	22.7%
Industry	-3.5%	4.3%	0.8%	

Scenario #4:

Low Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.6%	2.0%	0.3%	73.1%
Mexico	-27.5%	245.7%	150.7%	3.9%
Subject #2	0.0%	-4.4%	-4.4%	0.0%
Subject #3	0.0%	-4.4%	-4.4%	0.0%
Subject #4	0.0%	-4.4%	-4.4%	0.0%
Subject #5	0.0%	-4.4%	-4.4%	0.0%
Subject #6	0.0%	-4.4%	-4.4%	0.0%
Subject #7	0.0%	-4.4%	-4.4%	0.0%
Subject #8	0.0%	-4.4%	-4.4%	0.0%
Other sources	-0.4%	-2.7%	-3.1%	23.0%
Industry	-2.1%	4.0%	1.9%	

Scenario #5:

High Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.2%	5.0%	1.7%	74.0%
Mexico	-15.0%	199.1%	154.2%	4.0%
Subject #2	0.0%	-18.7%	-18.7%	0.0%
Subject #3	0.0%	-18.7%	-18.7%	0.0%
Subject #4	0.0%	-18.7%	-18.7%	0.0%
Subject #5	0.0%	-18.7%	-18.7%	0.0%
Subject #6	0.0%	-18.7%	-18.7%	0.0%
Subject #7	0.0%	-18.7%	-18.7%	0.0%
Subject #8	0.0%	-18.7%	-18.7%	0.0%
Other sources	-1.9%	-5.5%	-7.3%	22.0%
Industry	-3.2%	5.2%	2.0%	

Scenario #6:

High Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.1%	0.2%	-1.9%	71.2%
Mexico	-21.2%	469.6%	348.9%	7.0%
Subject #2	0.0%	-15.2%	-15.2%	0.0%
Subject #3	0.0%	-15.2%	-15.2%	0.0%
Subject #4	0.0%	-15.2%	-15.2%	0.0%
Subject #5	0.0%	-15.2%	-15.2%	0.0%
Subject #6	0.0%	-15.2%	-15.2%	0.0%
Subject #7	0.0%	-15.2%	-15.2%	0.0%
Subject #8	0.0%	-15.2%	-15.2%	0.0%
Other sources	-1.2%	-6.8%	-7.9%	21.8%
Industry	-2.6%	4.9%	2.3%	

Scenario #7:

High Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.7%	4.5%	0.5%	74.2%
Mexico	-15.5%	194.7%	149.1%	4.0%
Subject #2	0.0%	-23.1%	-23.1%	0.0%
Subject #3	0.0%	-23.1%	-23.1%	0.0%
Subject #4	0.0%	-23.1%	-23.1%	0.0%
Subject #5	0.0%	-23.1%	-23.1%	0.0%
Subject #6	0.0%	-23.1%	-23.1%	0.0%
Subject #7	0.0%	-23.1%	-23.1%	0.0%
Subject #8	0.0%	-23.1%	-23.1%	0.0%
Other sources	-2.4%	-6.9%	-9.1%	21.9%
Industry	-3.8%	4.4%	0.6%	

Scenario #8:

High Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.2%	-0.5%	-2.7%	71.2%
Mexico	-21.3%	464.5%	344.2%	7.0%
Subject #2	0.0%	-17.0%	-17.0%	0.0%
Subject #3	0.0%	-17.0%	-17.0%	0.0%
Subject #4	0.0%	-17.0%	-17.0%	0.0%
Subject #5	0.0%	-17.0%	-17.0%	0.0%
Subject #6	0.0%	-17.0%	-17.0%	0.0%
Subject #7	0.0%	-17.0%	-17.0%	0.0%
Subject #8	0.0%	-17.0%	-17.0%	0.0%
Other sources	-1.3%	-7.7%	-8.9%	21.8%
Industry	-2.8%	4.2%	1.3%	

The following model estimates the effects of revoking the suspension agreement on U.S. imports of Venezuelan gray portland cement into Florida. The model uses the elasticity and market growth estimates from Part II of this report, Commerce margins, market shares, and transportation costs obtained from Customs data. The results are estimates of the changes in price, quantity, and revenue that would occur under a range of different elasticity scenarios. These estimates assume a one-year time frame (1999-2000) and zero growth rates.

