CARBON STEEL PLATE FROM TAIWAN

Determination of Injury in Investigation No. AA1921-197 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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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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.

[AA1921-197]

CARBON STEEL PLATE FROM TAIWAN

Determination

On the basis of the information obtained in the investigation, the Commission determines (Vice Chairman Alberger and Commissioner Stern dissenting, Chairman Parker not participating) that an industry in the United States is being or is likely to be injured by reason of the importation of carbon steel plate from Taiwan, which the Department 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 (19 U.S.C. 160(a)). 1/

Background

On February 12, 1979, the United States International Trade Commission received advice from the Department of the Treasury that carbon steel plate from Taiwan is being, or is likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Accordingly, on February 26, 1979, the Commission instituted investigation No. AA1921-197 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.

1/ The Commissioners voting were evenly divided in their votes, with Commissioners George M. Moore and Catherine Bedell voting in the affirmative and Vice Chairman Bill Alberger and Commissioner Paula Stern voting in the negative. Sec. 201(a) of the Antidumping Act provides that the Commission shall be deemed to have made an affirmative determination if the Commissioners voting are evenly divided as to whether its determination should be in the affirmative or in the negative. Therefore, the Commission, being evenly divided, is considered to have made an affirmative determination.

Notice of the institution of the investigation and of the public hearing held in connection therewith was published in the Federal Register of March 2, 1979 (44 F.R. 11854). The public hearing was held in Washington, D.C., on April 3, 1979, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

On February 12, 1979, the U.S. International Trade Commission received advice from the Department of the Treasury that carbon steel plate from Taiwan produced by China Steel Corp. is being, or is likely to be, sold in the United States at less than fair value (LTFV). Accordingly, on February 26, 1979, the Commission instituted investigation No. AA1921-197 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 or is likely to be injured by reason of the importation of carbon steel plate from Taiwan, which the Treasury has determined is being, or is likely to be, sold at LTFV.

The imported article and the domestic industry

Carbon steel plate 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.

1/ No party alleged that imports of such merchandise prevented an industry from being established, and we are unaware of any information relating to this issue. Therefore, this issue will not be discussed further in this statement.

There are currently few differences between imported and U.S.-produced plate, although of some plate produced by China Steel during the startup phase of its operations was reported to have been of lower quality than that produced after mid-1978.

In this determination we have found that the U.S. industry that is being or is likely to be injured consists of the facilities of domestic carbon steel plate producers located in the west coast States of California, Washington, and Oregon, and that these three States constitute a regional market. 1/ This regional market is well defined since nearly all carbon

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1/ In amending certain provisions of the Antidumping Act in 1974, Congress reviewed, among other things, the concept of regional markets. While Congress did not change the law with respect to this concept, the Committee on Finance of the Senate, in its report on the bill which became the Trade Act of 1974 and which amended other provisions of the Antidumping Act, summarized prior Commission practice in this regard and expressed agreement with it as follows:

> 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. (Trade Reform Act of 1974: Report of the Committee on Finance. . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, pp. 180-181.)

The report further stated (p. 181) that the concept is not one which readily lends itself to hard and fast rules:

> 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 an industry.

The question of regional markets in this case and the law with respect thereto are discussed at considerable length in a memorandum from the Commission's General Counsel to Commissioner Moore entitled "Question of regional marketing areas in investigation No. AA1921-197, Carbon Steel Plate From Taiwan," dated May 7, 1979, GC-C-204. A copy of the memorandum is set forth as app. G to this report.

steel plate that is imported into or produced in these States is used there, and very little is shipped into the region by producers located in other States because high overland freight rates make long-distance shipping of plate costly. In addition, 53 percent of all imports of carbon steel plate from Taiwan in 1978 entered the United States through ports on the west coast. There are two principal U.S. producers in the region: Kaiser Steel Corp. in California and Gilmore Steel Corp. in Oregon. Bethlehem Steel Corp. also has a small plate mill in Washington.

LTFV sales

Treasury's investigation on U.S. imports of carbon steel plate from Taiwan covered the 2-month period extending from August 1, 1978, through September 30, 1978. The investigation involved only one Taiwanese concern--China Steel--which accounted for 100 percent of the carbon steel plate imported from Taiwan. On February 14, 1979, Treasury announced that it had found LTFV margins on all sales examined and that the weighted average LTFV margin was 34 percent.

Injury to west coast producers by reason of LTFV sales

Imports and market share.--Imports of carbon steel plate from China Steel first entered the west coast market in December 1977. Following the first shipment of about 1,000 tons, imports continued during each month of 1978, totaling 47,667 tons for the year. As a share of apparent consumption in this region, imports from Taiwan increased rapidly from less than 0.1 percent in 1977 to about 6.6 percent in 1978. The adverse impact that this degree of market penetration had on U.S. producers of carbon steel plate is reflected in price suppression and lost sales experienced by those firms.

