CARBON STEEL PLATE FROM JAPAN

Determination of Injury in Investigation
No. AA1921-179 Under the
Antidumping Act, 1921, as Amended,
Together With the Information
Obtained in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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This report was prepared principally by

William J. Hable, Investigator

assisted by

Debra Baker, Office of Operations
Warren Dean, Office of the General Counsel

Charles W. Ervin, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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Note--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-179]

April 18, 1978

CARBON STEEL PLATE FROM JAPAN

Determination

On January 18, 1978, the United States International Trade Commission received advice from the Department of the Treasury that carbon steel plate from Japan is being, or is likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on January 23, 1978, the Commission instituted investigation No. AA1921-179 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Notices of the institution of the investigation and of the time and place of the public hearings were published in the Federal Register of January 31, 1978, (43 F.R. 4125) and February 14, 1978, (43 F.R. 6342), respectively. The public hearings in connection with this investigation were held in Seattle, Wash. on March 7, 1978, and in Washington, D.C. on March 16 and 17, 1978, at which all interested persons were provided an opportunity to appear by counsel or in person.

On the basis of the information obtained in its investigation No. AA1921-179, the Commission determines unanimously 1/ that an industry in the United States is being injured by reason of the importation of

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1/ Vice Chairman Joseph O. Parker and Commissioner Italo H. Ablondi not participating.

carbon steel plate from Japan that is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

In arriving at its determination, the Commission gave due consideration to all written submissions from interested persons and information adduced at the hearing as well as information provided by the Department of the Treasury and data obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

STATEMENT OF REASONS FOR AFFIRMATIVE DETERMINATION
OF CHAIRMAN MINCHEW AND COMMISSIONER ALBERGER

In order for a Commissioner to make an affirmative determination in an investigation under the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), it is necessary to find that an industry in the United States is being or is likely to be injured, or is prevented from being established,[1/] and the injury or likelihood thereof must be by reason of imports at less than fair value (LTFV).

Determination

On the basis of information obtained in this investigation, we determine that an industry in the United States is being injured by reason of the importation of carbon steel plate from Japan, which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at LTFV.

The Imported Article and the Domestic Industry

Carbon steel plate, the subject of this investigation, is a finished steel mill product which is used in the manufacture of boilers, storage tanks, railway cars, ships, nonelectric machinery and nonresidential construction. A like class of merchandise is produced in the United States, principally by 11 U.S. firms. We consider the relevant industry to consist of those facilities in the United States devoted to the production of carbon steel plate.

1/ Prevention of the establishment of an industry is not an issue in this investigation and will not be discussed further.

LTFV Sales

The Treasury investigation covered sales made between October 1, 1976, and March 31, 1977. The investigation was limited to five manufacturers who together accounted for more than 70 percent of all sales of carbon steel plate from Japan to the United States. Treasury found LTFV margins on the following percentage of sales by these manufacturers: 88 percent of sales by Nippon Steel Corp., 81 percent of sales by Nippon Kokan K.K., 88 percent of sales by Sumitomo Metal Industries, Ltd., 49 percent of sales by Kawasaki Steel Corp., and 90 percent of sales by Kobe Steel, Ltd. Treasury found the weighted average margin of the five Japanese producers to be 7.9 percent.

The Issue of a National or Regional Industry

It was urged by petitioners that the Commission look at injury to a regional market, namely the Pacfic Northwest. Other domestic industry representatives suggested several other regional markets which they alleged were suffering injury.

The statute requires the Commission to make its determination based upon "an industry in the United States". The industry may be considered "regional" in character, particularly where: (1) domestic producers of an article are located in and serve a particular regional market predominantly or exclusively and (2) the LTFV imports are concentrated primarily in the regional market.[2/] In this case, the first criterion is met, since transportation costs virtually prohibit overland shipment of carbon steel plate for

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2/ U.S. Senate, Report of the Committee on Finance to Accompany H.R. 10710, Trade Act of 1974, S. Rept. No. 93-1298 (93rd Cong., 2nd Sess.) 1974 at p. 180-81.

sale at competitive prices more than 500 miles from a domestic mill. However, the second criterion is not met. The LTFV sales are spread throughout the United States. In fact, only 13% of all Japanese imports in this product came through Pacific Northwest ports during the period in question. This fact distinguishes the present case from the earlier cases in which petitioner was involved and decisions were made by this Commission using the regional market approach.[3/]

Non-LTFV Sales

Counsel for Armco Steel Corp. and Bethlehem Steel Corp. asserts that the LTFV pricing practices of the Japanese caused European suppliers to respond with even larger price reductions, and that we should consider the injury caused by imports from the EEC in our determination. Counsel contends that by virtue of the Trigger Price Mechanism (TPM) we are able to determine that such imports are being made at LTFV, and cites the prior practice of some commissioners of cumulating LTFV sales to reach an injury finding.[4/] Thus, counsel urges us to cumulate imports from the EEC and other countries with imports from Japan that were the sole basis of Treasury's LTFV determination.

Since we have found injury by reason of LTFV imports of carbon steel plate from Japan, we need not reach counsel's assertion. However, we are not persuaded that the publication of higher prices for carbon steel plate amounts to a formal determination by Treasury of what constitutes LTFV sales.

3/ See; Steel Bars, Reinforcing Bars, and Shapes from Australia, AA1921-62, T.C. Pub. 314 (1970); Carbon Steel Bars and Shapes from Canada, AA1921-39, T.C. Pub. 135 (1964); Steel Reinforcing Bars from Canada AA1921-33, T.C. Pub. 122 (1964).

4/ Transcript of March 16, 1978.

This Commission is not authorized to determine whether imports have been sold at LTFV within the meaning of section 201 of the Antidumping Act. Hence, we reject counsel's contention that the TPM was or is a determination on which this Commission can base its findings. Such an approach would require us to make findings of fact with respect to pricing practices that clearly fall outside our statutory mandate.

The Question of Injury or Likelihood Thereof by Reason of LTFV Sales

Imports and market share -- Imports from Japan increased steadily from 1973 through 1976, and then declined sharply in 1977. The increases occurred at a time when the U.S. market was shrinking, resulting in a rapid rise in market share enjoyed by the Japanese. Their market share was 5 percent in 1974, increasing to 10 percent in 1976, and then decreasing back to 5 percent in 1977. During the period of LTFV sales, the Japanese market share averaged nearly 11 percent.

Capacity utilization -- Due to labor strikes, alternate uses of the equipment used to produce carbon steel plate, and some problems with supplies of raw steel, it is likely that our data on capacity utilization overstates the idling of productive facilities. The Commission staff tabulated data shows capacity utilization dropping from 75 percent in 1974 to 45 percent in 1976, climbing slightly to 50 percent in 1977. While the absolute percentages reflect the impact of other factors in addition to imports, the trend parallels the relative changes in imports from Japan.

U.S. producers' shipments -- Shipments reached a high of 9 million short tons in 1974, then declined sharply in 1975 and 1976 to a low of 5.6 million short tons, then recovered slightly to 5.86 million short tons in 1977.

Consumption -- Figures for apparent consumption show the same emerging pattern of declines from a 1974 high of nearly 10 million short tons to a low of 6.8 million short tons in 1976, before recovering in 1977 to about 7.4 million short tons. When apparent consumption is adjusted to reflect known changes in inventories of end users and distributors, the trend changes, with the low year being 1975 and increases in estimated consumption occurring in both 1976 and 1977.

Employment -- Employment statistics indicate a steady decline in the average number of production and related workers. The total dropped from 21,500 in 1974 to 14,600 in 1977. The number of manhours worked also declined from 42.8 million in 1974 to 29.6 million in 1976, although 1977 figures show a recovery to 31.5 million.

Profit and loss experience -- While net operating profits and the ratio of those profits to net sales were at high levels in 1973 and 1974, the aggregate data from the ten companies responding to the Commission questionnaire shows losses in each of the last three years. None of the 10 firms reported losses in either 1973 or 1974, but four, eight, and six reported net losses in 1975, 1976, and 1977 respectively.

Prices -- Prices of Japanese made carbon steel plate increased dramatically from January 1973 through December 1974, a period characterized by shortages and price bidding. With the general downturn in 1975, Japanese import prices dropped 45 percent. Since 1975, however, prices have risen 20 percent. Despite this, Japanese prices remained almost 20 percent below domestic prices through March 1976, and ranged from 12 percent to 15 percent lower during the period of Treasury's LTFV determination.

In testimony before us, U.S. producers claimed that competition with low priced imports from Japan had forced them to suppress their prices. In fact, the domestic price of carbon steel plate increased more slowly than the wholesale price index of all industrial commodities during 1976 and 1977. This data could, in part, be explained by the alleged domestic practice of offering "discounts" or "specials" to compete with low priced imports.

Lost sales -- Thirty-two purchasers of carbon steel plate contacted by the Commission indicated that Japanese-made plate was offered at lower prices than U.S.-made plate. Twenty-seven reported that price was the primary factor in their purchasing decisions. Most purchasers indicated they had to purchase lower priced Japanese-made plate if they themselves were to remain competitive.

Likelihood of injury -- Having found present injury in this case, we believe it is unnecessary to address the issue of likelihood of injury.

Conclusion

From the above considerations, we find that the U.S. industry producing carbon steel plate is being injured by reason of the importation of this product from Japan. While it might be possible to argue that the data for the last 10 months show a lessening of import related injury, particularly since imports from Japan are declining, the most relevant period for analysis is the 6 months in which LTFV sales were found by Treasury. Clearly, all factors -- imports and market share, capacity utilization, producers' shipments,

employment, profitability, prices, and lost sales -- point to injury to the industry in 1976 and the period found by the Department of Treasury to have included LTFV sales. The strongest evidence is in profitability, prices and lost sales, but all factors argue for injury.

STATEMENT OF REASONS FOR THE AFFIRMATIVE DETERMINATION OF COMMISSIONERS GEORGE M. MOORE AND CATHERINE BEDELL

On January 18, 1978, the U.S. International Trade Commission received advice from the Department of the Treasury that carbon steel plate from Japan is being or is likely to be sold in the United States at less than fair value (LTFV). Accordingly, the Commission on January 23, 1978, instituted investigation No. AA1921-179 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of such merchandise into the United States.

Determination

On the basis of information obtained in this investigation, we have determined that an industry in the United States is being injured by reason of the importation of carbon steel plate from Japan, which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at LTFV.

The Imported Article and the Domestic Industry

Carbon steel plate, the subject of this investigation, is a finished steel mill product which is used principally in the manufacture of boilers, storage tanks, railway cars, ships, and nonelectric machinery. It also is used extensively in various construction projects including pipelines, bridges and nonresidential buildings. In this determination, we considered

1/ Prevention of the establishment of an industry is not an issue in this investigation and will not be discussed further.

the relevant domestic industry to consist of the facilities in the United States devoted to the production of carbon steel plate. Eleven firms account for about 92 percent of all U.S. producers' shipments of carbon steel plate during the last five years.

LTFV Sales

The Treasury investigation covered sales by five Japanese manufacturers made between October 1, 1976, and March 31, 1977. These manufacturers together accounted for more than 70 percent of all sales of carbon steel plate from Japan. Treasury found LTFV margins on the following percentage of sales by these manufacturers: 88 percent of sales by Nippon Steel Corp., 81 percent of sales by Nippon Kokan K.K., 88 percent of sales by Sumitomo Metal Industries, Ltd., 49 percent of sales by Kawasaki Steel Corp. and 90 percent of sales by Kobe Steel, Ltd. Treasury found the weighted average LTFV margin of the five Japanese producers to be 7.9 percent.

Injury by Reason of LTFV Sales

Imports and market share -- Imports from Japan increased steadily from 1973 through 1976, and then declined in 1977. The increases occurred at a time when the U.S. market was shrinking, resulting in a rapid rise in market share enjoyed by the Japanese producers. Their market share was 5 percent in 1974, increasing to 10 percent in 1976, and then decreasing to 5 percent in 1977. During the period of Treasury's investigation of LTFV sales, the Japanese market share averaged nearly 11 percent.

Capacity utilization -- The data tabulated by the Commission's staff show that capacity utilization dropped from 75 percent in 1974 to 45 percent in 1976, but climbed slightly to 50 percent in 1977. These data

reflect the impact of factors such as, labor strikes, alternate uses of equipment to produce carbon steel plate, and some problems with securing supplies of raw steel, in addition to imports. Nevertheless, the trend parallels the relative changes in carbon steel plate imports from Japan.

U.S. producers' shipments -- Shipments of U. S. producers reached a high of 9 milion short tons in 1974, declined sharply in 1975 and 1976 to a low of 5.6 million short tons, and then recovered slightly to 5.9 million short tons in 1977.

Employment -- Employment data indicate a steady decline in the average number of production and related workers engaged in the domestic production of carbon steel plate. The total dropped from 21,500 in 1974 to 14,600 in 1977. The number of manhours worked also declined from 42.8 million in 1974 to 29.6 million in 1976, although 1977 data show a slight increase.

Profit and loss experience -- While net operating profits and the ratio of those profits to net sales were at high levels in 1973 and 1974, the aggregate data from the ten companies which responded to the Commission questionnaire show losses in each of the last three years. None of these 10 firms reported losses in either 1973 or 1974, but four, eight, and six reported net losses in 1975, 1976, and 1977 respectively.

Prices -- Prices of Japanese-made carbon steel plate increased dramatically (230 percent) from January 1973 through December 1974, a period characterized by shortages and rising unfilled orders. With the

general economic downturn in 1975, Japanese import prices dropped 45 percent within a matter of months. Prices of Japanese steel plate remained almost 20 percent below domestic prices from October 1975 through March 1976, and ranged from 12 to 15 percent lower than domestic prices during the period of Treasury's investigation of LTFV sales. This persistent underselling enabled the Japanese to double their market share from 5 percent of domestic consumption in 1974 to 10 percent in 1976.

In testimony before the Commission, U.S. producers claimed that competition with low-priced imports from Japan suppressed their prices. In fact, the domestic price of carbon steel plate increased more slowly than the wholesale price index of all industrial commodities during 1976 and 1977. Information obtained in the investigation shows that some U.S. producers offered "discounts" and "specials" in an attempt to compete with LTFV sales. Such practices contributed to suppression of domestic prices and affected the consequent profitability of those firms attempting to remain price competitive.