Model inputs

	Market shares (<i>percent</i>)	Duties (<i>percent</i>)	Transportation (<i>percent</i>)
Domestic	49.3		
Venezuelan	9.0	49.3	21.9
Nonsubject	41.7		25.0

Growth rates (<i>percent</i>)	
Aggregate demand	0
Domestic supply	0
Venezuelan	0
Nonsubject supply	0

Elasticity ranges	Low	High
Substitution	4	8
Demand	-0.5	-0.2
Domestic supply	1	4
Venezuelan supply	2	5
Nonsubject supply	3	6

Scenario #1:

Low Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.1%	-2.1%	-4.1%	48.0%
Venezuela	-12.3%	51.8%	33.2%	12.2%
Subject #2	0.0%	-10.0%	-10.0%	0.0%
Subject #3	0.0%	-10.0%	-10.0%	0.0%
Subject #4	0.0%	-10.0%	-10.0%	0.0%
Subject #5	0.0%	-10.0%	-10.0%	0.0%
Subject #6	0.0%	-10.0%	-10.0%	0.0%
Subject #7	0.0%	-10.0%	-10.0%	0.0%
Subject #8	0.0%	-10.0%	-10.0%	0.0%
Other sources	-1.5%	-4.4%	-5.9%	39.9%
Industry	-3.0%	1.5%	-1.5%	

Scenario #2:

Low Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.6%	-6.2%	-7.7%	46.3%
Venezuela	-18.4%	98.1%	61.7%	14.8%
Subject #2	0.0%	-12.0%	-12.0%	0.0%
Subject #3	0.0%	-12.0%	-12.0%	0.0%
Subject #4	0.0%	-12.0%	-12.0%	0.0%
Subject #5	0.0%	-12.0%	-12.0%	0.0%
Subject #6	0.0%	-12.0%	-12.0%	0.0%
Subject #7	0.0%	-12.0%	-12.0%	0.0%
Subject #8	0.0%	-12.0%	-12.0%	0.0%
Other sources	-1.3%	-7.4%	-8.6%	38.8%
Industry	-3.6%	1.8%	-1.8%	

Scenario #3:

Low Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.6%	-2.6%	-5.2%	48.1%
Venezuela	-12.7%	50.5%	31.5%	12.2%
Subject #2	0.0%	-12.4%	-12.4%	0.0%
Subject #3	0.0%	-12.4%	-12.4%	0.0%
Subject #4	0.0%	-12.4%	-12.4%	0.0%
Subject #5	0.0%	-12.4%	-12.4%	0.0%
Subject #6	0.0%	-12.4%	-12.4%	0.0%
Subject #7	0.0%	-12.4%	-12.4%	0.0%
Subject #8	0.0%	-12.4%	-12.4%	0.0%
Other sources	-1.9%	-5.5%	-7.3%	39.8%
Industry	-3.4%	0.7%	-2.7%	

Scenario #4:

Low Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-1.8%	-7.1%	-8.8%	46.4%
Venezuela	-18.5%	96.0%	59.7%	14.8%
Subject #2	0.0%	-13.7%	-13.7%	0.0%
Subject #3	0.0%	-13.7%	-13.7%	0.0%
Subject #4	0.0%	-13.7%	-13.7%	0.0%
Subject #5	0.0%	-13.7%	-13.7%	0.0%
Subject #6	0.0%	-13.7%	-13.7%	0.0%
Subject #7	0.0%	-13.7%	-13.7%	0.0%
Subject #8	0.0%	-13.7%	-13.7%	0.0%
Other sources	-1.5%	-8.5%	-9.8%	38.8%
Industry	-3.8%	0.8%	-3.1%	

Scenario #5:

High Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.6%	-2.6%	-5.2%	47.5%
Venezuela	-8.8%	64.1%	49.7%	13.7%
Subject #2	0.0%	-21.4%	-21.4%	0.0%
Subject #3	0.0%	-21.4%	-21.4%	0.0%
Subject #4	0.0%	-21.4%	-21.4%	0.0%
Subject #5	0.0%	-21.4%	-21.4%	0.0%
Subject #6	0.0%	-21.4%	-21.4%	0.0%
Subject #7	0.0%	-21.4%	-21.4%	0.0%
Subject #8	0.0%	-21.4%	-21.4%	0.0%
Other sources	-2.2%	-6.4%	-8.4%	38.8%
Industry	-3.2%	1.6%	-1.6%	

Scenario #6:

High Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.7%	-10.2%	-12.6%	44.0%
Venezuela	-14.4%	151.0%	114.8%	19.8%
Subject #2	0.0%	-27.7%	-27.7%	0.0%
Subject #3	0.0%	-27.7%	-27.7%	0.0%
Subject #4	0.0%	-27.7%	-27.7%	0.0%
Subject #5	0.0%	-27.7%	-27.7%	0.0%
Subject #6	0.0%	-27.7%	-27.7%	0.0%
Subject #7	0.0%	-27.7%	-27.7%	0.0%
Subject #8	0.0%	-27.7%	-27.7%	0.0%
Other sources	-2.3%	-13.0%	-15.0%	36.2%
Industry	-4.2%	2.2%	-2.1%	

Scenario #7:

High Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.1%	-3.1%	-6.2%	47.6%
Venezuela	-9.2%	62.6%	47.6%	13.7%
Subject #2	0.0%	-25.0%	-25.0%	0.0%
Subject #3	0.0%	-25.0%	-25.0%	0.0%
Subject #4	0.0%	-25.0%	-25.0%	0.0%
Subject #5	0.0%	-25.0%	-25.0%	0.0%
Subject #6	0.0%	-25.0%	-25.0%	0.0%
Subject #7	0.0%	-25.0%	-25.0%	0.0%
Subject #8	0.0%	-25.0%	-25.0%	0.0%
Other sources	-2.6%	-7.5%	-9.9%	38.7%
Industry	-3.6%	0.7%	-2.9%	

Scenario #8:

High Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.9%	-11.2%	-13.8%	44.1%
Venezuela	-14.6%	147.8%	111.6%	19.8%
Subject #2	0.0%	-30.0%	-30.0%	0.0%
Subject #3	0.0%	-30.0%	-30.0%	0.0%
Subject #4	0.0%	-30.0%	-30.0%	0.0%
Subject #5	0.0%	-30.0%	-30.0%	0.0%
Subject #6	0.0%	-30.0%	-30.0%	0.0%
Subject #7	0.0%	-30.0%	-30.0%	0.0%
Subject #8	0.0%	-30.0%	-30.0%	0.0%
Other sources	-2.5%	-14.2%	-16.4%	36.2%
Industry	-4.5%	0.9%	-3.6%	

The following model estimates the effects of revoking the suspension agreement on U.S. imports of Venezuelan gray portland cement into Florida. The model uses the elasticity and market growth estimates from Part II of this report, Commerce margins, market shares, and transportation costs obtained from Customs data. The results are estimates of the changes in price, quantity, and revenue that would occur under a range of different elasticity scenarios. These estimates assume a one-year time frame (1999-2000) and low end estimated U.S. supply and demand growth rates.

Model inputs

	Market shares (<i>percent</i>)	Duties (<i>percent</i>)	Transportation (<i>percent</i>)
Domestic	49.3		
Venezuelan	9.0	49.3	21.9
Nonsubject	41.7		25.0

Growth rates (<i>percent</i>)	
Aggregate demand	-1.9
Domestic supply	0
Venezuelan	0
Nonsubject supply	0

Elasticity ranges	Low	High
Substitution	4	8
Demand	-0.5	-0.2
Domestic supply	1	4
Venezuelan	2	5
Nonsubject supply	3	6

Scenario #1:

Low Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.1%	-3.1%	-6.8%	48.2%
Venezuela	-13.0%	49.3%	29.9%	12.2%
Subject #2	0.0%	-14.4%	-14.4%	0.0%
Subject #3	0.0%	-14.4%	-14.4%	0.0%
Subject #4	0.0%	-14.4%	-14.4%	0.0%
Subject #5	0.0%	-14.4%	-14.4%	0.0%
Subject #6	0.0%	-14.4%	-14.4%	0.0%
Subject #7	0.0%	-14.4%	-14.4%	0.0%
Subject #8	0.0%	-14.4%	-14.4%	0.0%
Other sources	-2.2%	-6.4%	-8.5%	39.7%
Industry	-3.8%	0.1%	-3.8%	

Scenario #2:

Low Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.0%	-7.7%	-9.5%	46.4%
Venezuela	-18.7%	94.6%	58.3%	14.8%
Subject #2	0.0%	-14.8%	-14.8%	0.0%
Subject #3	0.0%	-14.8%	-14.8%	0.0%
Subject #4	0.0%	-14.8%	-14.8%	0.0%
Subject #5	0.0%	-14.8%	-14.8%	0.0%
Subject #6	0.0%	-14.8%	-14.8%	0.0%
Subject #7	0.0%	-14.8%	-14.8%	0.0%
Subject #8	0.0%	-14.8%	-14.8%	0.0%
Other sources	-1.6%	-9.2%	-10.6%	38.8%
Industry	-3.9%	0.1%	-3.9%	

Scenario #3:

Low Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.7%	-3.7%	-7.3%	48.3%
Venezuela	-13.5%	47.6%	27.7%	12.2%
Subject #2	0.0%	-17.4%	-17.4%	0.0%
Subject #3	0.0%	-17.4%	-17.4%	0.0%
Subject #4	0.0%	-17.4%	-17.4%	0.0%
Subject #5	0.0%	-17.4%	-17.4%	0.0%
Subject #6	0.0%	-17.4%	-17.4%	0.0%
Subject #7	0.0%	-17.4%	-17.4%	0.0%
Subject #8	0.0%	-17.4%	-17.4%	0.0%
Other sources	-2.7%	-7.8%	-10.3%	39.5%
Industry	-4.4%	-1.0%	-5.4%	

Scenario #4:

Low Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-2.3%	-8.7%	-10.8%	46.4%
Venezuela	-18.9%	92.2%	56.0%	14.8%
Subject #2	0.0%	-16.7%	-16.7%	0.0%
Subject #3	0.0%	-16.7%	-16.7%	0.0%
Subject #4	0.0%	-16.7%	-16.7%	0.0%
Subject #5	0.0%	-16.7%	-16.7%	0.0%
Subject #6	0.0%	-16.7%	-16.7%	0.0%
Subject #7	0.0%	-16.7%	-16.7%	0.0%
Subject #8	0.0%	-16.7%	-16.7%	0.0%
Other sources	-1.8%	-10.4%	-12.0%	38.7%
Industry	-4.2%	-1.0%	-5.3%	

Scenario #5:

High Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.5%	-3.5%	-6.9%	47.7%
Venezuela	-9.5%	61.4%	46.0%	13.7%
Subject #2	0.0%	-27.6%	-27.6%	0.0%
Subject #3	0.0%	-27.6%	-27.6%	0.0%
Subject #4	0.0%	-27.6%	-27.6%	0.0%
Subject #5	0.0%	-27.6%	-27.6%	0.0%
Subject #6	0.0%	-27.6%	-27.6%	0.0%
Subject #7	0.0%	-27.6%	-27.6%	0.0%
Subject #8	0.0%	-27.6%	-27.6%	0.0%
Other sources	-2.9%	-8.4%	-11.1%	38.6%
Industry	-4.0%	0.1%	-3.9%	

Scenario #6:

High Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.0%	-11.6%	-14.3%	44.1%
Venezuela	-14.7%	146.5%	110.2%	19.8%
Subject #2	0.0%	-31.0%	-31.0%	0.0%
Subject #3	0.0%	-31.0%	-31.0%	0.0%
Subject #4	0.0%	-31.0%	-31.0%	0.0%
Subject #5	0.0%	-31.0%	-31.0%	0.0%
Subject #6	0.0%	-31.0%	-31.0%	0.0%
Subject #7	0.0%	-31.0%	-31.0%	0.0%
Subject #8	0.0%	-31.0%	-31.0%	0.0%
Other sources	-2.6%	-14.7%	-17.0%	36.2%
Industry	-4.6%	0.5%	-4.2%	