Prices and price suppression.--Carbon steel plate from Taiwan generally entered the west coast market at prices below U.S. producers' prices, but the margin of underselling (which was as much as 20 percent) was never as large as the average LTFV margin of 34 percent. Had imports from Taiwan not been sold at LTFV, it is unlikely that there would have been underselling and thus domestic sales by China Steel would have been substantially less. It is doubtful that carbon steel plate from China Steel's new mill in Taiwan would have been competitive in the U.S. market if it had been sold at fair value in the western region. When questioned at the Commission's public hearing on whether China Steel intended to price its steel plate at or above fair value in the future, the company's vice president (Mr. King) and counsel (Mr. Solter and Mr. Simon) were evasive or noncommittal (see hearing transcript, pp. 235-37). China Steel's failure to give assurances that future prices will be at fair value indicates that without an affirmative determination by the Commission, such prices are likely to continue at less than fair value.

In testimony before the Commission, U.S. producers stated that competition with low-priced imports from Taiwan suppressed their prices. Information obtained in the investigation shows that west coast producers are offering "discounts" and "specials" in an attempt to compete with LTFV imports. Such practices accentuated the suppression of domestic prices and lowered the profitability of the west coast firms attempting to remain competitive.

Lost sales.--Most of the 20 firms that were alleged to have purchased carbon steel plate from Taiwan instead of U.S.-produced plate (12 of which are

located in the west coast region) indicated that price was a major factor in their decisions to buy plate from Taiwan. At least one such purchase was made specifically in lieu of an order placed with a west coast producer.

China Steel's export potential.--China Steel's plate mill in Taiwan presently has an annual capacity of at least 440,000 short tons; however, a new light plate mill that will add another 55,000 short tons to its annual capacity is planned. This means that capacity exceeds current demand in Taiwan by more than 50 percent. The United States has been Taiwan's principal export market since China Steel began exporting carbon steel plate. Therefore the adverse impact on west coast producers in the future is likely to be substantial if the LTFV imports are permitted to continue.

Conclusion

On the basis of the foregoing considerations, we have determined that an industry in the United States is being or is likely to be injured by reason of the importation of carbon steel plate from Taiwan, 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.

STATEMENT OF REASONS OF VICE CHAIRMAN BILL ALBERGER

On the basis of information obtained in this investigation, I determine that an industry in the United States is not being and is not likely to be injured and is not prevented from being established 1/ by reason of the importation of carbon steel plate from Taiwan, which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at less than fair value (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 12 U.S. firms. I consider the relevant industry to consist of those facilities in the United States devoted to the production of carbon steel plate.

I join with Commissioner Stern in finding that the segmentation of this industry into geographic regions for the purpose of assessing injury would be inappropriate in this case. We have explained in our additional views why the various regional arguments put forth are unacceptable.

LTFV sales

The Treasury investigation covered sales made between August 1, 1978 and September 30, 1978. The investigation covered only one Taiwanese manufacturer -- China Steel Corporation -- which accounted for 100 percent of all sales of

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

carbon steel plate from Taiwan to the United States. Treasury announced that the weighted average LTFV margin for the sales of carbon steel plate by China Steel Corp. amounted to 34 percent.

The question of cumulation with other LTFV sales

Counsel for Armco Steel Corp. and Bethlehem Steel Corp. asserts that LTFV sales of carbon steel plate from Poland should be cumulated with the LTFV imports from Taiwan and that we should consider these imports from Poland in our determination. We have only recently received notice from Treasury that imports of carbon steel plate from Poland are being sold at LTFV prices, however, and we are advised that there is some question as to the specific products involved. Moreover, the Commission has not yet conducted its hearing on the question of injury by reason of LTFV sales from Poland. In view of these facts, it is inappropriate to consider cumulation at this time.

No injury by reason of LTFV imports

Imports and market share -- Imports from Taiwan occurred essentially over a one-year period (1978) during which slightly less than 91 thousand short tons of carbon steel plate were imported into the United States from Taiwan. This represents only about 1 percent of apparent consumption and 4 percent of total U.S. imports. In fact, four countries had substantially larger import tonnages, including: Belgium (386,000), Spain (244,000), Canada (243,000), and West Germany (183,000).

Given the fact that Taiwan accounts for such a small percentage of total consumption or total imports, it is difficult to see how it could cause injury in a market which consumed 8.6 million short tons in 1978. In fact, total imports increased by 571,000 short tons last year, and the volume from Taiwan accounted for only 16 percent of that amount.