Lost sales -- Each of the thirty-two domestic purchasers of carbon steel plate contacted by the Commission indicated that Japanese steel plate was offered at lower prices than U.S.-made plate in 1976 and 1977. Twenty-seven of the respondents reported that price was the primary factor in their purchasing decisions. Most purchasers indicated that they were forced to purchase lower-priced Japanese LTFV plate if they were to remain competitive.

Conclusion

Based upon the foregoing considerations, we have determined that an industry in the United States is being injured by reason of the

importation of carbon steel plate from Japan which the Secretary of the Treasury has determined is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

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Conclusion

Based upon the foregoing considerations, we have determined that an industry in the United States is being injured by reason of the

importation of carbon steel plate from Japan which the Secretary of the Treasury has determined is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

SUMMARY

On January 23, 1978, the United States International Trade Commission instituted investigation No. AA1921-179 following receipt of advice from the Department of the Treasury that carbon steel plate from Japan is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. The Commission must determine whether an industry in the United States is being, or is likely to be injured, by reason of the importation of such merchandise into the United States.

Carbon steel plate is a finished steel-mill product which is used in the manufacture of boilers, storage tanks, railway cars, nonelectric machinery, and nonresidential construction. The five Japanese firms covered in Treasury's investigation account for over 70 percent of all U.S. imports of carbon steel plate from Japan. Treasury found the weighted average margins to range from 4.0 percent on sales by Kawasaki Steel Corp. to 13.0 percent on sales by Nippon Kokan K.K. The weighted average margin for the five Japanese producers together was 7.9 percent.

A like class of merchandise is produced in the United States, principally by 11 U.S. firms. These U.S.producers enjoyed high levels of shipments, employment, capacity utilization, and profits during 1973 and 1974. The situation changed dramatically thereafter as U.S. producers realized sharply reduced employment and shipments, idle capacity, and industry-wide financial losses. The following tabulation summarizes this information:

Year	U.S. producers' shipments	U.S. production and related workers	Net operating profit or (loss)	Capacity utilization
	1,000 short tons	1,000 workers	1,000 dollars	Percent
1973	8,074	19.4	$173,625	67
1974	9,042	21.5	200,975	75
1975	6,909	20.3	(12,037)	60
1976	5,606	15.1	(14,093)	45
1977	5,859	14.6	(29,047)	50

Despite a sharp decline in market share in 1977, Japan has been the dominant supplier of U.S. imports during the period 1973-77. Imports

from Japan jumped from 407,000 short tons in 1973 to 529,000 short tons in 1974, increased to 575,000 short tons in 1975, and peaked at 681,000 short tons in 1976, before declining in 1977. The ratio of U.S. imports from Japan to apparent consumption climbed from 5 percent in 1973 and 1974 to 7 percent in 1975 and 10 percent in 1976. The ratio dropped to 5 percent in 1977.

The price of Japanese-made plate fluctuated widely during the last 4 years. During the steel shortage of 1973 and 1974 the price of such imports jumped 230 percent. Shortly thereafter, the price dropped nearly 50 percent within a matter of months. During the period of rising import penetration, Japanese-made plate was selling at prices averaging about 15 to 20 percent below those offered by U.S. producers.

Those in opposition to the petition note that the U.S. steel industry has experienced a long-term decline in its profitability, suggesting that the problems facing the industry have a long history, extending back at least a decade. The demand for carbon steel plate, as reflected in apparent consumption, has shown little growth during the last 10 years. In addition, the cost of making steel in the United States has doubled since 1972. Those in opposition argue that any industry in this position will be facing serious financial difficulties, regardless of imports.

Certain witnesses at the public hearing contended that the Commission should make its determination in this investigation on a regional rather than a national basis. Owing to high overland transportation costs, U.S. producers located in certain regions generally serve such markets predominately or exclusively. However, information showing the concentration of LTFV imports in a regional market is far less clear cut. Carbon steel plate from Japan has been consumed in substantial quantities in the western, south-central, north-central, and eastern regions of the United States. Import penetration is highest in the western region, followed in descending order by the south-central, north-central, and eastern regions.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 18, 1978, the United States International Trade Commission received advice from the Department of the Treasury that carbon steel plate from Japan is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. 1/ Accordingly, on January 23,

1/ A copy of Treasury's letter to the Commission concerning LTFV sales from Japan is presented in app. A.

1978, the Commission instituted investigation No. AA1921-179 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. A public hearing in connection with this investigation was held in Seattle, Wash., on March 7, 1978, and in Washington, D.C., on March 16 and 17, 1978. By statute the Commission must make its determination within 3 months of its receipt of advice from Treasury or, in this case, by April 18, 1978.

Notices of the institution of the Commission's investigation and of the time and place of the public hearings were given by posting copies of these notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York office. 1/ In addition, the aformentioned notices were published in the Federal Register of January 31, 1978 (43 F.R. 4125) and February 14, 1978 (43 F.R. 6342), respectively.

The complaint which led to Treasury's determination of sales at LTFV was filed by counsel representing Oregon Steel Mills, Division of the Gilmore Steel Corp. Treasury's notice of investigation was published in the Federal Register of March 30, 1977 (42 F.R. 16883). A notice of tentative affirmative determination of sales at LTFV and its notice of withholding of appraisement were published in the Federal Register of October 6, 1977 (42 F.R. 54489). Treasury's final determination of sales at LTFV were published in the Federal Register of January 13, 1978 (43 F.R. 2032). 2/

Description and Uses

Carbon steel plate is a finished steel mill-product generally rolled from slabs, although some plate originates directly from ingots. For the purpose of this report, the term "carbon steel plate" means hot-rolled carbon steel plate, 0.1875 (3/16) inch or more in thickness, over 8 inches in width, not in coils, not pickled, not coated or plated with metal, not clad, and not pressed or stamped to nonrectangular shape.

In a typical rolling operation a slab is brought to rolling temperature in a slab-heating furnace. Each slab is associated with a specific customer purchase order because specifications often vary from plate to plate. A conveyor table carries the heated slab through a high-pressure water spray to the rolls of a two-high reversing roughing stand. This facility rapidly reduces the thickness of the steel as it is passed back and forth between the rolls.

1/ Copies of the Commission's notices are presented in app. B.

2/ Copies of Treasury's Federal Register notices on carbon steel plate are presented in app. C.

A substantial quantity of carbon steel which conforms to the dimensional specifications mentioned above enters the United States in coils rather than cut to length. Although this product might substitute for carbon steel plate in certain applications, Treasury did not include it within the scope of its investigation.

Carbon steel plate is used principally in the manufacture of boilers, storage tanks, railway cars, ships, and nonelectric machinery. It also is used extensively in various contruction projects including pipelines, bridges, and nonresidential buildings.

Market Participants

The United States is the world's largest free market in carbon steel plate, influencing the activities of literally thousands of economic units throughout the world. Owing to the pervasive use of carbon steel plate in the heavy capital equipment field, this market responds directly to the level of industrial investment in the United States. This section identifies the participants in this important market.

The primary sources of supply to the U.S. market are the following U.S. producers:

Armco Steel Corp.
Bethleham Steel Corp.
Gilmore Steel Corp.
Inland Steel Co.
Interlake, Inc.
Jones & Laughlin Steel Corp.
Kaiser Steel Corp.
Lukens Steel Co.
Republic Steel Corp.
U.S. Steel Corp.
Youngstown Sheet & Tube Co.

These producers accounted for over 92 percent of all U.S. producers' shipments during the last 5 years. U.S. production is highly concentrated: in 1977 the four largest producers, * * *, shipped 72 percent of all U.S.-made carbon steel plate. Located throughout the United States, the 10 integrated steel producers and Gilmore Steel Corp., a minimill, sell to end users and secondary suppliers called steel service centers. At least 50 foreign firms produce some carbon steel plate for export to the United States. Japanese-made plate is generally marketed in the United States by the following importers:

Primary Steel, Inc.
Kawasho International (U.S.A.), Inc.
C. Itoh & Co. (America), Inc.
Japan Cotton Co.
Marubeni America Corp.
Mitsubishi International Corp.
Mitsui & Co. (U.S.A.), Inc.
Nichimen Co., Inc.
Nissho-Iwai American Corp.
Jordan Internationl Co.
Sumikan Bussam U.S.A., Inc.
Sumitomo Shoji America, Inc.
Toyomenka (America), Inc.
Okaya (U.S.A.), Inc.
Okura & Co. America, Inc.

These importers handled about 90 percent of all U.S. imports of carbon steel plate from Japan in 1977. The four largest importers, * * *, accounted for about 50 percent of all such imports.

Approximately 500 steel service centers act as distributors of carbon steel plate, buying from both U.S. producers and importers, stocking the merchandise, preparing the plate to customer specifications, and reselling to end users. Steel service centers account for a large fraction, about 20 percent, of the distribution of domestic supplies. Service centers handle end-user accounts which do not have the volume to efficiently utilize direct sourcing from trading companies or U.S. producers. In some instances, however, service centers compete head to head with primary suppliers for end-user accounts. This competition has generated sharp conflicts between these market participants.

At least 10,000 firms engaged in the manufacture of boilers, storage tanks, railway cars, ships, nonelectric machinery, and nonresidential contruction purchase carbon steel plate. End users with a large and regular need for plate are generally very concerned about their supplier's long-term production capabilities, and for this reason tend to deal directly with U.S. producers and foreign trading companies. End users which purchase plate infrequently or in smaller quantities tend to buy from distributors.

U.S. Tariff Treatment

Imported carbon steel plate is classified for tariff purposes under item 608.84 of the Tariff Schedules of the United States (TSUS). The

most-favored-nation rate of duty currently applicable to this article was reduced from 8 to 7.5 percent ad valorem during the Kennedy round of trade agreements. The statutory rate for TSUS item 608.84 is 20 percent ad valorem.

Title V of the Trade Act of 1974 authorizes the establishment of a Generalized System of Preferences (GSP) for eligible articles imported from beneficiary developing countries. Section 503 of the Trade Act of 1974 states that the President may not designate import-sensitive steel articles as eligible for duty-free treatment under the provisions of the GSP. Currently, carbon steel plate has not been designated as eligible for duty-free treatment.

U.S. Imports

U.S. imports of carbon steel plate enter the United States under Tariff Schedules of the United States Annotated (TSUSA) item 608.8415, which became effective January 1, 1977. Prior to this date, imports of certain carbon steel, in coils, and carbon steel plate, as defined for the purpose of this report, entered the United States together under TSUSA item 608.8420.

To obtain import statistics for the years prior to 1977, the Commission had to allocate from "basket" provision 608.8420 that quantity which represented carbon steel plate. Official statistics of the U.S. Department of Commerce show that in 1977, carbon steel plate from Japan represented 77.6 percent of all imports from Japan entering under the old "basket" provision. Information obtained through importers' responses to the Commission's questionnaire indicate that the ratios of carbon steel plate to all imports entering under the old "basket" provision were 80 percent, 83 percent, 78 percent, and 84 percent for the years 1973-76, respectively. Therefore, this report will use the official statistics of the U.S. Department of Commerce, adjusted to reflect the above percentage allocations, as an approximation of U.S. imports of carbon steel plate.

U.S. imports from all countries declined from 1.2 million short tons in 1972 to 998,000 short tons in 1973. Owing to a surge of imports during July-December 1974, U.S. imports climbed to 1.3 million short tons in 1974, before dropping to 1.0 million short tons in 1975 (table 1, app. D). Despite lower levels of apparent consumption, U.S. imports of carbon steel plate increased to 1.2 million short tons and 1.6 million short tons in 1976 and 1977, respectively.

Despite a sharp decline in market share in 1977, Japan has been the dominant supplier of U.S. imports during the period 1972-77. Japan's share of the market for imported carbon steel plate increased from 38 percent in 1972 to 56 percent in 1975, before dropping slightly to

55 percent in 1976. Japan's share of the import market dropped precipitously in 1977 to 25 percent, while there was a sudden increase in exports from other countries. The table below shows a 43 percent reduction in U.S. imports from Japan in 1977 and a 112 percent increase in U.S. imports from countries other than Japan. Table 2 shows U.S. imports of carbon steel plate, in coils and cut to length, by source country.

Carbon steel plate: Quantity of U.S. imports for consumption, by sources, 1973-77

(In thousands of short tons)

Year	Japan	Other	Total
1972	468	772	1,240
1973	407	591	998
1974	529	780	1,309
1975	575	452	1,027
1976	681	550	1,231
1977	386	1,165	1,551

Source: 1977 data compiled from official statistics of the U.S. Department of Commerce, 1973-76 data estimated by the staff of the U.S. International Trade Commission on the basis of official statistics of the U.S. Department of Commerce.

LTFV sales from Japan

Treasury's investigation of U.S. imports of carbon steel plate from Japan covered the 6-month period extending from October 1, 1976, through March 31, 1977. The investigation covered five Japanese concerns--Nippon Steel Corp. (Nippon Steel), Nippon Kokan K.K. (Nippon Kokan), Sumitomo Metal Industries, Ltd. (Sumitomo), Kawasaki Steel Corp. (Kawasaki), and Kobe Steel, Ltd. (Kobe)--which together accounted for over 70 percent of the imported carbon steel plate from Japan. On January 9, 1978, Treasury announced the weighted average LTFV margins for the five manufacturers as follows:

Nippon Steel	9.1 percent
Nippon Kokan	7.3 percent
Sumitomo	18.5 percent
Kawasaki	5.4 percent
Kobe	13.9 percent

On March 21, 1978, a span of 2 full months after the Commission had instituted the present investigation, Treasury announced the following revised weighted average LTFV margins:

Nippon Steel	7.2 percent
Nippon Kokan	13.0 percent
Sumitomo	7.0 percent
Kawasaki	4.0 percent
Kobe	6.7 percent

The revised weighted average margin of the five Japanese producers together was 7.9 percent.

On October 6, 1977, Treasury had tentatively determined that sales at LTFV had occurred. At that time, Treasury indicated that there were insufficient sales in the home market above the cost of production to provide a basis for comparison with export prices. Therefore, fair value was based on the constructed value of the Japanese cost of production, including a mandatory 8-percent minimum profit. When compared with this constructed value, weighted average margins of 32 percent by all five of the Japanese mills were found.