Scenario #7:

High Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-4.2%	-4.2%	-8.2%	47.9%
Venezuela	-10.1%	59.5%	43.4%	13.7%
Subject #2	0.0%	-31.9%	-31.9%	0.0%
Subject #3	0.0%	-31.9%	-31.9%	0.0%
Subject #4	0.0%	-31.9%	-31.9%	0.0%
Subject #5	0.0%	-31.9%	-31.9%	0.0%
Subject #6	0.0%	-31.9%	-31.9%	0.0%
Subject #7	0.0%	-31.9%	-31.9%	0.0%
Subject #8	0.0%	-31.9%	-31.9%	0.0%
Other sources	-3.4%	-9.9%	-13.0%	38.4%
Industry	-4.6%	-1.0%	-5.6%	

Scenario #8:

High Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-3.3%	-12.7%	-15.6%	44.2%
Venezuela	-15.0%	143.0%	106.7%	19.7%
Subject #2	0.0%	-33.5%	-33.5%	0.0%
Subject #3	0.0%	-33.5%	-33.5%	0.0%
Subject #4	0.0%	-33.5%	-33.5%	0.0%
Subject #5	0.0%	-33.5%	-33.5%	0.0%
Subject #6	0.0%	-33.5%	-33.5%	0.0%
Subject #7	0.0%	-33.5%	-33.5%	0.0%
Subject #8	0.0%	-33.5%	-33.5%	0.0%
Other sources	-2.9%	-16.0%	-18.5%	36.1%
Industry	-4.9%	-0.9%	-5.8%	

The following model estimates the effects of revoking the suspension agreement on U.S. imports of Venezuelan gray portland cement into Florida. The model uses the elasticity and market growth estimates from Part II of this report, Commerce margins, market shares, and transportation costs obtained from Customs data. The results are estimates of the changes in price, quantity, and revenue that would occur under a range of different elasticity scenarios. These estimates assume a one-year time frame (1999-2000) and high end estimated U.S. supply and demand growth rates.

Model inputs

	Market shares (<i>percent</i>)	Duties (<i>percent</i>)	Transportation (<i>percent</i>)
Domestic	49.3		
Venezuelan	9.0	49.3	21.9
Nonsubject	41.7		25.0

Growth rates (<i>percent</i>)	
Aggregate demand	6.3
Domestic supply	22.8
Venezuelan	0
Nonsubject supply	0

Elasticity ranges	Low	High
Substitution	4	8
Demand	-0.5	-0.2
Domestic supply	1	4
Venezuelan supply	2	5
Nonsubject supply	3	6

Scenario #1:

Low Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-6.9%	15.9%	7.8%	51.4%	-4.2%	6.9%	2.3%	48.6%
Venezuela	-12.8%	50.1%	30.9%	11.4%	-18.2%	100.4%	64.0%	14.2%
Subject #2	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #3	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #4	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #5	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #6	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #7	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #8	0.0%	-13.1%	-13.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Other sources	-2.0%	-5.8%	-7.7%	37.2%	-1.1%	-6.2%	-7.2%	37.2%
Industry	-5.6%	9.2%	3.4%		-4.7%	8.8%	3.9%	

Scenario #2:

Low Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-4.2%	6.9%	2.3%	48.6%	-4.2%	6.9%	2.3%	48.6%
Venezuela	-18.2%	100.4%	64.0%	14.2%	-18.2%	100.4%	64.0%	14.2%
Subject #2	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #3	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #4	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #5	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #6	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #7	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Subject #8	0.0%	-10.1%	-10.1%	0.0%	0.0%	-10.1%	-10.1%	0.0%
Other sources	-1.1%	-6.2%	-7.2%	37.2%	-1.1%	-6.2%	-7.2%	37.2%
Industry	-4.7%	8.8%	3.9%		-4.7%	8.8%	3.9%	