Capacity utilization -- It appears that capacity utilization dropped off substantially after the boom year of 1974. The low was reached in 1975, and since that time the picture has steadily improved. Utilization rose from 48 percent in 1976 to 52 percent in 1977 and to 56 percent in 1978. Furthermore, new capacity was brought on stream by Bethlehem Steel Corp. in 1973. and additional capacity will soon be added by Lukens Steel Company, which is reopening a previously closed mill. Thus, both total capacity and utilization of that capacity are increasing.

U.S. producers' shipments -- Shipments reached a high of 9 million short tons in 1974, then declined with the overall U.S. economy in 1975 and 1976 to a low of 5.6 million short tons. Thereafter, shipments rose annually to 6.6 million short tons in 1978, a recovery of 17.5 percent in only 2 years. In 1978, the year when the vast majority of imports from Taiwan occurred, U.S. producers' shipments rose by 12 percent. The fact that domestic shipments for 1978 still do not equal the figures for the boom year of 1974 is immaterial. The important thing is that recent figures demonstrate a steady improvement in the industry, even during the period of LTFV sales.

Consumption -- Figures developed for apparent U.S. consumption of carbon steel plate show continued improvement since the 1976 low of 6.8 million short tons. In fact, consumption of 8.6 million short tons in 1978 was very close to the 1973 level and not far below the record 10.0 million short tons consumed in 1974. Of course, it is true that imports nearly doubled during that period. Nevertheless, this improvement in consumption is one indication that domestic producers will continue to increase their sales.

Employment -- Employment of production and related workers producing carbon steel plate declined by 30 percent from 1974 to 1976. This decline resulted

largely from plant closings, especially the closure of Alan Wood Steel Corporation's plate mill. However, many of these jobs will soon be refilled when that mill reopens later this year. Since 1976, employment in the carbon steel plate mills has leveled off at 14,600. This reflects the installation of more efficient equipment and increased output per worker.

Proft and loss experience -- The period from 1975 to 1977 was one of very low profitability for the domestic industry. Of course, this was prior to the entry of Taiwan into the U.S. market. In 1978, the year when the LTFV sales occurred, the industry operated profitably for the first time in 4 years. The improved profitability resulted from higher prices and increased shipments which occurred despite the dumping. While this overall profitability is still not high, most firms report that the picture is steadily improving. A few firms continue to operate at a loss, and do not appear to be reducing those losses. However, I cannot attribute their losses to the LTFV imports from Taiwan. There is little indication that the low volume of such imports significantly undercut these few producers during the period of LTFV sales. In fact, our information indicates that in at least one instance prices were comparable.

Prices -- Prices charged by U.S. producers for carbon steel plate increased considerably since 1974, a fact substantiated not only by confidential data supplied to the Commission in questionnaires, but also by the producer price index compiled and published by the Bureau of Labor Statistics. Domestic prices have historically tended to stay above the price of the imported product, and in 1978, the institution of the Trigger Price Mechanism acted to firm up prices in the market place at or slightly above the announced trigger price.

In West Coast markets, the amount of underselling by imports from Taiwan generally declined during 1978 to the point that, in the fourth quarter, importers' prices were very nearly equal to U.S. producers' prices.

Lost sales -- Some producers provided lists of companies which they knew had purchased carbon steel plate from Taiwan. The staff had difficulty confirming that firms would have purchased these goods from domestic suppliers absent LTFV sales. Given the causation requirement of the Antidumping Act, I cannot characterize these as verified lost sales attributable to LTFV competition.

No likelihood of injury

The positive trends in shipments, consumption and profits, and the announced intention of China Steel Corp. to decrease its shipments of carbon steel plate to the United States after 1980, strongly argue against a finding of likelihood of injury. Also, the staff indicates that most plate from Taiwan is one-half to two inches in thickness, and does not compete directly with the substantial amount of over two-inch plate produced in the United States.

Summary

From the above considerations, I am of the opinion that the domestic industry is not being injured and is not likely to be injured by reason of LTFV sales from Taiwan. Clearly the industry is recovering from the injury which I found to exist in a prior Commission determination. 1/ 1978 was a year of marked improvement, and all indications are that conditions will continue to improve. While profits and capacity utilization remain somewhat lower than for other sectors of the economy, I cannot attribute this to the

1/ Carbon Steel Plate from Japan, Investigation No. AA1921-179, USITC Publication No. 882, April 1978.

LTFV sales from Taiwan. Moreover, the overall profit picture is up, and only a few firms have been unable to make it into the black. With respect to these firms, competition from Taiwan could not have been a causative factor. In any event, figures for capacity utilization, shipments, employment, and consumption all point toward a negative determination.