Following publication of the tentative determination, the Japanese producers, which had refused all Treasury requests for information, decided that they would furnish some information regarding their cost of production. However, because of the brevity between the submission of these data and the date by which a final determination was due, U.S. Customs Service personnel could not verify those data pursuant to standards and procedures normally followed.

At the same time, the Treasury Department was establishing its trigger-price mechanism to monitor the prices of imported steel-mill products. This mechanism is based upon determinations of the cost of producing steel in Japan, including the carbon steel plate that is the subject of this investigation. The cost of production was calculated on the basis of submissions made by the six largest steel companies in Japan to the Japanese Ministry of International Trade and Industry and transmitted, in aggregate form, to Treasury. Treasury used this information in addition to the unverified company data described above to revise its Japanese cost-of-production figure. With respect to each Japanese producer, Treasury now found above-cost-of-production sales representing at least 10 percent of all sales examined and deemed this an adequate basis for establishing a home-market value for each Japanese producer. The final result of Treasury's actions after its tentative determination was to reduce significantly the weighted average dumping margins by reason of a revised cost-of-production determination.

Because Treasury now found sufficient quantities of sales in the home market which were at a price equal to or above the cost of production, Treasury determined the proper basis for fair-value comparisons to be (1) between purchase price and home-market price on all sales by Nippon Steel, Nippon Kokan, and Kobe, and on most sales by Sumitomo and Kawasaki and (2) between exporter's sales price and home-market price on the remaining sales by Sumitomo and Kawasaki.

Factors affecting supply of U.S. imports from Japan

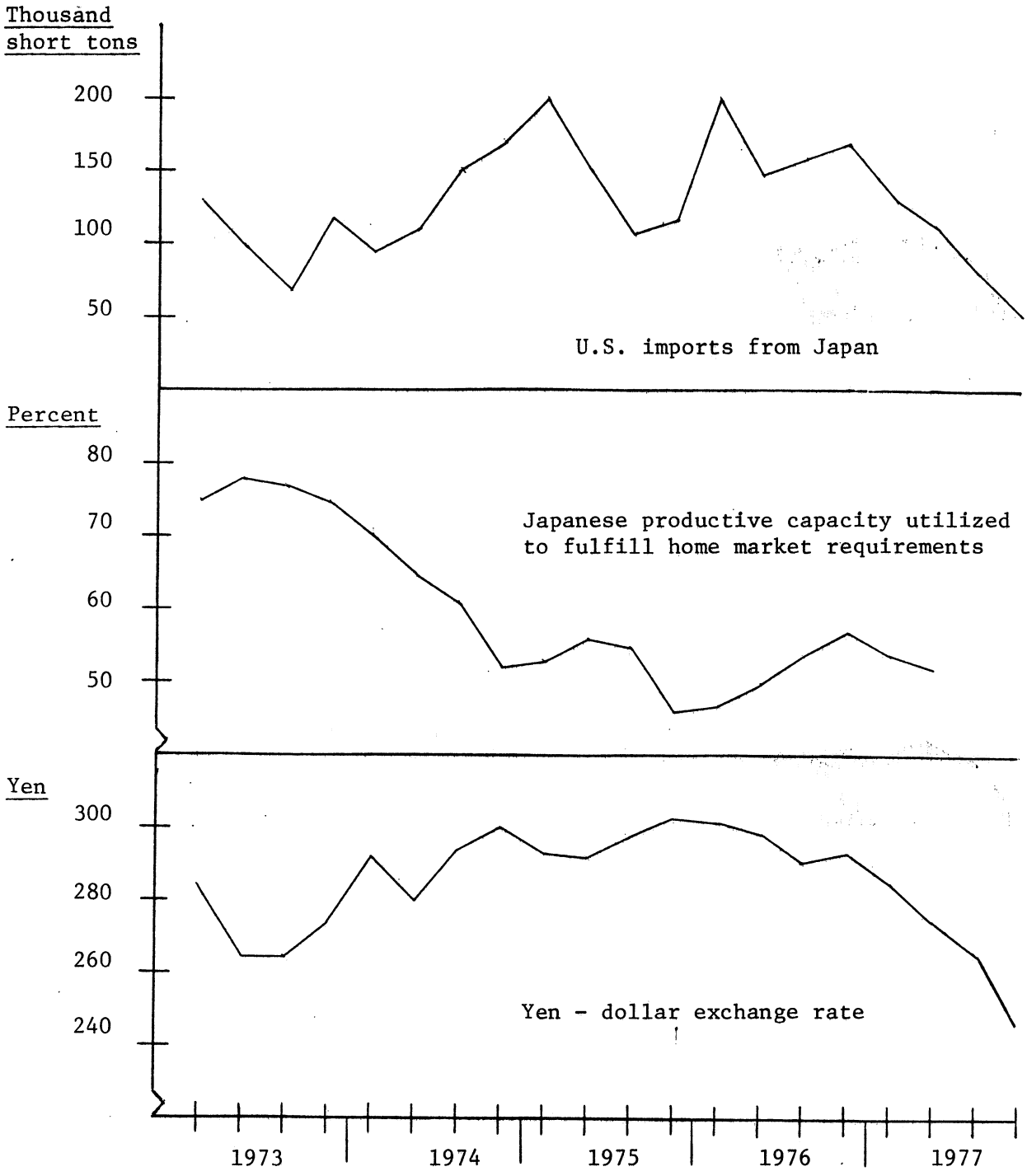
This section analyzes some factors influencing the attractiveness of the U.S. market to the Japanese suppliers.

Exchange rate.--The U.S. dollar appreciated against the Japanese yen in late 1973 and 1974, remained quite stable in 1975 and 1976, and then depreciated rapidly in 1977. To the extent that Japanese producers must pay their creditors in yen, the depreciation of the dollar will increase the dollar price of Japanese plate if Japanese producers are to obtain a constant return per ton of steel. However, the heavy reliance of the Japanese producers on U.S. raw materials, principally coking coal and iron ore, will cushion the impact of the dollar devaluation. This occurs because a devalued dollar will lower the Japanese cost of procuring such raw materials, which constitute about 50 percent of the total Japanese cost of production.

Capacity in excess of home-market requirements.--The propensity of the Japanese producers to export is strong when excess capacity still exists even after satisfying all home-market requirements. This relationship evolves from the nature of steelmaking and the unique characteristics of the Japanese industry. First, steelmaking is a very capital-intensive industry where fixed costs are high. Second, owing to its unique employment practices and financial structure, fixed costs represent an even larger percentage of total costs in Japan than in the United States. Thus, Japanese producers must maintain a high level of production and sales so as to generate funds to cover these fixed costs. This suggests that as Japanese production destined for home-market consumption declines relative to total capacity, exports become a very attractive option. As shown in figure 1, the percentage of capacity used in the production of carbon steel destined for home-market consumption declined sharply after 1973, coincident with an uptrend in U.S. imports of carbon steel plate. The simple correlation between the relevant U.S. imports from Japan and the share of Japanese capacity dedicated to production for the home market, for the 18 quarters shown on the chart, is -0.63, indicating a strong inverse relationship between the two data series.

Government intervention.--During the last decade, government intervention has at times strongly affected the willingness and ability of Japanese producers to export to the United States. During 1968-71 the Voluntary Restraint Agreement between the governments of Japan and the United States established limits on steel exports to the United States. A similar, though less restrictive measure, was in effect during 1972-74. More recently, the European Economic Community and the government of Japan negotiated quantitative limitations and a minimum-pricing scheme affecting Japanese steel exports to Western Europe. In February 1977, Treasury instituted an investigation to determine

Figure 1.--Carbon steel plate: Factors affecting supply of U.S. imports from Japan, by quarters, 1973-77



Source: U.S. imports compiled from official statistics of the U.S. Department of Commerce; Japanese productive capacity utilized to fulfill home-market requirements derived from statistics of the Economic Planning Agency of Japan and the Industrial Bank of Japan; exchange rate compiled from official statistics of the International Monetary Fund.

whether carbon steel plate from Japan was being, or was likely to be, sold at LTFV in the United States. The prospect of potential dumping duties may have recently inhibited the Japanese trading companies in exporting to the United States. Whereas the percentage decline in all steel-mill products from Japan was 2 percent in 1977 relative to 1976, the decline in carbon steel plate was 43 percent. Finally, the U.S. government has recently implemented its trigger-price mechanism, which is intended to expedite proceedings under the Antidumping Act, 1921.

Consideration of Injury

U.S. consumption

Apparent consumption of carbon steel plate has shown little growth during the last 10 years. Slow growth has not been unique to plate but aptly describes U.S. apparent consumption for most carbon steel-mill products. This stagnation might relate to the changing structure of the U.S. economy where service industries have grown more rapidly than the manufacturing sector. The erratic cyclical performance of the U.S. economy and the attendant lack of capital spending may also explain the slow growth of the U.S market. The term "stagnation" does not imply that the apparent consumption has been stable. On the contrary, cyclical movements in apparent consumption have been dramatic.

As shown in table 1 and in the tabulation below, apparent consumption increased sharply from 7.5 million short tons in 1972 to 8.8 million short tons in 1973, and peaked at 10.0 million short tons in 1974. The effects of the U.S. recession took hold in 1975 and 1976 as apparent consumption dropped to 7.7 million short tons and 6.8 million short tons, respectively. Apparent consumption staged a modest recovery to 7.4 million short tons in 1977.

Apparent consumption does not account for change in inventories of distributors and end users. This omission causes some problem in the instant investigation where inventories are known to have fluctuated during the last business cycle. The tabulation below shows apparent consumption and estimated consumption adjusted for inventory changes during 1973-77:

Year	Apparent consumption	Consumption adjusted for inventory changes 1/
	1,000 short tons	1,000 short tons
1972	7,449	7,500
1973	8,810	8,200
1974	9,979	8,800
1975	7,732	7,600
1976	6,787	7,800
1977	7,365	8,100

1/ Estimated by the staff of the U.S. International Trade Commission

U.S. producers' shipments

For the purpose of this report, U.S. producers' shipments include U.S.-made carbon steel plate that is shipped to domestic customers, exported, or transferred within the company for use in the manufacture of other products. U.S. producers' shipments increased rapidly from 6.3 million short tons in 1972 to 8.1 million short tons in 1973 and then peaked at 9.0 million short tons in 1974. Enormous demand for carbon steel plate in the United States in 1974 resulted in market shortages and large unfilled orders. Much buying in 1974 consisted of customers' stockpiling in anticipation of more shortages and when the shortages failed to materialize, shipments fell sharply to 6.9 million short tons in 1975. Producers' shipments remained depressed in 1976 and 1977, as shown in the table on the following page.

Carbon steel plate: U.S. producers' shipments, by categories, 1973-77

(In thousands of short tons)

Year	Domestic shipments	U.S. exports	Intracompany shipments	Total
1972	5,709	60	1/ 500	6,269
1973	6,950	262	862	8,074
1974	7,456	372	1,214	9,042
1975	5,873	204	832	6,909
1976	5,122	50	434	5,606
1977	5,356	45	458	5,859

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Domestic shipments and intracompany shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. U.S. exports compiled from official statistics of the U.S. Department of Commerce.

Intracompany shipments fluctuated from a high of 1.2 million short tons in 1974 to a low of 434,000 short tons in 1976. Intracompany shipments accounted for 13 and 8 percent of producers' shipments in 1974 and 1977, respectively. U.S. exports have been small during the past 6 years, reaching a peak of 372,000 short tons in 1974 and a low of 45,000 short tons in 1977. U.S. exports accounted for about 4 and 1 percent of producers' shipments in 1974 and 1977, respectively.

Utilization of productive facilities

To evaluate the extent of the idling of productive facilities, the Commission asked U.S. producers to report their annual capacity to produce carbon steel plate, in short tons, for 1973-77. Further, the Commission defined capacity as the maximum sustainable output on an annual basis, reflecting the firm's normal product mix during each of the years in question. Before the results are discussed, the shortcomings of this method of determining capacity should be noted. First, labor strikes reduce the measured rate of capacity utilization of the U.S. producers for reasons unrelated to actual production needs. Second, some U.S. producers manufacture hot-rolled carbon steel sheet on the same equipment used to produce carbon steel plate; in such cases, the allocation of capacity to any one product line is somewhat arbitrary. Third, the important assumption is made that adequate supplies of raw steel are available for use in the rolling mills; during 1973 and 1974 this was not the case.

The following tabulation shows the percentage of U.S. capacity that was utilized during the period 1973-77:

1973	67
1974	75
1975	60
1976	45
1977	50

For the reasons cited above, the data appear to overstate the actual idling of productive facilities. Although the absolute numbers must be viewed with caution, the trends exhibited by the data are believed to be accurate. The data indicate a substantial increase in excess capacity during the last 3 years. Idle capacity will not greatly affect the financial viability of a firm if it can readily transform its unused capital assets to cash or to other productive purposes. Unfortunately, owing to the nature of steelmaking equipment, productive capacity cannot be readily adjusted to meet changing market demand. This lack of flexibility coupled with the high capital intensity of steelmaking accentuates the adverse effects of excess capacity on U.S. producers.

Employment

The Commission collected employment data from the U.S. producers of carbon steel plate; a summary of this information is found in the following table. The average number of production and related workers producing carbon steel plate increased from 1973 to 1974, and then dropped in 1975 and 1976, with little change in 1977. The pattern for man-hours worked is similar.

Average number of production and related workers producing carbon steel plate, and man-hours worked by them, 1973-77

Item	1973	1974	1975	1976	1977
Average number of production and related workers 1,0000 workers	19.4	21.5	20.3	15.1	14.6
Man-hours worked by production and related workers Million man-hours	38.7	42.8	38.8	29.6	31.5

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

Profit-and-loss experience

To more fully understand the recent profit-and-loss experience of the U.S. producers of carbon steel plate, it is useful to briefly review the long-term profitability of the entire U.S. steel industry. The following tabulation shows the annual ratio of pretax profit to net sales for the entire U.S. steel industry for the years 1957-76 (in percent):

1957	14.2	1967	7.1
1958	12.1	1968	7.9
1959	11.5	1969	6.6
1960	11.1	1970	3.4
1961	9.7	1971	3.6
1962	7.4	1972	5.0
1963	9.8	1973	7.4
1964	10.3	1974	11.3
1965	10.1	1975	6.7
1966	9.6	1976	4.4

The above data clearly indicate a steady decline in the ratio of profit, which suggests that some problems facing the U.S. steel industry have a long history, extending at least a decade into the past.