Scenario #3:

Low Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-7.9%	14.9%	5.8%	51.6%	-4.6%	5.7%	0.9%	48.6%
Venezuela	-13.5%	47.6%	27.7%	11.4%	-18.4%	97.7%	61.3%	14.2%
Subject #2	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #3	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #4	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #5	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #6	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #7	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #8	0.0%	-17.3%	-17.3%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Other sources	-2.7%	-7.8%	-10.3%	37.0%	-1.3%	-7.6%	-8.8%	37.2%
Industry	-6.5%	7.6%	1.1%		-5.0%	7.3%	2.3%	

Scenario #4:

Low Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share	Price	Quantity	Revenue	Mkt Share
Domestic	-4.6%	5.7%	0.9%	48.6%	-4.6%	5.7%	0.9%	48.6%
Venezuela	-18.4%	97.7%	61.3%	14.2%	-18.4%	97.7%	61.3%	14.2%
Subject #2	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #3	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #4	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #5	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #6	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #7	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Subject #8	0.0%	-12.4%	-12.4%	0.0%	0.0%	-12.4%	-12.4%	0.0%
Other sources	-1.3%	-7.6%	-8.8%	37.2%	-1.3%	-7.6%	-8.8%	37.2%
Industry	-5.0%	7.3%	2.3%		-5.0%	7.3%	2.3%	

Scenario #5:

High Substitution, Low Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-6.2%	16.6%	9.4%	52.1%
Venezuela	-9.9%	60.3%	44.5%	12.6%
Subject #2	0.0%	-30.1%	-30.1%	0.0%
Subject #3	0.0%	-30.1%	-30.1%	0.0%
Subject #4	0.0%	-30.1%	-30.1%	0.0%
Subject #5	0.0%	-30.1%	-30.1%	0.0%
Subject #6	0.0%	-30.1%	-30.1%	0.0%
Subject #7	0.0%	-30.1%	-30.1%	0.0%
Subject #8	0.0%	-30.1%	-30.1%	0.0%
Other sources	-3.2%	-9.3%	12.2%	35.4%
Industry	-5.5%	9.1%	3.5%	

Scenario #6:

High Substitution, Low Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-4.8%	5.0%	0.0%	47.6%
Venezuela	-14.5%	149.3%	113.1%	18.5%
Subject #2	0.0%	-29.0%	-29.0%	0.0%
Subject #3	0.0%	-29.0%	-29.0%	0.0%
Subject #4	0.0%	-29.0%	-29.0%	0.0%
Subject #5	0.0%	-29.0%	-29.0%	0.0%
Subject #6	0.0%	-29.0%	-29.0%	0.0%
Subject #7	0.0%	-29.0%	-29.0%	0.0%
Subject #8	0.0%	-29.0%	-29.0%	0.0%
Other sources	-2.4%	-13.6%	-15.7%	33.9%
Industry	-5.3%	9.0%	3.6%	

Scenario #7:

High Substitution, High Demand, and Low Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-7.1%	15.7%	7.6%	52.4%
Venezuela	-10.6%	57.7%	41.0%	12.5%
Subject #2	0.0%	-35.6%	-35.6%	0.0%
Subject #3	0.0%	-35.6%	-35.6%	0.0%
Subject #4	0.0%	-35.6%	-35.6%	0.0%
Subject #5	0.0%	-35.6%	-35.6%	0.0%
Subject #6	0.0%	-35.6%	-35.6%	0.0%
Subject #7	0.0%	-35.6%	-35.6%	0.0%
Subject #8	0.0%	-35.6%	-35.6%	0.0%
Other sources	-3.9%	-11.3%	-14.8%	35.1%
Industry	-6.3%	7.6%	1.3%	

Scenario #8:

High Substitution, High Demand, and High Supply

	Price	Quantity	Revenue	Mkt Share
Domestic	-5.1%	3.8%	-1.5%	47.7%
Venezuela	-14.8%	145.4%	109.1%	18.5%
Subject #2	0.0%	-31.8%	-31.8%	0.0%
Subject #3	0.0%	-31.8%	-31.8%	0.0%
Subject #4	0.0%	-31.8%	-31.8%	0.0%
Subject #5	0.0%	-31.8%	-31.8%	0.0%
Subject #6	0.0%	-31.8%	-31.8%	0.0%
Subject #7	0.0%	-31.8%	-31.8%	0.0%
Subject #8	0.0%	-31.8%	-31.8%	0.0%
Other sources	-2.7%	-15.1%	-17.4%	33.8%
Industry	-5.6%	7.5%	1.8%	

APPENDIX E
U.S. PRODUCERS TRADE, EMPLOYMENT, AND FINANCIAL DATA,
BY PLANT, BY REGION

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Table E-1

Gray portland cement: U.S. production, capacity, and capacity utilization within the SOUTHERN-TIER, by plants, 1997-99, January-March 1999, and January-March 2000

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Table E-2

Gray portland cement: U.S. producers' total shipments of gray portland cement produced in the SOUTHERN-TIER, by plants, 1997-99, January-March 1999, and January-March 2000

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Table E-3

Gray portland cement: U.S. producers' inventories of gray portland cement produced in the SOUTHERN-TIER, by plants, 1997-99, January-March 1999, and January-March 2000

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Table E-4

Gray portland cement: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, for U.S. producers in the SOUTHERN-TIER, by plants, 1997-99, January-March 1999, and January-March 2000

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Table E-5

Results of operations of SOUTHERN-TIER producers in the production of gray portland cement and cement clinker, by plants, fiscal years 1997-99, January-March 1999, and January-March 2000

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Table E-6

Return on total assets of SOUTHERN CALIFORNIA producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

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Table E-7

Return on total assets of FLORIDA producers in the production of gray portland cement and cement clinker, fiscal years 1997-99, January-March 1999, and January-March 2000

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Table E-8

Ranking of SOUTHERN-TIER producers in the production of gray portland cement and cement clinker by operating income margin, by plants, fiscal years 1997-99

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Table E-9

Ranking of SOUTHERN CALIFORNIA producers in the production of gray portland cement and cement clinker by operating income margin, by plants, fiscal years 1997-99

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Table E-10

Ranking of FLORIDA producers in the production of gray portland cement and cement clinker by operating income margin, by plants, fiscal years 1997-99

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APPENDIX F
PRICE TABLES AND GRAPHS

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Table F-1

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Venezuelan type 1 cement sold in the Tampa, FL market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-2

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 2 cement sold in the Tampa, FL market area, by months, January 1997-March 2000

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Table F-3

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Venezuelan type 1 cement sold in the West Palm Beach, FL market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-4

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Venezuelan type 1 cement sold in the Jacksonville, FL market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-5

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Venezuelan type 2 cement sold in the Jacksonville, FL market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-6

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 1 and 2 cement sold in the Orlando, FL market area, by months, January 1997-March 2000

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Table F-7

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 1 and type 2 cement sold in the Mobile, AL market area, by months, January 1997-March 2000

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Table F-8

Gray portland cement: Weighted-average delivered prices and quantities of imported Venezuelan type 1 and domestic type 2 cement sold in the New Orleans, LA market area, by months, January 1997-March 2000

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Table F-9

Gray portland cement: Weighted-average delivered prices and quantities of imported Mexican type 2 cement sold in the El Paso, TX market area, by months, January 1997-March 2000

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Table F-10

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 1 cement sold in the Houston, TX market area, by months, January 1997-March 2000

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Table F-11

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Venezuelan type 2 cement sold in the Houston, TX market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-12

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 1 and type 2 cement sold in the San Antonio, TX market area, by months, January 1997-March 2000

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Table F-13

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 2 cement sold in the Fort Worth, TX market area, by months, January 1997-March 2000

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Table F-14

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 1 cement sold in the Albuquerque, NM market area, by months, January 1997-March 2000

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Table F-15

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Mexican type 2 cement sold in the Albuquerque, NM market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-16

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Mexican type 2 cement sold in the Phoenix, AZ market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-17