STATEMENT OF REASONS OF COMMISSIONER STERN

Having considered all the information obtained in this investigation, I have determined, pursuant to Section 201 of the Antidumping Act of 1921, as amended, that an industry in the United States is not being or likely to be injured by reason of the importation into the United States of carbon steel plate from Taiwan. My determination is based primarily on my finding that the relevant industry in this investigation is national, as opposed to regional, in scope. Having reached this conclusion, I evaluated the germane economic factors in terms of the national industry and found that the industry is healthy.

The Domestic Industry

The subject of this investigation is carbon steel plate, a finished steel-mill product which is used principally in the manufacture of boilers, storage tanks, railway cars, ships, nuclear reactors and nonelectric machinery. Carbon steel plate is also used extensively in the construction of pipelines, bridges and nonresidential buildings.

Carbon steel plate is manufactured by twelve domestic producers. These producers are located in various areas of the United States. As fully explained in my additional views with Commissioner Alberger, which appear at pages 19 to 25, I believe that in this investigation, the carbon steel plate industry is national rather than regional in scope.

Imports

Imports of carbon steel plate from Taiwan occurred essentially only in 1978.*/ During this period approximately 91 thousand short tons of

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*/ One thousand short tons of carbon steel plate produced in Taiwan were imported into the United States in late-1977.

carbon steel plate were imported into the United States from Taiwan. These imports accounted for only 1.1 percent of apparent domestic consumption.

Price comparisons made by the Treasury Department during the period from August 1, 1978, through September 30, 1978, revealed that 100 percent of the carbon steel plate exported to the United States from Taiwan was sold at a less than fair value margin averaging 34 percent.

Injury

Section 201 of the Antidumping Act does not set forth standards for determining whether an industry is being or is likely to be injured by reason of less than fair value imports. As a result, the Commission can and does exercise considerable discretion in making its determination based upon the particular facts in each case. I believe that Section 201 of the Act requires the Commission to find that two conditions have been satisfied before an affirmative determination can be made. First, the Commission must determine that an industry is being or is likely to be injured. This determination is based upon an analysis of certain economic indicators -- consumption, production, capacity changes and utilization, shipments, inventory levels, employment and profits. Second, the Commission must determine that the injury is "by reason of" the less than fair value imports. This determination is based upon an analysis of market share, price depression or suppression and lost sales. As for likelihood of injury, foreign capacity to produce for export is also considered. Of course, these indicators are merely illustrative, since a definitive set of factors for all cases is not possible. If the Commission finds that either condition has not been met, its determination

must be negative, and it need not consider factors relevant to determining the other condition.

Over the last two years, the national carbon steel plate industry has continued to expand at a steady rate. In view of such growth, particularly in 1978, the year in which the LTFV imports from Taiwan occurred, I believe the national industry is not being injured.

Shipments of carbon steel plate by domestic producers have increased steadily since the low level reached in 1976. In 1978, shipments increased to almost 6.6 million short tons from a low of 5.6 million short tons in 1976. Total shipments for 1978 exceeded the 1976 levels by 17.5 percent. Moreover, in 1978, the year in which the LTFV imports from Taiwan occurred, shipments by the domestic producers increased by 12 percent from the previous year.

Capacity utilization has also increased steadily since 1976. The significance of these constant increases is enhanced by the fact that capacity utilization increases occurred even as new capacity was brought on stream by Bethlehem Steel Corporation in 1978. Equally significant is the fact that additional capacity will soon be added when the Alan Wood plate rolling mill is returned to production by its new owner, Luken Steel Company. The national industry's capacity utilization rose from a low of 48 percent in 1976 to 52 percent in 1977 and to 56 percent in 1978. These capacity utilization levels appear to be low, but the Commission Report indicates that the figures are believed to be understated, due primarily to decisions concerning product mix. On the other hand, the upward trend in capacity utilization is, as pointed out in the Report, valid.

In 1978, the ratio of inventories to shipments was 3.3 percent, a decrease of .9 percent from the industry's high level of 4.2 percent in 1977. In 1976, the ratio of inventories to shipments was 3.5 percent.

Current levels of employment and worker-hours also clearly demonstrate the health of the domestic industry. Employment of production and related workers producing carbon steel plate declined from 19,800 to 13,800 between 1974 and 1976. However, employment increased to 14,600 in 1977 and held steady at that level in 1978. In evaluating the industry's employment data, it is important to take into consideration two factors. First, a large number of jobs were lost as a result of the closing of the Alan Wood Steel Corporation's plate mill in 1976. A significant number of these jobs will be refilled when that mill reopens later this year. Second, worker-hours have increased steadily since 1976. In view of the increase in employment since 1976, and the anticipated rehiring of workers for the Alan Wood facility, I believe it is only possible to characterize the industry's employment picture as healthy.