The Commission sent financial questionnaires to 11 major U.S. producers and asked them to report their financial data with respect to their carbon steel plate operations and overall establishment operations where carbon steel plate was produced. Since the respondents could provide useable financial data on their carbon steel plate operations, this section will focus on such data. The 10 respondents to this questionnaire accounted for about 90 percent of all producers' shipments during 1973-77.

Owing to sharply rising prices and increased quantities of producers' shipments, net sales increased from $1.2 billion in 1973 to $1.7 billion in 1974. A reduction in producers' shipments lowered net sales to $1.6 billion and $1.3 billion in 1975 and 1976, respectively. Net sales registered $1.5 billion in 1977, as shown in the table on the following page.

Aggregate profit-and-loss experience of 10 U.S. producers on their carbon steel plate operations, 1973-77

Period	Net sales	Net operating profit or (loss) before income tax	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	Percent
1973	1,211,714	173,625	14.3
1974	1,674,597	200,975	12.2
1975	1,643,214	(12,037)	(0.7)
1976	1,349,234	(14,093)	(1.0)
1977	1,535,033	(29,047)	(1.9)

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

Net operating profit increased from $174 million in 1973 to $201 million in 1974; net losses occurred in the ensuing 3 years. None of the 10 firms reported a loss in either 1973 or 1974. In sharp contrast four, eight, and six respondents reported net losses in 1975 through 1977, respectively (table 3).

Inventories

As noted on page A-11, inventories held by end users and distributors fluctuated widely during the last business cycle. In fact, these customers generally perform the inventory function for the entire market. As a result, the limited data concerning producers' and importers' inventories are not particularly meaningful. Many U.S. producers do not keep stock inventories of finished plate; rather, they inventory slabs, which can be rolled into many steel-mill products. Most importers of Japanese-made plate do not keep inventories in the United States.

Consideration of Likelihood of Injury

The issue of future injury to the domestic industry primarily involves the ability and willingness of the Japanese producers to export carbon steel plate to the United States at LTFV. John Cutler, counsel for Gilmore Steel Corp., stated that, "the Japanese steel producers have a near limitless dumping capacity and capability to expand sales to the United States . . ." (statement on behalf of Gilmore Steel Corp., p. 27). As shown on page A-10 of this report, the Japanese producers had a very significant amount of capacity in excess of home-market requirements during 1977. The Industrial Bank of Japan in the October-December 1977 edition of "Japanese Finance and Industry" states that:

> On the supply side, the level of production remains considerably below the fiscal 1973 peak level. Yet new large blast furnaces have been kindled at Oita, Kashima and Ogishima by Nippon Steel Corp., Sumitomo Metal Industries, and Nippon Kokan, respectively. Furthermore, Kawasaki Steel Corp. is expected to go ahead with the commissioning of its No. 6 furnace at Chiba, and Kobe Steel its No. 3 at Kakogawa. Thus it seems that excess capacities are building up.

Information supplied to the Commisson by counsel for the Japanese manufacturers documents growing capacity in Japan for the production of carbon steel plate. Further information obtained by the Commission suggests that idle Japanese productive capacity is more pronounced in plate than in other steel-mill products. This results from the severe contraction of the Japanese shipbuilding industry, a major user of plate. The Industrial Bank of Japan had the following comments concerning the demand side of the market:

> In fiscal 1977, we anticipate the continuation of the same market conditions as in the past 2 or 3 years with no basic changes in demand structure. Any improvement, if at all, can hardly be achieved without zigs and zags, and the market prospects will remain uncertain.

Robert Nathan, consultant for the Japanese producers, stated that the sharp decline in U.S. imports in 1977 reduces any likelihood of injury to the domestic industry (prepared statement of Robert Nathan, p. 83-85). Mr. Nathan stated that the decline in imports in early 1977 was not caused by the filing of the Gilmore Antidumping complaint, but rather by third-country competition and the appreciation of the yen. He further stated that the trigger-price mechanism established by Treasury, effective February 1978, provides an additional guarantee against any future injury from LTFV imports.

Consideration of the Causal Relationship Between Alleged Injury and LTFV Sales

The Department of the Treasury found LTFV margins on 88 percent of Nippon Steel's sales, 81 percent of Nippon Kokan's sales, 88 percent of Sumitomo's sales, 49 percent of Kawasaki's sales, and 90 percent of Kobe's sales to the United States during its period of investigation, October 1, 1976, through March 31, 1977. Total sales during this period by the five firms amounted to about $46 million, which, according to Treasury, accounted for about 70 percent of total Japanese exports to the United States.

Market penetration

As shown in table 4, the ratio of U.S. imports from Japan to apparent consumption declined from 6 percent in 1972 to 5 percent in 1973 and 1974. The ratio climbed to 7 percent in 1975 and 10 percent in 1976, before dropping sharply to 5 percent in 1977. The following tabulation shows the ratio of U.S. imports from Japan to apparent consumption, by quarters, for the period 1972-77 (in percent):

1972:		1975:	
January-March	7	January-March	9
April-June	5	April-June	7
July-September	8	July-Sepbember	7
October-December	7	October-December	9
1973:		1976:	
January-March	6	January-March	13
April-June	5	April-June	9
July-September	4	July-September	10
October-December	5	October-December	12
1974:		1977:	
January-March	4	January-March	9
April-June	5	April-June	6
July-September	7	July-September	6
October-December	8	October-December	4

As shown in table 4, U.S. imports from Japan accounted for all of the increased market share gained by foreign participants from 1974 through 1976. In contrast, the increased penetration of the U.S. market in 1977 is attributable to foreign sources other than Japan.

U.S. imports from countries other than Japan, as a percentage of apparent consumption, decreased from 10 percent in 1972 to 7 percent in 1973. The ratio remained quite stable during the period 1973-76 before doubling to 16 percent in 1977.

Prices and costs

During the last 20 years the U.S. government has expressed a strong interest in the price of steel. Steel prices were officially regulated during 1971-74 as part of the Nixon Administration's price control program. Many other administrations have jawboned or otherwise criticized the U.S. producers over their pricing policies. The economic rationale behind this government interest appears to rest on two assumptions. First, steel prices are not determined by the market but rather are administered by a tight group of firms seeking to maximize profits. Advocates of this position point to downward price rigidity and the rapid rise in steel prices as empirical proof of their assertion. U.S. producers retort that their pricing policy is completely consistent with a competitive market where consumption is insensitive to price changes and the movement of the general price level is continuously upward. The second assumption

relates rising steel prices to the general inflation of prices throughout the economy. Advocates of this cost-push theory of inflation call attention to steel's pervasive use as a raw material within the economy. Others seriously question the ability of steel prices to significantly affect the general price level.

Production costs.--Before analyzing recent price changes of carbon steel plate, a brief review of the underlying cost of production will prove useful. Table 5 shows the weighted average cost of producing steel in the United States for the period January 1972-June 1977. The data, compiled by the Council on Wage and Price Stability from submissions by the six largest U.S. producers of steel, include all carbon steel finished mill products plus some specialty steel products and, therefore, tends to overstate the full cost of producing carbon steel plate. Nevertheless, these cost trends are representative of those associated with carbon steel plate. The data indicate that the cost of making steel in the United States has nearly doubled since 1972. The dramatic rise in the cost of steelmaking is caused by sharply increased costs of raw material, labor, and energy. The major raw materials used in the production of carbon steel plate are iron ore and coking coal. A combination of declining mine productivity, increased mining labor costs, and higher freight rates account for the doubling of the raw materials' cost of producing steel. The recent settlement of the labor dispute between coal miners and coal operators will intensify these cost pressures. The rising wages of steelworkers also have contributed to higher operating costs. Steelworkers have increased their lead over the average manufacturing worker both in hourly earnings and total employment costs (wages plus fringes), and much of this advantage has been developed during the last 4 years (table 6).

In addition, increased energy costs and newly enacted environmental protection regulations have added to the costs of steelmaking. The Council on Wage and Price Stability estimates that the annual costs (operating plus annualized capital charges) of enviromental controls amounted to about $8 per ton in 1976. A similar estimate of longer term costs required to meet prospective water standards through 1983 range from $18 to $33 per ton in 1976 dollars.

Relative price.--Total U.S. demand for carbon steel plate is relatively unaffected by changes in price because this commodity has a derived demand with no close substitutes with respect to physical characteristics. Thus, a price reduction for imported and domestically produced plate will not result in an appreciable shortrun increase in demand. However, the physical properties of this commodity and the types of market participants involved suggest that relative price is an important factor in determining how aggregate demand is shared between various suppliers. This market recognizes widely accepted industrial specifications with respect to plate, thus reducing the ability of suppliers to differentiate their product according to quality and other physical characteristics. The price sensitivity of plate is further

enhanced because carbon steel plate is generally purchased by professional buyers who are extremely knowledgeable about current market conditions.

To investigate price trends in the U.S. market, the Commission sent detailed questionnaires to U.S. producers and importers, who were asked to supply the lowest net selling prices received on sales of carbon steel plate to end users and distributors during January 1973-December 1977. The Commission selected two heavily traded plate items adhering to the following specifications:

ASTM A-36 1/4" x 96" x 240"
ASTM A-36 1/2" x 96" x 240"

Aggregated results showing the ranges and averages of domestic and import prices can be found in tables 7 and 8.

Domestic prices of carbon steel plate remained quite stable in 1973, before surging upward in 1974; thereafter, domestic prices rose much more moderately. As shown in the table below, the domestic price of carbon steel plate increased more rapidly than the wholesale price index of all industrial commodities during 1974, but more slowly in 1976 and 1977.

Annual percentage increase in domestic price of carbon steel plate and in the wholesale price index for all industrial commodities, 1974-77

(In percent)

Year	Carbon steel plate	All industrial commodities
1974	33	21
1975	12	12
1976	3	7
1977	5	6

Source: Domestic prices of carbon steel plate compiled from data submitted by U.S. producers in response to U.S. International Trade Commission; wholesale price index of all industrial commodities compiled from official statistics of the Bureau of Labor Statistics.

The average net lowest selling price received by importers on sales of Japanese-made carbon steel plate fluctuated considerably more than domestic prices. From January 1973 through December 1974 import prices increased about 230 percent. During the period, panic buying, shortages, and

lengthened lead times characterized the U.S. market; purchasers, desperate for supply, bid up prices. Then in early 1975 the volatile market changed direction; sharply reduced demand in connection with large customers' inventories began to exert enormous downward pressure on import prices. By late 1975 the dramatic turn in the market resulted in a 45 percent decline in import prices. After 1975 the import price of Japanese-made plate improved steadily, rising about 20 percent from 1975's lowest prices.

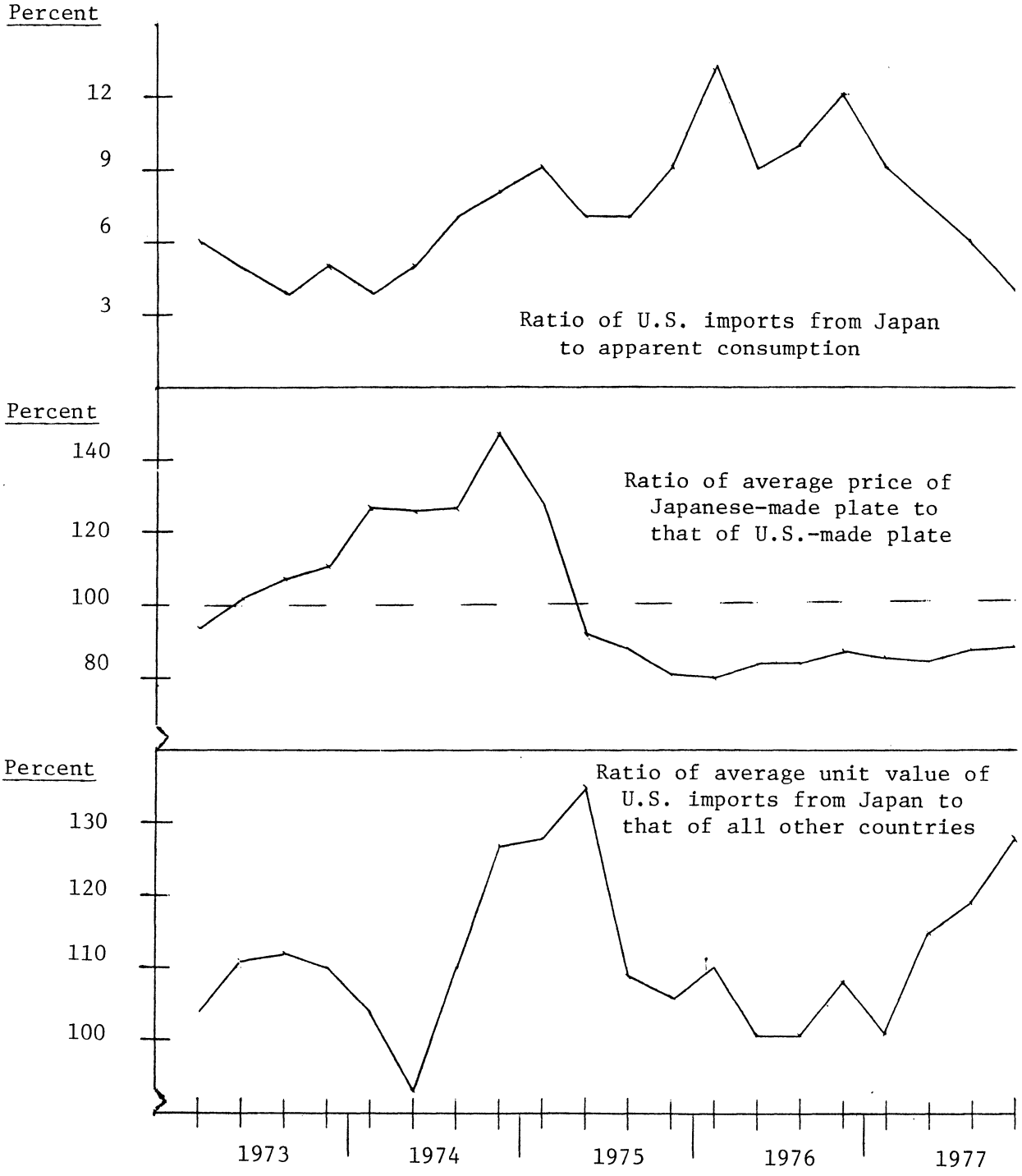
During 1973 the price of Japanese-made carbon steel plate rose above the price of comparable U.S.-made articles. The steel shortage intensified as did the price premium attached to Japanese-made plate, peaking at about 50 percent in October-December 1974. The price inversion soon disappeared and during October 1975-March 1976, Japanese-made plate was selling at prices about 20 percent below those offered by U.S. producers. This underselling continued in 1976 and ranged from about 12 to 15 percent for the period October 1976-March 1977, the same period used by Treasury in its investigation of LTFV sales. The margin of underselling declined in 1977, ending the year at about 11 to 12 percent. Figure 2 shows these price relationships and the attendant market penetration.