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Mexican type 2 cement sold in the Tucson, AZ market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-18

Gray portland cement: Weighted-average delivered prices and quantities of domestic and imported Mexican type 2 cement sold in the San Diego, CA market area and margins of underselling/(overselling), by months, January 1997-March 2000

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Table F-19

Gray portland cement: Weighted-average delivered prices and quantities of domestic type 2 cement sold in the Los Angeles, CA and San Francisco, CA market areas, by months, January 1997-March 2000

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Figure F-1
Gray portland cement: Weighted-average delivered prices of domestic and imported Venezuelan type 1 cement sold in the Tampa, FL market area, by months, January 1997-March 2000

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Figure F-2
Gray portland cement: Weighted-average delivered prices of domestic type 2 cement sold in the Tampa, FL market area, by months, January 1997-March 2000

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Figure F-3
Gray portland cement: Weighted-average delivered prices of domestic and imported Venezuelan type 1 cement sold in the West Palm Beach, FL market area, by months, January 1997-March 2000

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Figure F-4
Gray portland cement: Weighted-average delivered prices of domestic and imported Venezuelan type 1 cement sold in the Jacksonville, FL market area, by months, January 1997-March 2000

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Figure F-5
Gray portland cement: Weighted-average delivered prices of domestic and imported Venezuelan type 2 cement sold in the Jacksonville, FL market area, by months, January 1997-March 2000

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Figure F-6
Gray portland cement: Weighted-average delivered prices of domestic type 1 and type 2 cement sold in the Orlando, FL market area, by months, January 1997-March 2000

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Figure F-7
Gray portland cement: Weighted-average delivered prices of domestic type 1 and type 2 cement sold in the Mobile, AL market area, by months, January 1997-March 2000

* * * * *

Figure F-8
Gray portland cement: Weighted-average delivered prices of imported Venezuelan type 1 cement sold in the New Orleans, LA market area, by months, January 1997-March 2000

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Figure F-9
Gray portland cement: Weighted-average delivered prices of domestic type 2 cement sold in the New Orleans, LA market area, by months, January 1997-March 2000

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Figure F-10

Gray portland cement: Weighted-average delivered prices of imported Mexican type 2 cement sold in the El Paso, TX market area, by months, January 1997-March 2000

* * * * *

Figure F-11

Gray portland cement: Weighted-average delivered prices of domestic type 1 cement sold in the Houston, TX market area, by months, January 1997-March 2000

* * * * *

Figure F-12

Gray portland cement: Weighted-average delivered prices of domestic and imported Venezuelan type 2 cement sold in the Houston, TX market area, by months, January 1997-March 2000

* * * * *

Figure F-13

Gray portland cement: Weighted-average delivered prices of domestic type 1 and type 2 cement sold in the San Antonio, TX market area, by months, January 1997-March 2000

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Figure F-14

Gray portland cement: Weighted-average delivered prices of domestic type 2 cement sold in the Fort Worth, TX market area, by months, January 1997-March 2000

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Figure F-15

Gray portland cement: Weighted-average delivered prices of domestic type 1 cement sold in the Albuquerque, NM market area, by months, January 1997-March 2000

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Figure F-16

Gray portland cement: Weighted-average delivered prices of domestic and imported Mexican type 2 cement sold in the Albuquerque, NM market area, by months, January 1997-March 2000

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Figure F-17

Gray portland cement: Weighted-average delivered prices of domestic and imported Mexican type 2 cement sold in the Phoenix, AZ market area, by months, January 1997-March 2000

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Figure F-18

Gray portland cement: Weighted-average delivered prices of domestic and imported Mexican type 2 cement sold in the Tucson, AZ market area, by months, January 1997-March 2000

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Figure F-19

Gray portland cement: Weighted-average delivered prices of domestic and imported Mexican type 2 cement sold in the San Diego, CA market area, by months, January 1997-March 2000

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Figure F-20

Gray portland cement: Weighted-average delivered prices of domestic type 2 cement sold in the Los Angeles, CA and San Francisco, CA market areas, by months, January 1997-March 2000

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