The national industry experienced considerable financial difficulty in their carbon steel plate operations from 1975 to 1977. However, in 1978, the industry operated profitably for the first time in four years. The improved profitability resulted from higher prices and increased shipments that occurred despite the LTFV imports from Taiwan.

Most important, apparent domestic consumption is strong. After a decline to a low of approximately 6.8 million short tons in 1976, consumption increased for the past two years. In 1978, consumption amounted to 8.6 million short tons, which was very close to consumption in 1973, the industry's second best year in history, and only 1.3 million short tons below the industry's historic high in 1974.

Likelihood of Injury

There is no likelihood of injury to the national industry for several reasons. First, the plate-making facilities of the China Steel Corporation brought on line late in 1977 were fully operational in 1978. Second, the Commission received information that China Steel does not intend to increase either its capacity or production of carbon steel plate in the foreseeable future. Finally, demand for carbon steel plate in Taiwan appears to be increasing, which will divert a growing share of China Steel's production from exports to home market consumption. In view of these factors, the likelihood of injury is not "real and imminent."

ADDITIONAL VIEWS OF COMMISSIONERS BILL ALBERGER
AND PAULA STERN WITH RESPECT TO REGIONAL INJURY

In a prior investigation involving carbon steel plate, the Commission found that the domestic industry was comprised of 11 geographically dispersed firms. 1/ In this case, however, counsel for several domestic producers have urged the Commission to base its decision on regional as opposed to national considerations. In addressing their contentions, we will attempt to set forth what we consider to be the relevant factors for defining regional industries in proceedings under the Antidumping Act.

The Commission has considerable discretion to analyze the commercial context of a particular case and apply a "geographic segmentation principle". 2/ However, there is no definitive explanation of the appropriate considerations which are to guide the Commission's judgment in such cases. The task of developing basic guidelines has always been left to the Commission.

It is incumbent upon the Commission to adopt logical rules of interpretation in exercising this discretion. While the facts of each case may be unique, and while Congress did not want to impose inflexible rules, 3/ we believe a consistent line of logic should underlie our decisions on "geographic segmentation". This logic should be expressed initially by an explanation of relevant factors drawn from Commission precedent, legislative commentary, and our understanding of the purposes underlying the Antidumping Act itself. Once these factors are articulated, participants in Antidumping investigations will be able to focus attention on how the factors apply to the case in question.

1/ Carbon Steel Plate from Japan, Inv. AA1921-179, USITC Pub. 882 (April 1978).

2/ U.S. Senate, Report of the Committee on Finance on the Trade Act of 1974 (Sen. Finance Rept.), S. Rept. No. 93-1298 (93rd Cong., 2nd Sess.) pp. 180-81.

3/ Id at p. 181.

It is our view that three major factors enter into any decision to subdivide the industry regionally. They are: (1) whether the region under consideration is separate and identifiable, (2) whether LTFV imports are concentrated in that region, and (3) whether that region constitutes a significant part of the domestic industry. In the following sections we will discuss the meaning and purposes of these factors, and will then consider their application to the present case.

A. Relevant factors

(1) Whether the region under consideration is separate and identifiable. The regional segment of the industry must be sufficiently isolated from the rest of the industry to justify a deviation from the Antidumping Act's normal requirement of national injury. Commission decisions have discussed this problem. 4/ The Senate Finance Committee has noted that it is relevant to consider whether ". . . domestic producers . . . are located regionally and serve regional markets predominately or exclusively. . ." 5/ This suggests that it would be inappropriate to apply geographic segmentation principles if producers ship substantial portions of their production outside the region, since such a practice indicates an ability to market goods on a multiregional or national basis. In other words, the region itself would not be separate and identifiable from other regions.

Several Commission opinions have expanded this concept. In Hot-Rolled Carbon Steel Wires from Belgium, 6/ the Commission considered the extent to which

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4/ Hot-Rolled Carbon Steel Wire Rods from Belgium, TC Publication 93,(1963); Hot-Rolled Carbon Steel Wire Rods from Luxembourg, TC Publication 94,(1963); Hot-Rolled Carbon Steel Wire Rods from West Germany, TC Publication 95, 1963); and Hot-Rolled Carbon Steel Wire Rods from France, TC Publication 99,(1963).

5/ Sen.Finance Rept. at pp. 180-81.

6/ Inv. AA1921-27, TC Pub. 93 (June 1963).

domestic producers penetrated one another's natural markets. Commissioners have also asked whether, because of the lack of shipments into and out of a region, that region constituted an "isolated" industry. 7/

We believe the degree of isolation is an important factor to assess in deciding whether to apply a regional industry definition. It is very difficult to rely on regional data if it does not reflect conditions within a discrete and self-contained portion of the industry. Moreover, if a region is fully integrated with the national industry or other regions, we would have to examine conditions outside the region to determine the true impact of LTFV sales.