Another important relationship to explore is the prices of imported plate from Japan and prices from other countries. The following tabulation and figure 2 show the ratio of the average unit value of U.S. imports of carbon steel plate from Japan to that of all other countries (in percent):

1973:		1976:	
January-March	104	January-March	110
April-June	111	April-June	101
July-September	112	July-September	101
October-December	110	October-December	108
1974:		1977:	
January-March	104	January-March	101
April-June	93	April-June	115
July-September	110	July-September	119
October-December	127	October-December	128
1975:			
January-March	128		
April-June	135		
July-September	109		
October-December	106		

The above data indicate that countries other than Japan have recently widened a very sizable price advantage vis-a-vis the Japanese suppliers. This is consistent with market share data showing the sudden shift in 1977 of the U.S. market towards imports from countries other than Japan (table 2). The following tabulation shows the ratio of the estimated

Figure 2.--Carbon steel plate: Ratios of U.S. imports from Japan to apparent consumption, average price of Japanese-made plate to that of U.S.-made plate, and average unit value of U.S. imports from Japan to that of all other countries, by quarters, 1973-77



Source: Apparent consumption compiled from statistics of the American Iron and Steel Institute and the U.S. Department of Commerce; U.S. imports and average unit values compiled from official statistics of the U.S. Department of Commerce; average prices of Japanese- and U.S.-made plate compiled from data submitted in response to questions [illegible]

average price of U.S. imports of carbon steel plate from selected countries to (1) that of U.S.-made carbon steel plate and (2) that of Japanese-made plate, in 1977 (in percent):

	Ratio of prices of imports from countries listed to prices of--	
	U.S.-made plate	Japanese-made plate
West Germany----------	82	95
Belgium----------	79	91
France----------	77	89
Italy----------	76	88
United Kingdom--------	76	88
Republic of Korea-----	67	78
South Africa----------	66	76
Spain----------	63	73
Poland----------	60	69
Finland----------	60	69

The preceding statistics were derived by applying the average unit values of imports from the above countries to the average prices reported in tables 7 and 8.

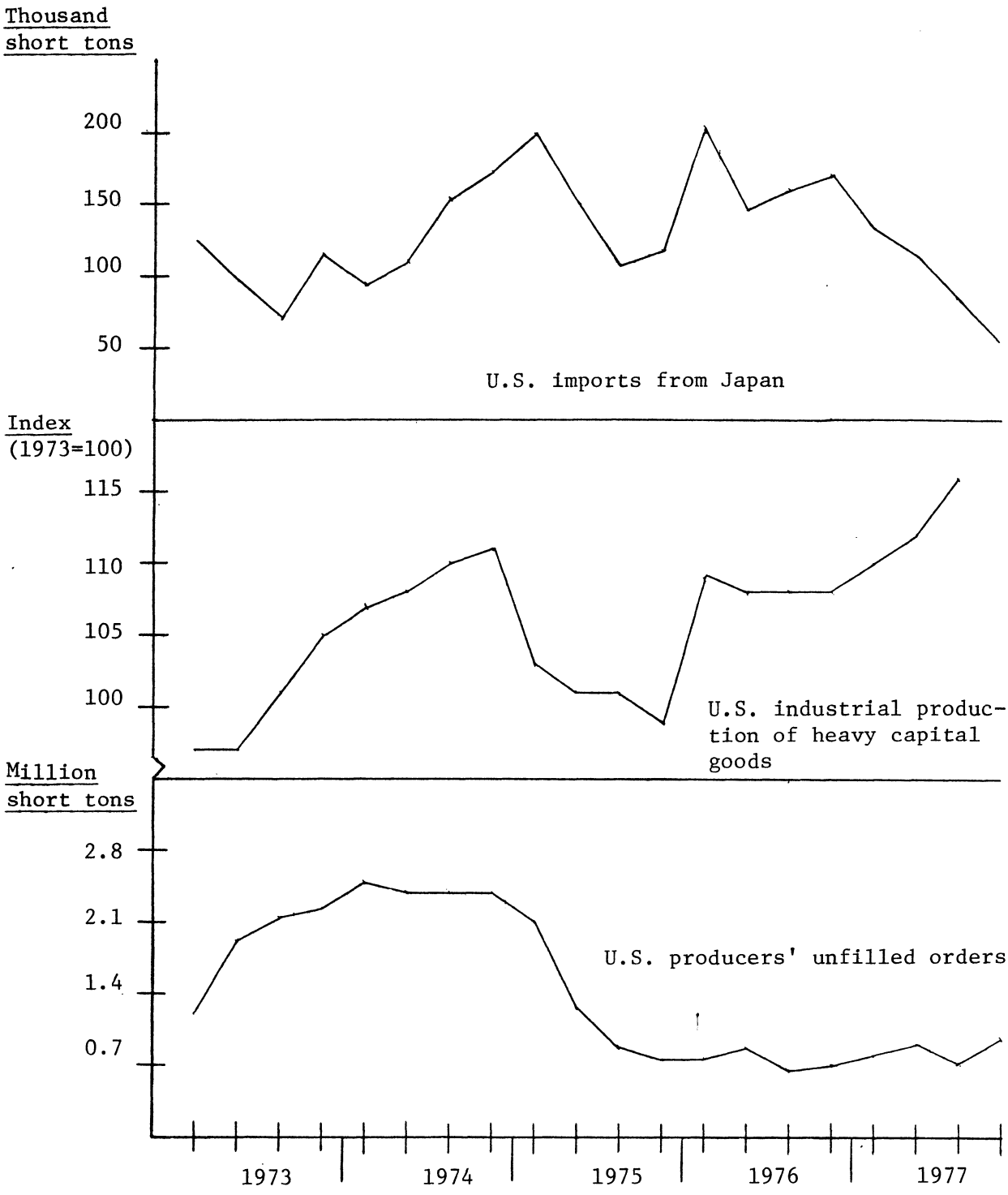
Other factors affecting demand for U.S. imports from Japan

This section analyzes the various nonprice factors affecting demand for U.S. imports of carbon steel plate from Japan. Figure 3 illustrates changes in the level of U.S. imports and some nonprice factors affecting demand.

Industrial production of heavy capital goods.--The demand for carbon steel plate is derived primarily from the demand for heavy capital goods, including storage tanks, boilers, ships, railroad cars, nonresidential construction, and so forth. The demand for these capital goods is highly cyclical. In fact, it develops only after a full recovery in consumer spending, when firms have increased profit margins to more acceptable levels but find their present capacity insufficient to fully capitalize on favorable market conditions. Under these circumstances, capital investment usually rises and sustains the domestic economy as consumer spending stabilizes or starts its cyclical downturn.

Industrial production of heavy capital goods increased in 1973 and 1974, before dropping sharply in response to the 1975 recession. Such production recovered in 1976 and increased markedly during 1977. Total U.S. imports of carbon steel plate have usually followed a very similar pattern to that of industrial production of heavy capital goods.

Figure 3.--Carbon steel plate: Factors affecting demand for U.S. imports from Japan, by quarters, 1973-77



Source: U.S. imports compiled from official statistics of the U.S. Department of Commerce; U.S. industrial production of heavy capital goods derived from official statistics of the Board of Governors of the Federal Reserve System; U.S. producers' unfilled orders compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Exceptions to this pattern occurred in 1973 and 1977 when U.S. imports from Japan declined despite increased industrial activity. In 1973, booming home markets diverted Japanese-made plate from the U.S. market. In 1977, U.S. imports from countries other than Japan supplied the increasing demands of U.S. end users.

Availability.--The availability of a domestic product is an important factor influencing demand for U.S. imports. During periods when purchasers perceive potential disruptions of domestic supplies they will actively seek their plate requirements elsewhere. This situation has generally occurred because of actual or anticipated labor disputes within the U.S. industry. More recently, the unprecedented demand for carbon steel plate in 1973 and 1974 outstripped the supply capabilities of the U.S. producers.

An indicator used to measure the availability of domestically produced plate is the level of unfilled orders of U.S. producers. When demand exceeds supply, unfilled orders will rise and induce a shortrun increase in demand for U.S. imports. There may be longrun effects as well. Purchasers who invested time and money to develop business contacts with overseas suppliers are not likely to abandon such contacts even after the supply problems in the United States are resolved.

U.S. producers' unfilled orders increased rapidly in 1973 and peaked at historically high levels in 1974. The tightening of domestic supply created a shortage mentality, touching off an explosive upward surge in import prices. As evidenced by high levels of customers' inventories in 1975, some demand in 1974 was speculative and anticipatory. Nevertheless, many end users and distributors could not obtain all the carbon steel plate they wanted in 1974. Some distributors, including four located in the Pacific Northwest, informed the Commission of their dissatisfaction with the delivery service of particular U.S. producers. These distributors stated that whereas U.S. producers give highest priority to meeting the needs of their large end-user customers and their wholly owned service centers, independent distributors are given second-class service.

Lost sales

Seven U.S. producers presented specific information to the Commission on lost sales because of imports of carbon steel plate from Japan. A total of 32 U.S. purchasers were named as having reduced purchases of U.S.-made plate as a result of import competition. These firms purchased about 155,000 short tons of carbon steel plate from Japan during 1976 and 1977, or approximately 15 percent of all U.S. imports from Japan. Of the 32 respondents contacted by the Commission, 22 had purchased carbon steel plate from Japan prior to 1976, and 8 other respondents

replied that their recent purchases of such imports represented a significant change in their sourcing pattern. Every purchaser contacted by the Commission said that Japanese-made plate was offered at lower prices than U.S.-made plate. Price was the primary reason guiding their purchasing decision of 27 respondents, while 5 other respondents cited different factors. Furthermore, 25 stated that they would not have purchased Japanese-made carbon steel plate had domestic plate been offered at comparable prices.

Regional Considerations

Certain witnesses at the public hearing contended that the Commission should make its determination in this investigation on a regional rather than a national basis. These parties presented data relating to conditions in several regions of the United States. In its report on the Trade Act of 1974, the Senate Finance Committee had the following comments on regional market considerations during Antidumping proceedings:

> A hybrid question relating to injury and industry arises when domestic producers of an article are located regionally and serve regional markets predominately or exclusively and the less-than-fair-value imports are concentrated in a regional market with resultant injury to the regional domestic producers. A number of cases have involved this consideration, and where the evidence showed injury to the regional producers, the Commission has held the injury to a part of the domestic industry to be injury to the whole domestic industry. The Committee agrees with the geographic segmentation principle in antidumping cases. However, the Committee believes that each case may be unique and does not wish to impose inflexible rules as to whether injury to regional producers always constitutes injury to the industry.

The Committee appears to agree with the geographical segmentation principle where (1) U.S. producers serve regional markets predominately or exclusively and (2) the LTFV imports are concentrated in a regional market with resultant injury to the regional domestic producers.

Data compiled in response to Commission questionnaires indicate that transportation costs virtually prohibit overland shipment of carbon steel plate beyond 500 miles from the domestic mill or the port of unlading. As a result, both the production and consumption of carbon steel plate take place within their respective regional markets, as follows:

Western	North central
California	Illinois
Oregon	Ohio
Washington	Michigan
Idaho	Indiana
Nevada	Wisconsin
Arizona	Minnesota
Utah	Iowa
Montana	North Dakota
Wyoming	South Dakota
Colorado	Nebraska
New Mexico	Kansas
	Missouri

South central	Eastern
Texas	Maine
Louisiana	Vermont
Arkansas	New Hamshire
Oklahoma	Massachusetts
Mississippi	Connecticut
Alabama	Rhode Island
Tennessee	New York
Kentucky	New Jersey
	Pennsylvania
	Delaware
	Maryland
	West Virginia
	Virginia
	North Carolina
	South Carolina
	Georgia
	Florida

U.S. producers located in these regions generally serve such markets predominately or exclusively. U.S. Steel Corp. is the only U.S. producer with plate mills in all four regions. Bethleham Steel Corp. services three regions, and no other U.S. producer supplies more than two regions. Even within this framework, additional regional elements can be found in even smaller geographical areas. John Cutler, counsel for Gilmore Steel Corp., states that the Pacific Northwest, except for imports, is with slight exception served exclusively by Gilmore Steel Corp. in the sizes and grades which the firm produces (statement on behalf of Gilmore Steel Corp., p. 14). This may be true, but other western U.S. producers have supplied about 30 percent of all producers' shipments of carbon steel plate into Oregon and Washington during the last 5 years.

Information showing the concentration of LTFV imports in a regional market is less clear cut. In fact, allocating U.S. imports to any one

region can be difficult. For example, counsel for Armco Steel Corp. estimated that 70 percent of all imports entering the port of New Orleans are consumed in the south-central region. In contrast, U.S. Customs Service officials at the port of New Orleans estimate that less than 30 percent of such imports are consumed in that area; they state that the bulk of such imports are consumed in Missouri and Illinois.

The following table shows the approximate tonnage of U.S. imports of carbon steel plate from Japan that is consumed in the United States, by region, for the years 1973-77.

Carbon steel plate: U.S. imports for consumption from Japan, by regions of consumption, 1973-77

(In thousands of short tons)

Year	Western	South central	North central	Eastern	Total
1973	158	98	126	25	407
1974	260	135	108	26	529
1975	198	152	172	53	575
1976	219	229	157	76	681
1977	122	105	111	48	386

Source: Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Note.—U.S. imports were allocated to regions according to port of entry, excepting the Port of New Orleans, where 70 percent of imports were allocated to the north-central region.

The table shows that carbon steel plate from Japan has been consumed in substantial quantities in all the regions of the United States. The western region leads the Nation with the largest share of such imports during the last 5 years, accounting for a low of 32 percent of all U.S. imports in 1977 and a high of 49 percent in 1974. The south-central and north-central regions generally consume about equal quantities of Japanese-made carbon steel plate, excepting 1976, when the south-central region clearly dominated. The eastern region lags behind the other regions in terms of usage of such imports.

The following table illustrates the changing patterns of market penetration of carbon steel plate from Japan, by region, for the period 1973-77.

Carbon steel plate: Ratios of U.S. imports from Japan to apparent consumption, 1/ by regions, 1973-77

(In percent)

Year	Western	South central	North central	Eastern	All regions
1973	14	5	4	1	5
1974	17	7	3	1	5
1975	17	8	7	2	7
1976	22	15	7	4	10
1977	13	6	4	3	5

1/ Apparent consumption equals U.S. producers' shipments plus imports minus exports.

Source: U.S. producers' shipments compiled from data of the American Iron and Steel Institute; U.S. imports and exports estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Import penetration is highest in the western region, followed in descending order by the south-central, north-central, and eastern regions. This result is consistent with the current schedule of freight rates for carbon steel plate from Japan. The following tabulation lists such nonconference carrier contract rates, to specified U.S. ports, in effect during the period February-September 1977 (per short ton):

Ports	
East coast	$30.36
Chicago	38.39
Gulf coast	27.63
West coast	27.68

It should be noted that most imported plate consumed in the north-central region enters the United States through the Port of New Orleans.

There does not appear to be a marked regional pattern with respect to alleged injury to U.S. producers. As shown in table 3, nearly all firms, regardless of geographical locations reported very poor earnings during the last 3 years. Although there are some regional pricing differences, the general level of prices appears quite uniform throughout the United States.

APPENDIX A

TREASURY DEPARTMENT LETTER TO THE COMMISSION ADVISING THE COMMISSION OF ITS DETERMINATION OF LTFV SALES FROM JAPAN

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

JAN 12 1978

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act, 1921, as amended, you are hereby advised that carbon steel plate from Japan is being, or is likely to be, sold at less than fair value within the meaning of the Act.

The United States Customs Service will make available to the Commission as promptly as possible the file on sales or likelihood of sales at less than fair value of the carbon steel plate from Japan subject to this determination. This file is for the Commission's use in connection with its investigation as to whether an industry in the United States is being, or is likely to be, injured, or prevented from being established, by reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Treasury to be of a confidential nature, it is requested that the International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with the Treasury.

Sincerely yours,

Robert H. Mundheim
General Counsel

The Honorable
Daniel Minchew, Chairman
United States International
Trade Commission
Washington, D.C. 20436

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICES CONCERNING INVESTIGATION NO. AA1921-179, CARBON STEEL PLATE FROM JAPAN

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-179]

CARBON STEEL PLATE FROM JAPAN

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on January 18, 1978, that carbon steel plate from Japan is being, or is likely to be, sold at less than fair value, the United States International Trade Commission on January 23, 1978, instituted investigation No. AA1921-179 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Hearing. A public hearing in connection with the investigation will be held in Seattle, Washington, on Tuesday, March 7, 1978, at a time and place to be announced later. All persons shall have the right to appear by counsel or in person, to present evidence and to be heard. Requests to appear at the public hearing, or to intervene under the provisions of section 201(d) of the Antidumping Act, 1921, shall be filed with the Secretary of the Commission, in writing, not later than noon, Thursday, March 2, 1978.

By order of the Commission:

Kenneth R. Mason
Secretary

Issued: January 25, 1978

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-179]

CARBON STEEL PLATE FROM JAPAN

Time and Place of Hearings

Notice is hereby given that the United States International Trade Commission as scheduled two public hearings in this investigation. The first hearing will e held on March 7, 1978, at Seattle Center, 305 Harrison Street, Seattle, Wash., onference Room A, beginning at 9:30 a.m., p.s.t. The second hearing will be held n March 16, 1978, in the Commission's Hearing Room, United States International rade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning 9:30 a.m., e.s.t.

Requests to appear at the hearings should be filed, in writing, with the ecretary of the Commission at his office in Washington, D.C. not later than oon, Thursday, March 2, 1978.

Notice of the investigation was published in the Federal Register of nuary 26, 1978 (43 F.R. 3632).

By order of the Commission:

Kenneth R. Mason
Secretary

ssued: February 9, 1978

APPENDIX C

TREASURY DEPARTMENT NOTICES ON CARBON STEEL PLATE FROM JAPAN AS PUBLISHED IN THE FEDERAL REGISTER

CARBON STEEL PLATE FROM JAPAN

Antidumping Proceeding Notice

AGENCY: United States Treasury Department.

ACTION: Initiation of Antidumping Investigation.

SUMMARY: This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether or not imports of carbon steel plate from Japan are being, or likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended. Sales at less than fair value generally occur when the prices of the merchandise sold for exportation to the United States are less than the prices in the home market or the constructed value.

EFFECTIVE DATE: This investigation will begin on March 30, 1977.

FOR FURTHER INFORMATION CONTACT:

Linda F. Potts, Office of Tariff Affairs, United States Treasury Department, 1500 Pennsylvania Avenue NW., Washington, D.C. 20220 (202-566-2951).

SUPPLEMENTARY INFORMATION: On March 8, 1977, information was received in proper form pursuant to §§ 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel acting on behalf of Oregon Steel Mills, Division of Gilmore Steel Corporation, a domestic producer of the subject merchandise indicating a possibility that carbon steel plate from Japan is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

For purposes of this notice, the term "carbon steel plate" means hot-rolled carbon steel plate, 0.1875 (3/16) inches or more in thickness, over 8 inches in width, not in coils, not pickle, not coated or plated with metal, not clad, and not cut, pressed or stamped to non-rectangular shape.

There is evidence on record concerning injury to, or likelihood of injury to, or prevention of establishment of an industry in the United States. This evidence indicates that imports of carbon steel plate from Japan increased significantly during the last year. Furthermore, the petitioner has experienced serious declines in sales, capacity utilization and employment and is being significantly undersold by the alleged sales at less than fair value of the imported merchandise.

Having conducted a summary investigation as required by § 153.29 of the Customs Regulations (19 CFR 153.29) and having determined that there are grounds for doing so, the United States Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

A summary of information received from all sources is as follows:

The information received tends to indicate that the prices of the merchandise sold for exportation to the United States are less than the constructed value.

This notice is published pursuant to § 153.30 of the Customs Regulations (19 CFR 153.30).

JOHN H. HARPER,
Acting Assistant Secretary of the Treasury.

MARCH 24, 1977.

[FR Doc.77-9388 Filed 3-29-77;8:45 am]

[4810-25]

Office of the Secretary

CARBON STEEL PLATE FROM JAPAN

Antidumping; Withholding of Appraisement Notice

AGENCY: U.S. Treasury Department.

ACTION: Withholding of Appraisement.

SUMMARY: This notice is to advise the public that an antidumping investigation has resulted in a preliminary determination that carbon steel plate from Japan is being sold at less than fair value. (Sales at less than fair value generally occur when the price of merchandise sold for exportation to the United States is less than the price of such or similar merchandise sold in the home market or to third countries or the constructed value of the merchandise). Appraisement for the purpose of determining the proper duties applicable to entries of this merchandise will be suspended for 6 months. Interested parties are invited to comment on this action.

EFFECTIVE DATE: October 6, 1977.

FOR FURTHER INFORMATION CONTACT:

Mr. Stephen Nyschot, Operations Officer, U.S. Customs Service, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue, NW., Washington, D.C. 20229, telephone 202-566-5492.

SUPPLEMENTARY INFORMATION: On March 8, 1977, information was received in proper form pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel acting on behalf of Oregon Steel Mills, Division of Gilmore Steel Corporation, indicating a possibility that carbon steel plate from Japan is being, or is likely to be sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.) (referred to in this notice as "the Act"). An "Antidumping Proceeding Notice" was published in the FEDERAL REGISTER on March 30, 1977 (42 FR 16883). That notice indicated that there was evidence on record concerning injury to or likelihood of injury to, or prevention of establishment of, an industry in the United States.

For purposes of this notice, the term "carbon steel plate" means hot-rolled carbon steel plate, 0.1875 (3/16) inches or more in thickness, over 8 inches in width, not in coils, not pickled, not coated or plated with metal, not clad, and not cut, pressed or stamped to non-rectangular shape.

TENTATIVE DETERMINATION OF SALES AT LESS THAN FAIR VALUE

On the basis of the information developed in the Customs Service investigation and for the reasons noted below, pursuant to section 201(b) of the Act (19 U.S.C. 160(b)), I hereby determine that there are reasonable grounds to believe or suspect that the purchase price or the exporter's sales price of carbon steel plate from Japan is less, or is likely to be less, than the fair value of such or similar merchandise.

STATEMENT OF REASONS ON WHICH THIS DETERMINATION IS BASED

a. *Scope of the Investigation.* It appears that during the period of investigation covering October 1, 1976 to March 31, 1977, over 70 percent of the imports of the subject merchandise from Japan were manufactured by Nippon Steel Corporation (Nippon Steel), Nipon Kokan K.K. (NKK), Sumitomo Metal Industries, Ltd. (Sumitomo), Kawasaki Steel Corporation (Kawasaki), and Kobe Steel, Ltd. (Kobe). Therefore, the investigation was limited to these five manufacturers.

b. *Basis of Comparison.* For the purpose of considering whether the merchandise in question is being, or is likely to be, sold at less than fair value within the meaning of the Act, the proper basis of comparison appears to be between purchase price and constructed value on all sales by Nippon Steel, NKK, and Kobe, and on most sales by Sumitomo and Kawasaki. Purchase price, as defined in section 203 of the Act (19 U.S.C. 162), was used since those export sales were made to unrelated Japanese trading companies. On the remaining sales by Sumitomo and Kawasaki, the proper basis of comparison appears to be between exporter's sales prices, as defined in section 204 of the Act (19 U.S.C. 163), and constructed value, since those sales in the United States are made by importers who are related to those manufacturers. Constructed value, as defined in section 203 of the Act (19 U.S.C. 165) was used pursuant to section 205(b) of the Act (19 U.S.C. 164(b)), since on the basis of the best evidence available at this time sales in the home market which were at not less than the cost of production appear to be inadequate as a basis for comparison. As the exporters declined to provide any information concerning their sales in third countries and no other information to the contrary was available, it has been assumed that sales to third countries which were at not less than the cost of production would also provide an inadequate basis for comparison.

In accordance with section 153.31(b), Customs Regulations (19 CFR 153.31(b)), home market pricing information was obtained for the period October 1, 1976, through March 31, 1977. Since the question of sales prices below cost was raised, cost information was requested but was not provided.

c. *Purchase Price.* For the purpose of this tentative determination of sales at less than fair value, purchase price has been calculated on the basis of the f.o.b. or f.a.s. price to the unrelated trading company for export to the United States. A deduction has been made for inland transportation costs included in the price.

d. *Exporter's Sales Price.* For the purpose of this tentative determination of sales at less than fair value, exporter's sales price has been calculated on the basis of the price to the first unrelated purchaser in the United States. Deductions have been made for ocean freight and insurance, brokerage charges, import duties, and for expenses incurred in selling the merchandise in the United States.

e. *Constructed Value.* For the purpose of this tentative determination of sales at less than fair value, constructed value has been calculated on the basis of the best information available concerning the cost of materials and of fabrication or other processing involved in producing the merchandise, plus an amount for general expenses usually reflected in sales of merchandise of the same general class or kind, plus an amount for profit equal to that required by section 206(a)(2)(B) of the Act (19 U.S.C. 165(a)(2)(B)), plus the cost of all containers and coverings and all other expenses incidental to placing the merchandise in condition, packed ready for shipment to the United States.

Counsel for petitioner has claimed that sales of this merchandise for home consumption or to third countries have been made in substantial quantities over an extended period of time at prices which are less than the cost of production within the meaning of section 205(b) of the Act and which do not permit recovery of all costs within a reasonable period of time in the normal course of trade.

Information concerning sales in the home market has been submitted. Information requested concerning sales to third countries has not been received. Information requested in order to establish the actual cost of production of the aforenamed Japanese manufacturers of the subject merchandise also has not been received. Therefore, for purposes of this tentative determination, the best information available has been utilized for the purpose of deriving the cost of production of carbon steel plate within the meaning of section 205(b) of the Act. The best information available has been determined to consist of the published financial reports of the Japanese producers subject to this investigation, which earn no less than 90 percent of total revenue from the sale of all steel products, and of information submitted by petitioner in connection with the cost of production of Japanese carbon steel plate.

It has further been determined that the cost of production thus derived exceeds, in virtually all instances, the prices at which carbon steel plate has been sold in the home market during the investigatory period. Further, it has been determined that in the absence of requested information with respect to prices of this merchandise applicable to sales to third countries, such sales may be presumed to have been made at less than the cost of production. Fair value comparisons have therefore been made on the basis of constructed value.

The derived cost of production includes an amount shown on the published financial statements of the producers for "non-operating expenses". In the absence of proof from respondents that all or certain of these expenses are not, according to accounting principles generally accepted in the United States, properly allocable to the cost of production of all carbon steel products in general, and carbon steel plate in particular, such expenses are properly allocable to the cost of production of this merchandise.