In order to determine whether a region is separate and identifiable, it is useful to weigh certain considerations. As pointed out in the Senate Report, it must be shown that the producers in question are located in and serve the region predominantly or exclusively. In addition, the region must not be served to any substantial degree by domestic producers outside the region. 8/ Finally, it may be relevant to ask what factors led to geographic segmentation. For example, we would want to know if constraints on transhipment exist by virtue of transportation costs or product characteristics, or if regional distribution is based solely on historical marketing practices.

(2) The extent to which LTFV sales are concentrated in a particular region. On numerous occasions the Commission has emphasized the importance

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7/ See for example, Steel Reinforcing Bars from Canada, Inv. AA1921-33, TC Pub. 122 (March 1964), Views of Commissioners Dorfman and Talbot, at p. 12.

8/ This consideration was discussed by the Commission majority in Carbon Steel Bars and Shapes from Canada, Inv. AA1921-39, TC Pub. 135 (September 1974) at p. 4.

of concentration to a determination of injury based on regional considerations.[9] It has also been discussed in legislative reports.[10]

Concentration is important because without it the region in question does not experience any disproportionate impact from LTFV sales. The concept of concentration implies that those engaged in unfair practices are focusing their marketing efforts on a particular region. In order to demonstrate the degree of concentration, producers should indicate the trends in a particular region which reveal a focusing of marketing efforts. For example, if the percentage of LTFV sales in a particular region was initially high, but had steadily decreased, it would indicate a lessening of "concentration".

In this case, we have been presented with the contention that LTFV sales can be concentrated in more than one regional market. Clearly, past decisions have been based on a finding of concentration in more than one region.[11] However, to our knowledge, the Commission has never found concentration in more than two areas simultaneously. This is because the very term "concentration" implies that high percentages of overall imports exist in one area. It is axiomatic that at some point imports become so dispersed into many areas that no single region has a sufficiently high percentage of the total to constitute concentration. Because cases before the Commission are likely to involve

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9/ See, e.g. Cast Iron Soil Pipe from Poland, Inv. AA1921-50, TC Pub. 214 (September 1967); Elemental Sulfur from Canada, Inv. AA1921-127, TC Pub.617 (October 1973).

10/ Sen. Finance Rept. at p. 181.

11/ See, e.g. Northern Bleached Hardwood Kraft Pulp from Canada, Inv. AA1921-105, TC Pub. 530 (December 1972); Cast Iron Soil Pipes from Poland, Inv. AA1921-50, TC Pub. 214 (September 1967).

different factual circumstances, a precise mathematical formula will not always be reliable in determining the minimum percentage which constitutes sufficient concentration. Thus, we would examine the percentage of LTFV sales in a region, the duration of such imports at that percentage, and the trends in percentages over a representative period. By weighing these elements, we will be able to reach balanced determinations on the question of concentration.

(3) Whether the region under consideration is significant enough to constitute an industry under the Antidumping Act. The Senate Finance Committee touched on this concept when it noted that the Commission must decide on a case-by-case basis " . . . whether injury to regional producers . . . constitutes injury to an industry." 12/ While the Commission has not explicitly discussed this factor in prior decisions, it is obvious that a national injury determination should not be based on injury to a region which is artificially small. The region itself must be reasonably defined, and should not be so small in scope as to cause inequitable results. For example, if one producer which constitutes an immeasurable small fraction of the national industry is the only portion impacted by LTFV sales, it may be inequitable to draw the region so small that it leads to an injury determination.

B. Application of regional factors to the facts of the case

Due to transportation costs, steel plate is traditionally sold within regional competitive markets. Thus, at first glance it would appear that the regions identified by counsel for the domestic industry in this investigation are eligible for treatment under the"geographic segmentation principle." However, after evaluating the relevant information in the context of the regional factors

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12/ Sen. Finance Rept. at p. 181.

set forth above, we believe that while these regions may (1) comprise regional competitive markets in terms of business practices and (2) constitute a significant part of the national carbon steel plate industry, we cannot segregate the impact of LTFV imports in such regions for the purpose of determining whether injury to the region constitutes injury to an industry under the Antidumping Act.

The "geographic segmentation principle" does not apply in this case, since the facts do not support a finding that the LTFV imports of carbon steel plate from Taiwan were concentrated in any of the regional competitive markets identified by counsel for the domestic producers. In the East, the share of Taiwanese LTFV imports amounted to only 5.4 percent. In the North Central region of the United States, imports were only 15.5 percent. In the Northwest region, the imports rose to only 19.6 percent. 13/ In the South Central Region of the United States, which was the second largest market area, the LTFV imports increased to 26.5 percent. However, the Commission received estimates that 30 to 70 percent of these imports were shipped out of that region to the Mid-West industrial region. Finally, California, which was the largest market for carbon steel plate from Taiwan, received 33 percent of such imports. In view of the dispersion of the imports among all other regions and no indication of a steady upward trend in imports into California on a monthly basis during 1978, we are not able to find any reasonable indication that Taiwan focused its efforts in California. Therefore, we believe there is no concentration of LTFV imports of carbon steel plate from Taiwan in that market.

13/ The Commission also received information that approximately 24 percent of the Northwest's demand for carbon steel plate was satisfied by domestic producers located outside that regional competitive market.

Counsel for Kaiser Steel Corporation and Gilmore Steel Corporation argued that the Northwest, which is served by Gilmore, and California, which is served by Kaiser, could constitute one regional competitive market. Kaiser basically serves California and Gilmore basically serves the Northwest, but neither is more than a minor participant in the other's market. They are distinct regional markets. Hence we find no basis for consolidating those two areas into one "regional competitive market."

SUMMARY

Investigation No. AA1921-197 was instituted on February 26, 1979, by the United States International Trade Commission following receipt of advice from the Department of Treasury that certain carbon steel plate from Taiwan was being, or was 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 product subject to this investigation is hot-rolled carbon steel plate, 0.1875 inch or more in thickness, over 8 inches in width, not in coils, not pickled, not coated or plated with metal, not clad, other than black plate, and not pressed or stamped to nonrectangular shape. Twelve domestic steel mills currently roll carbon steel plate for captive and open-market consumption. In all but one instance, these mills are integrated steel mills. The exception, Gilmore Steel Corp., is a ministeel mill. The industry is highly concentrated, with four companies accounting for about three-fourths of all U.S. producers' shipments. The new plate producer in Taiwan, China Steel Corp., is the newest foreign supplier of carbon steel plate to the U.S. market. Treasury's investigation disclosed that LTFV margins existed on all shipments of carbon steel plate made by China Steel Corp. to the United States during the 2-month period of investigation, August 1, 1978 through September 30, 1978. On February 14, 1979, Treasury announced that the weighted average LTFV margin amounted to 34 percent.

China Steel Corp.'s carbon steel plate exports to the U.S. market amounted to 91,000 tons in 1978, or slightly over 1 percent of apparent U.S. consumption. Fifty-three percent of these imports entered ports on the west coast, and 34 percent entered California ports alone. Japan and the EC countries have historically supplied the bulk of U.S. imports of carbon steel plate. However, in 1977, Japan dropped from the position of leading foreign supplier following the institution of the carbon steel plate from Japan antidumping investigation. Overall, imports account for a growing share of the U.S. carbon steel plate market, increasing from 18 percent in 1976 to 25 percent in 1978.

U.S. steel producers' shipments of carbon steel plate fell from 9.0 million short tons in 1974 to 5.6 million short tons in 1976 and then rose to 6.6 million short tons in 1978. Exports accounted for less than 5 percent of producers' shipments in each year. A summary of carbon steel plate trade data for 1974-78 is presented in the following tabulation:

Year	U.S. producers' shipments	Imports: From Taiwan	Imports: Total	Exports	Apparent consumption	Ratio of--: Total imports to consumption	Ratio of--: Imports from Taiwan to consumption
	1,000 short tons					Percent	
1974	9,042	-	1,309	372	9,979	13.1	-
1975	6,909	-	1,027	204	7,732	13.3	-
1976	5,606	-	1,231	50	6,787	18.1	-
1977	5,859	1	1,574	45	7,388	21.3	1/
1978	6,588	91	2,145	99	8,634	24.8	1.1

1/ Less than 0.05 percent.

Employment of production and related workers in the domestic carbon steel plate mills declined from 19,800 in 1974 to 13,800 in 1976, and then increased to 14,600 in both 1977 and 1978. The level attained by 1978 remained 26 percent below the 1974 level, in part, because of the closing of the Alan Wood Steel Corp.'s plate operations in Conshohocken, Pa., in 1976. However, with the planned reopening of that plate rolling mill by the Lukens Steel Co. in the near future, many of the jobs will again be available to U.S. workers. An undisclosed number of jobs have been lost in the industry in the past 6 years as a result of modernization and cost-cutting programs instituted by producers in an effort to increase their competitive capabilities.