In determining whether sales have been below the cost of production under section 205(b), the Secretary must determine whether below-cost sales have been made in substantial quantities over an extended period of time, and "are not at prices which permit recovery of all costs within a reasonable period of time in the normal course of trade." It has tentatively been determined that a majority of home market sales during the period of investigation were made below the cost of production and that, in the context of this industry, three years represents a reasonable period of time within which all cost must be recovered in the normal course of trade. Three years appears to be the approximate length of the historic business cycle in the Japanese steel industry within which all but extraordinary costs (and no information as to any such costs has been presented), should be recovered. It has therefore been determined that sales of carbon steel plate in Japan have been made over an extended period of time in substantial quantities at prices which do not permit recovery of all costs within a reasonable period of time in the normal course of trade.

Counsel for petitioner has claimed that possible additional dumping margins may have been created by sales below the cost of acquisition by trading companies which export carbon steel plate from Japan and also sell this merchandise to ultimate users and other home market purchasers. Some information has been received indicating a possibility that this practice may be occurring. Prior to any Final Determination, therefore, additional information relevant to this claim will be requested, and such information as is received will be taken into account for the purposes of making the Final Determination.

f. *Result of Fair Value Comparisons.* Using the above criteria, preliminary analysis suggests that purchase price or exporter's sales price probably will be lower than the constructed value of such merchandise. Comparisons were made on approximately 88 percent of the subject merchandise sold to the United States by the five manufacturers during the investigative period. Margins were tentatively found ranging from 1 to 48 percent for sales made by Nippon Steel on 100 percent of sales compared, from 6 to 55 percent for sales made by NKK on 100 percent of sales compared, from 8 to 52 percent for sales made by Sumitomo on 100 percent of sales compared, from 0.4 to 52 percent for sales made by Kawasaki on 97 percent of sales compared, and from 7 to 44 percent for sales made by Kobe on 100 percent of sales compared. Weighted average margins over the total sales compared for each firm were approximately 31 percent for Nippon Steel, 33 percent for NKK, 32 percent for Sumitomo, 27 percent for Kawasaki, and 32 percent for Kobe.

Accordingly, Customs officers are being directed to withhold appraisement of carbon steel plate from Japan in accordance with section 153.48, Customs Regulations (19 CFR 153.48).

In accordance with section 153.40, Customs Regulations (19 CFR 153.40), interested persons may present written views or arguments, or request in writing that the Secretary of the Treasury afford an opportunity to present oral views.

Any request that the Secretary of the Treasury afford an opportunity to present oral views should be addressed to the Commissioner of Customs, 1301 Constitution Avenue NW., Washington, D.C. 20229, in time to be received by his office no later than October 17, 1977. Such requests must be accompanied by a brief statement outlining the issues wished to be discussed, which issues may be discussed in greater detail in a written brief.

All written views or arguments should likewise be addressed to the Commissioner of Customs in time to be received in his office no later than November 7, 1977. All persons submitting written views or arguments should avoid repetitious and merely cumulative material. Counsel for the petitioner and the respondents are requested to serve all written submissions on all other counsel and to file their submissions with the Commissioner of Customs in ten copies.

This notice, which is published pursuant to section 153.35(b), Customs Regulations (19 CFR 153.35(b)), shall become effective October 6, 1977. It shall cease to be effective April 6, 1978, unless previously revoked.

PETER D. EHRENHAFT,
Deputy Assistant Secretary (Trade Affairs).

SEPTEMBER 30, 1977.

[FR Doc. 77-29129 Filed 10-5-77;8:45 am]

[4810-22]

Office of the Secretary

CARBON STEEL PLATE FROM JAPAN

Determination of Sales at Less Than Fair Value

AGENCY: U.S. Treasury Department.

ACTION: Determination of Sales at Less Than Fair Value.

SUMMARY: This notice is to advise the public that an antidumping investigation has resulted in a determination that carbon steel plate from Japan is being sold at less than fair value. (Sales at less than fair value generally occur when the price of merchandise sold for exportation to the

United States is less than the price of such or similar merchandise sold in the home market or to third countries or the constructed value of the merchandise). This case is being referred to the United States International Trade Commission for a determination concerning possible injury to an industry in the United States.

EFFECTIVE DATE: January 13, 1978.

FOR FURTHER INFORMATION CONTACT:

Ms. Mary S. Clapp or Mr. Stephen Nyschot, Operations Officers, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue NW., Washington, D.C. 20229, telephone 202-566-5492.

SUPPLEMENTARY INFORMATION: On March 8, 1977, information was received in proper form pursuant to §§ 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel acting on behalf of Oregon Steel Mills, Division of Gilmore Steel Corporation, indicating a possibility that carbon steel plate from Japan is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 *et seq.*) (referred to in this notice as "the Act"). An "Antidumping Proceeding Notice" was published in the FEDERAL REGISTER of March 30, 1977 (42 FR 16883), indicating that there was evidence on record concerning injury to or likelihood of injury to, or prevention of establishment of, an industry in the United States. A "Withholding of Appraisement Notice" was published in the FEDERAL REGISTER of October 6, 1977 (42 FR 54489).

For purposes of this notice, the term "carbon steel plate" means hot-rolled carbon steel plate, 0.1875 (3/16) inches or more in thickness, over 8 inches in width, not in coils, not pickled, not coated or plated with metal, not clad, and not cut, pressed or stamped to non-rectangular shape.

FINAL DETERMINATION OF SALES AT LESS THAN FAIR VALUE

On the basis of the information developed in the Customs Service investigation and for the reasons noted below, carbon steel plate from Japan, is being or is likely to be sold at less than fair value within the meaning of section 201(a) of the Act (19 U.S.C. 160(a)).

STATEMENT OF REASONS ON WHICH THIS DETERMINATION IS BASED

The reasons and bases for the above determination are as follows:

a. *Scope of the investigation.* It appears that during the period of investigation covering October 1, 1976 to March 31, 1977, over 70 percent of the imports of the subject merchandise from Japan were manufactured by Nippon Steel Corporation (Nippon Steel), Nippon Kokan K.K. (NKK), Sumitomo Metal Industries, Ltd. (Sumitomo), Kawasaki Steel Corporation (Kawasaki), and Kobe Steel, Ltd. (Kobe). Therefore, the investigation was limited to these five manufacturers.

b. *Basis of comparison.* For the purpose of considering whether the merchandise in question is being, or is likely to be, sold at less than fair value, within the meaning of the Act, the proper basis of comparison appears to be between purchase price and home market price of such or similar merchandise on all sales by Nippon Steel, NKK, and Kobe, and on most sales by Sumitomo and Kawasaki. Purchase price, as defined in section 203 of the Act (19 U.S.C. 162), was used for most sales since those export sales were made to unrelated Japanese trading companies. On the remaining sales by Sumitomo and Kawasaki, the proper basis of comparison appears to be between exporter's sales price, as defined in section 204 of the Act (19 U.S.C. 163), and home market price, since those sales in the United States are made by importers who are related to those manufacturers. Home market price, as defined in § 153.2, Customs Regulations (19 CFR 153.2), was used since such or similar merchandise was sold in the home market in sufficient quantities at not less than the cost of production to provide a basis of comparison for fair value purposes.

In accordance with § 153.31(b), Customs Regulations (19 CFR 153.31(b)), home market pricing information was obtained for the period October 1, 1976, through March 31, 1977. Since the question of sales prices below cost was raised, cost information was requested with respect particularly to the period April 1, 1976, through March 31, 1977.

c. *Purchase price.* For the purpose of this tentative determination of sales at less than fair value, purchase price has been calculated on the basis of the f.o.b. or f.a.s. price to the unrelated trading company for export to the United States. A deduction has been made for inland transportation costs included in the price.

d. *Exporter's sales price.* For the purpose of this tentative determination of sales at less than fair value, exporter's sales price has been calculated on the basis of the price to the first unrelated purchaser in the United States. Deductions have been made for ocean freight and insurance, brokerage charges, import duties, and for expenses incurred in selling the merchandise in the United States.

e. *Home market price.* For the purpose of this determination of sales at less than fair value, the home market price has been calculated on the basis of the delivered, not, packed price. Adjustments have been made for interest costs, freight, reimbursements to customers for defective merchandise, and packing cost differentials, as appropriate, in accordance with § 153.10, Customs Regulations (19 CFR 153.10). Adjustments for interest costs relate to extended payment terms granted to customers in the home market.

Additional adjustments were claimed by counsel for differences in circumstances of sale in accordance with section 153.10, Customs Regulations (19 CFR 153.10), for warehousing costs for inventory purposes, salesmen's salaries and office expenses, higher computer costs involved in following orders in the home market, bad debts, and technical services. These expenses do not direct relationship to the sales under eration and no adjustment has been a for these expenses.

Where exporter's sales price was the basis of comparison, selling expe curred in the home market were de from the home market price, up amount incurred in the United States ecrdance with § 153.10, Customs Regu (19 CFR 153.10).

Counsel for petitioner has cl that sales of this merchandis home consumption or to third tries have been made in subst quantities over an extended per time at prices which are less tha cost of production within the me of section 205(b) of the Act and do not permit recovery of all within a reasonable period of ti the normal course of tra... Be some evidence was received indi that such claims may have bee founded, it was determined that vestigation of respondents' co production was warranted.

Respondents sought a heari contest the substantiality of the tioner's claims and to raise a conflicts between section 205(b) Act and the General Agreeme Tariffs and Trade and the In tional Anti-Dumping Code. No h was deemed necessary, however, (1) the evidence of possible sales cost of production was considere ficiently reliable to warrant a f inquiry which would permit t spondents to provide such fa they were by far in the best p to do—to demonstrate their costs of production, and (2) the inquiry into whether sales in the market or to third countrie within the provisions of section of the Act gave rise to no conflic applicable provisions of the GA the International Anti-Dumping There is no question that respo to requests for information conc costs of production may be tim suming and costly and that its d creates a possible risk of its rel competitors or other parties. Ho neigher of these factors can be ceptable basis to the Secretary clining to investigate allegations upon a *prima facie* showing as by the complainant in this ca that connection, it is imperative derscore, first, that the mere inv tion of the facts does not in an suggest that the outcome of the ry has been predetermined; o contrary, an effort is made to the most complete factual pictu essary to reach the required de within the time constraints of t Second, the respondents are ge best able to provide the type of mation requested. However, th fusal to provide it cannot preve Secretary from applying the the basis of whatever evidence

ailable, including that furnished lely by the complainant. And, third, rious effort is made by the Depart-nt to assure to all parties submitting information that may properly be nsidered confidential that its confi-ntially is preserved.

The respondents in this case never-eless declined to provide any infor-ation concerning their costs of pro-ction prior to the publication of the ntative Determination. Under those cumstances, relying on § 153.31(a) of e Customs Regulations, the best evi-nce of costs of production was uti-ed in an effort to determine wheth-§ 205(b) of the Act was applicable. ing the information described in at Determination, including the fi-ncial statements filed by the respon-nts with the Japanese Ministry of nance, it was tentatively determined at virtually all sales in the home arket during the period of investiga-n were below what appeared to be e cost of producing carbon steel ate. Accordingly, those sales were regarded in establishing "fair lue." No evidence of third country es having been submitted, weighted erage margins of 32 percent were en found between the constructed lue of the merchandise and the ap-cable purchase or exporter's sale ices of the five respondents

Following publication of the Tenta-e Determination, the respondents cided that they would furnish some ormation regarding their costs of oduction. Claiming the effort would complex and time-consuming, they quested an extension of the date by ich a Final Determination in this se would be made. The suggestion s made that, analogizing to 01(b)(2) of the Act, dealing with in-stigations preceding the publication a Tentative Determination, a three-nth extension should also be possi-in the making of the Final Deter-nation. However, the applicable sec-n 201(b)(3) is mandatory in fixing ee months as the maximum time hin which a Final Determination ist be made following publication of Tentative Determination. Accordingly the request for an extension was ied.

The information furnished by the pondents concerning their costs of oduction was not identical in each e. Some have provided some data ncerning costs of raw materials, or and similar elements of costs of oduction, claimed to be drawn from books and records of the compa-s that are maintained in the ordi-y course of their business. Howev-due to the shortness of time be-en the submission of this data and date by which a Final Determina-n was due, it has not been possible Customs Service personnel to "ver-" that data pursuant to standards and procedures normally followed and developed over many years of experience both under the Antidumping Act and other customs laws. Such verification normally includes a comparison of the submissions made to the Customs Service with the actual books and records of the companies, a comparison of such books and records with underlying source documents (such as suppliers' invoices, payroll checks and delivery receipts), and a review of the accounting practices used to keep the company books for conformity with generally accepted accounting principles. However, it has not been the past practice of the Customs Service--nor, indeed, would it be possible in view of the time restrictions imposed by the law and the resources available for investigating antidumping complaints--to conduct what an accountant would regard as an "audit" of respondents' operations. And the Antidumping Act imposes no such obligation on the Treasury Department in implementing the law. However, it was not possible to follow even the normal procedures for verification in this case.

The complainant has urged that because of their belated submission and the lack of opportunity for normal verification, all of the respondents' submissions be totally disregarded. As the Treasury Department has no authority to require respondents to furnish information and to submit to verification, the Secretary has generally declined to consider incomplete or unverified information, since to do otherwise may discourage cooperation in the submission and verification of data considered essential in administering the law. However, it would be patently self-denying to disregard information not verified by the methods normally used by the Customs Service if other relevant evidence available to the Secretary tends to corroborate a respondent's submission. There are, in fact, instances in which the best "verification" of cost information may be available from sources external to the books and records of a particular respondent. Therefore, the complainant's suggestion has not been followed.

A further problem is presented by other data submitted which was even further removed from the facts, based on the books and records of the companies, normally used to calculate cost of production. This data was derived by using as a starting point a company's published financial statements, apparently audited by independent certified public accountants and submitted under local law to the Japanese Ministry of Finance, and applying a series of allocations to the aggregate cost data there reflected to arrive at a cost of production of the merchandise relevant to these proceedings. The use of this technique can, of course, lend itself to manipulation and abuse. Most fundamentally, if a company, as a whole, is profitable as a result of the sale of all products and services, and cost allocations are based solely on sales revenues, then no single product will be shown as having been sold at a loss. A company deriving significant income from wholly unrelated activities, for example, the sale of securities held in portfolios, could thereby purport to demonstrate that no losses were experienced in steel plate operations even if more traditional cost accounting practices would clearly demonstrate a contrary result.

Nevertheless, as with "unverified" cost data submitted, the Secretary is not required to disregard information submitted in this form, if it can be corroborated from other sources. And, indeed, it would be anomalous to disregard it entirely and, at the same time, use the same financial statements submitted to the Ministry of Finance as the "best available evidence" of costs--as was done at the time of the Tentative Determination.

The present case is unique in that at the very time it has been under consideration, the Treasury Department has been establishing a "trigger price mechanism" (TPM) to monitor the prices of imported steel mill products. As reflected in FEDERAL REGISTER notices published on December 30, 1977 (42 FR 65214) and January 9, 1978 (43 FR 1464), this mechanism is based upon determinations of the costs of producing steel in Japan, including the carbon plate that is the subject of these proceedings. The cost of production has been calculated on the basis of submissions made by the six largest steel companies in Japan, including the five respondents in this case, to the Japanese Ministry of International Trade and Industry and transmitted, in aggregate form, to the U.S. Treasury Department. These cost figures were analyzed and corroborated by the staff of the Council on Wage and Price Stability.

It has been concluded that the information developed in the context of establishing the "trigger prices" for the TPM, appropriately adjusted for the time period under investigation in this case, constitutes the "best available evidence" of the cost of producing the subject merchandise by respondents. Information submitted by respondents has been examined and has also been taken into consideration to the extent it is not inconsistent with the information from which the "trigger prices" were calculated. The company data was used primarily in determining the appropriate relationship between the cost of producting finished steel products and the cost of producing the merchandise subject to this investigation by all the firms in the aggregate.

The cost of production thus established has been compared with the

home market prices of each of the five companies under investigation. Any sale made at a price less than such cost of production has been disregarded and the remaining sales, made at not less than the cost of production, have been utilized in determining the appropriate home market price for each company. In each instance, the remaining, above-cost sales representing at least 10% of all sales during the period, were deemed adequate for the purpose of establishing a foreign market value for that respondent.

Counsel for petitioner has claimed that possible additional dumping margins may have been created by sales below the cost of acquisition by trading companies which export carbon steel plate from Japan and also sell this merchandise to ultimate users and other home market purchasers. Information relevant to this claim was collected from trading companies accounting for more than 60 percent of the subject merchandise exported to the United States by the respondent manufacturers. Examination of this information indicated that in virtually all instances sales to unrelated United States buyers were made at prices equal to or greater than the cost of acquisition plus the relevant selling, shipping and other related expenses. It has therefore been determined that no basis exists to deviate from the normal practice of examining pricing behavior at the primary level of trade. Therefore for purposes of this determination, prices of the five respondent manufacturers in the home market and for export to the U.S. have been utilized for fair value comparison purposes.

f. *Result of Fair Value Comparisons.* Using the above criteria, purchase price or exporter's sales price was found to be lower than the home market price of such merchandise. Comparisons were made on a significant portion of the subject merchandise sold to the United States during the investigative period. Weighted average margins over the total sales compared for each firm were approximately 9.1 percent for Nippon Steel, 7.3 percent for NKK, 18.5 percent for Sumitomo, 5.4 percent for Kawasaki, and 13.9 percent for Kobe.

The Secretary has provided an opportunity to known interested persons to present written and oral views pursuant to § 153.40, Customs Regulations (19 CFR 153.40).

The U.S. International Trade Commission is being advised of this determination.

This determination is being published pursuant to section 201(d) of the Act (19 U.S.C. 160(d)).

ROBERT H. MUNDHEIM,
General Counsel of the Treasury.

JANUARY 6, 1978.

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APPENDIX D

STATISTICAL TABLES

Table 1.--Carbon steel plate: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1972-77

Year	Producers' shipments	Imports	Exports	Apparent consumption	Ratio of imports to consumption
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	Percent
1972	6,269	1,240	60	7,449	17
1973	8,074	998	262	8,810	11
1974	9,042	1,309	372	9,979	13
1975	6,909	1,027	204	7,732	13
1976	5,606	1,231	50	6,787	18
1977	5,859	1,551	45	7,365	21

Source: U.S. producers' shipments compiled from statistics of the American Iron and Steel Institute; U.S. imports for 1977 and exports compiled from official statistics of the U.S. Department of Commerce; U.S. imports for 1973-76 estimated by the staff of the U.S. International Trade Commission on the basis of official statistics of the U.S. Department of Commerce.

Table 2.--Steel plates 1/ (TSUSA item 608.8420): U.S. imports for consumption, by principal sources, 1973-77

Source	1973	1974	1975	1976	1977
	Quantity (short tons)				
pan	508,796	637,054	737,102	811,210	497,306
st Germany	107,043	171,342	49,598	23,749	251,802
nada	185,905	197,804	152,319	168,974	233,426
ain	43,445	33,819	36,742	50,909	161,629
aly	7,406	8,738	118,811	123,050	155,454
lgium	74,531	157,798	46,517	61,059	146,750
ance	41,817	69,325	35,540	8,608	121,362
ited Kingdom	86,251	52,156	20,970	43,337	100,465
land	43,659	65,500	36,883	51,057	99,655
nland	2/	2/	2/	23,286	86,545
public of Korea	45,236	222,626	66,561	135,289	83,203
l other	157,381	66,317	41,982	47,973	122,149
Total	1,301,470	1,682,479	1,343,025	1,548,501	2,059,747
	Value (1,000 dollars)				
pan	81,059	187,247	211,775	173,790	117,926
st Germany	16,835	57,615	13,607	5,009	54,717
nada	28,853	41,322	36,284	41,261	60,063
ain	6,329	6,448	8,158	9,014	28,370
aly	1,223	2,386	28,742	25,018	31,685
lgium	11,111	57,342	13,612	13,353	32,182
ance	6,331	23,864	10,607	1,881	24,585
ited Kingdom	11,632	16,259	6,005	8,503	21,354
land	5,825	19,382	9,667	8,857	16,492
nland	2/	2/	2/	4,350	14,365
public of Korea	6,022	35,985	13,652	24,301	14,555
l other	21,508	20,543	9,732	10,954	24,509
Total	196,728	469,393	361,841	326,291	440,783
	Unit value (per short ton)				
pan	$159	$294	$287	$214	$237
st Germany	157	336	274	211	217
nada	155	211	238	244	257
ain	146	191	222	177	176
aly	165	330	242	203	204
lgium	149	363	293	219	219
ance	151	344	298	219	202
ited Kingdom	135	312	286	196	213
land	133	296	262	173	165
nland	3/	3/	3/	187	166
public of Korea	133	162	205	180	175
l other	137	310	232	228	201
Total	151	279	269	211	214

1/ Includes carbon steel plate, as defined for purposes of this report, and carbon eel, in coils, as defined in TSUSA item 608.8410.

2/ Negligible.

3/ Not applicable.

Source: Compiled from official statistics of the U.S. Department of Commerce

Table 3.--Profit-and-loss experience of 10 U.S. producers on their carbon steel plate operations, 1973-77

Table 3 has been deleted because it contains information received by the U.S. International Trade Commission in confidence, the disclosure of which would reveal operations of the individual firms.

le 4.--Carbon steel plate: Apparent consumption, imports from Japan, imports from all other countries, total imports, 1973-77

Year	Apparent consumption (1)	Imports from Japan (2)	Imports from all other countries (3)	Total imports (4)	Ratio of-- (2) to (1)	(3) to (1)	(4) to (1)
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	Percent	Percent	Percent
2----------	7,449	468	772	1,240	6	10	17
3----------	8,810	407	591	998	5	7	11
4----------	9,979	529	780	1,309	5	8	13
5----------	7,732	575	452	1,027	7	6	13
6----------	6,787	681	550	1,231	10	8	18
7----------	7,365	386	1,165	1,551	5	16	21

ource: Apparent consumption compiled from statistics of the American Iron and Steel titute and the official statistics of the U.S. Department of Commerce; U.S. imports 1977 compiled from official statistics of the U.S. Department of Commerce; U.S. orts for 1973-76 estimated by the staff of the U.S. International Trade Commission.

Table 5.--Cost of producing steel, by types of costs, by quarters, January 1972-June 1977

(Per short ton of finished-steel shipments)

Period	Operating cost				Indirect cost	Total cost
	Raw materials	Employment	Energy	Total		
1972:						
January-March	$96	$55	$9	$160	$21	$181
April-June	100	55	9	164	21	185
July-September	102	56	9	167	21	188
October-December	101	57	9	167	21	188
1973:						
January-March	107	57	9	173	21	194
April-June	108	58	9	175	21	196
July-September	112	59	10	181	21	202
October-December	116	61	10	187	21	208
1974:						
January-March	128	64	13	205	22	227
April-June	144	69	15	228	24	252
July-September	159	71	16	246	25	271
October-December	165	74	17	256	27	283
1975:						
January-March	170	78	18	266	27	293
April-June	169	82	18	269	29	298
July-September	176	83	18	277	29	306
October-December	171	87	19	277	29	306
1976:						
January-March	174	90	20	284	29	313
April-June	178	91	20	289	29	318
July-September	182	95	20	297	30	327
October-December	184	98	22	304	30	334
1977:						
January-March	192	98	24	314	32	346
April-June	193	100	24	317	32	349

Source: Derived from data submitted by the six largest U.S. producers to the Council on Wage and Price Stability.

Table 6.--Average hourly earnings and hourly total employment costs for steel workers and for workers of all manufacturing corporations, for specified years 1952-67 and 1972-77

Year	Average hourly earnings			Hourly total employment costs		
	Steel	All manufacturing	Ratio of average hourly earnings for steel to those of all manufacturing	Steel	All manufacturing	Ratio of hourly total employment cost for steel to those of all manufacturing
			Percent			Percent
1952	$2.02	$1.65	122	$2.32	$1.96	118
1957	2.73	2.05	133	3.22	2.53	127
1962	3.29	2.39	138	4.16	3.07	136
1967	3.62	2.83	128	4.76	3.71	128
1972	5.15	3.81	135	7.08	5.09	139
1973	5.56	4.08	136	7.68	5.47	140
1974	6.38	4.41	145	9.08	6.00	151
1975	7.11	4.81	148	10.59	6.67	159
1976	7.86	5.19	151	11.74	7.24	162
1977 1/	8.75	5.64	155	12.75	7.79	164

1/ Estimated by the staff of the Council on Wage and Price Stability.

Source: Compiled from data submitted to the Council on Wage and Price Stability by the American Iron and Steel Institute and the Bureau of Labor Statistics.

Table 7.--Carbon steel plate (ASTM A-36, 1/4" x 96" x 240"): Ranges and averages of lowest net selling prices received by U.S. producers and importers of Japanese-made plate on sales to end users and distributors in the United States, by quarters, 1973-77

Period	Price of U.S.-made carbon steel plate		Price of Japanese-made carbon steel plate		Ratio of average price of Japanese-made plate to that of U.S. made-plate
	Range	Average	Range	Average	
	Per short ton	Per short ton	Per short ton	Per short ton	Percent
1973:					
Jan.-Mar-------	$170 - $200	$196	$167 - $220	$186	95
Apr.-June------	170 - 200	196	174 - 224	199	102
July-Sept------	170 - 200	197	197 - 241	210	107
Oct.-Dec-------	170 - 205	198	197 - 270	220	111
1974:					
Jan.-Mar-------	199 - 263	216	210 - 371	273	126
Apr.-June------	212 - 332	248	276 - 420	315	127
July-Sept------	269 - 350	287	275 - 506	355	124
Oct.-Dec-------	279 - 343	294	374 - 517	427	145
1975:					
Jan.-Mar-------	275 - 325	295	258 - 457	378	128
Apr.-June------	275 - 304	294	235 - 300	269	91
July-Sept------	275 - 298	287	234 - 271	250	87
Oct.-Dec-------	280 - 307	300	212 - 270	239	80
1976:					
Jan.-Mar-------	255 - 307	296	213 - 272	237	80
Apr.-June------	255 - 307	296	227 - 271	249	84
July-Sept------	255 - 326	311	240 - 292	261	84
Oct.-Dec-------	259 - 326	307	240 - 302	269	88
1977:					
Jan.-Mar-------	239 - 324	306	240 - 300	262	86
Apr.-June------	250 - 344	316	240 - 311	275	87
July-Sept------	260 - 344	321	261 - 321	285	89
Oct.-Dec-------	259 - 344	322	261 - 310	288	89

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

Table 8.--Carbon steel plate (ASTM A-36, 1/2" x 96" x 240"): Ranges and averages of lowest net selling prices received by U.S. producers and importers of Japanese-made plate on sales to end users and distributors in the United States, by quarters, 1973-77

Period	Price of U.S.-made carbon steel plate		Price of Japanese-made carbon steel plate		Ratio of average price of Japanese-made plate to that of U.S. made-plate
	Range	Average	Range	Average	
	Per short ton	Per short ton	Per short ton	Per short ton	Percent
1973:					
Jan.-Mar	$160 - $193	$183	$152 - $210	$170	93
Apr.-June	160 - 194	183	159 - 210	184	101
July-Sept	160 - 194	184	171 - 241	197	107
Oct.-Dec	160 - 195	185	184 - 240	204	110
1974:					
Jan.-Mar	184 - 243	201	223 - 359	255	127
Apr.-June	197 - 243	228	241 - 400	284	125
July-Sept	244 - 327	265	261 - 489	342	129
Oct.-Dec	254 - 320	270	348 - 500	404	150
1975:					
Jan.-Mar	259 - 302	275	235 - 445	348	127
Apr.-June	259 - 284	272	224 - 300	252	93
July-Sept	259 - 284	266	219 - 270	238	89
Oct.-Dec	274 - 299	279	212 - 270	226	81
1976:					
Jan.-Mar	257 - 300	280	198 - 256	224	80
Apr.-June	257 - 300	280	215 - 265	232	83
July-Sept	274 - 307	298	231 - 276	249	84
Oct.-Dec	239 - 324	294	220 - 288	255	87
1977:					
Jan.-Mar	239 - 314	289	231 - 288	247	85
Apr.-June	282 - 319	308	220 - 297	257	83
July-Sept	282 - 332	312	246 - 305	271	87
Oct.-Dec	282 - 331	309	247 - 294	273	88

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