Nine U.S. producers 1/ of carbon steel plate experienced increasing operating losses during 1975-77, but reported an aggregate net operating profit of $39.7 million in 1978 as shown in the following tabulation:

	Net operating profit (or loss) on carbon steel plate operations (Million dollars)
1974	$174.8
1975	(25.8)
1976	(31.6)
1977	(42.2)
1978	39.7

Information on average prices at which importers and U.S. producers sold carbon steel plate to large end users and distributors indicates that the Taiwanese plate generally sold at prices below those of domestic producers. Prices offered by importers of plate from Taiwan in the California market were, on average, higher than prices on similar sales made in the Oregon-Washington market, while the prices in both markets exceeded average net prices in States other than California, Oregon, and Washington. Following the institution of the trigger-price mechanism, importers' average net prices rose to a level close to the quarterly trigger-price level for carbon steel plate.

1/ These nine firms accounted for 76 percent of total shipments in 1978.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On February 12, 1979, the United States International Trade Commission received advice from the Department of the Treasury that carbon steel plate from Taiwan 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 February 26, 1979, the Commission instituted investigation No. AA1921-197 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 was held on April 3, 1979, in Washington, D.C., in connection with this investigation. By statute the Commission must make its determination within 3 months of its receipt of advice from Treasury or, in this case, by May 12, 1979.

Notice of the institution of the Commission's investigation and of the time and place of the public hearing was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York office. In addition, the aforementioned notice was published in the Federal Register of March 2, 1979 (44 F.R. 11854). 2/

Treasury's determination of sales at LTFV resulted from an investigation initiated by the Treasury in conjunction with its administration of the Trigger-Price Mechanism (TPM), a program established to monitor prices at which certain steel mill products enter the United States. 3/ Treasury's Antidumping Proceeding Notice was published in the Federal Register of October 25, 1978 (43 F.R. 49875); its Notice of Withholding of Appraisement and Determination of Sales at LTFV was published in the Federal Register of February 14, 1979 (44 F.R. 9639). 4/

Description and Uses

Carbon steel plate is a finished steel-mill product generally rolled from slabs, although some plate is rolled 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, other than

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

2/ A copy of the Commission's notice is presented in app. B.

3/ See app. C for additional trigger-price information.

4/ Copies of Treasury's Federal Register notices concerning carbon steel plate are presented in app. D.

black plate, and not pressed or stamped to nonrectangular shape, as provided for in item 608.8415 of the Tariff Schedules of the United States Annotated (TSUSA). 1/

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. 2/ A conveyor table carries the heated slab through a high-pressure water spray, for scale removal, to the rolls of a 2-high reversing roughing stand. This facility rapidly reduces the thickness of the steel as it is passed back and forth between the rolls. At the same time the steel is brought to approximate width by rolling in one direction and then turned 90 degrees for further rolling. From the roughing stand the intermediate product is moved along the conveyor to the finishing stand and rolled to physical specifications (i.e., thickness). 3/ Following the rolling operation, the plate is usually trimmed, cut to length, and inspected prior to shipping.

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. 4/ Although this product might substitute for carbon steel plate in certain applications, Treasury did not include it within the scope of its investigation. Special equipment is required to "uncoil" coils of plate, thus limiting the interchangeability of coiled and cut-to-length plate.

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

Market Participants

The United States is the world's largest free market for carbon steel plate. It influences the activities of literally thousands of economic units throughout the world, and at least 50 foreign firms produce some carbon steel plate for export to the United States. Owing to the pervasive use of carbon steel plate in the heavy capital equipment field, this market responds

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1/ The Tariff Schedules of the United States define "black plate" as "cold-rolled steel sheets, not coated, under 0.0142 inch in thickness" (see headnote 2(g) of subpart B of schedule 6 of the TSUS). Therefore, the phrase "other than black plate" is redundant in the definition of carbon steel plate, but has been included in order to track Treasury's definition of product published in the Federal Register of February 14, 1979 (44 F.R. 9639).

2/ For this reason very little plate is inventoried by the steel mill; rather, ingots or slabs are inventoried in anticipation of forthcoming rolling schedules.

3/ The type of equipment used in a plate rolling operation (for example, a 2-high or 4-high rolling stand or a roughing stand followed by a finishing stand) is not standardized and varies from company to company.

4/ Imports of hot-rolled carbon steel coils represented approximately 25 percent of total plate and coil imports during 1977 and 1978.

directly to the level of industrial investment in the United States. This section identifies the participants in this important market.

U.S. producers

The primary sources of supply to the U.S. market in 1978 are the following U.S. producers:

	Share of total U.S. producers' shipments of carbon steel plate (percent)
Armco Steel Corp	***
Bethlehem Steel Corp	***
Gilmore Steel Corp	***
Inland Steel Co	***
Interlake, Inc	***
Jones & Laughlin Steel Corp	***
Kaiser Steel Corp	***
Lukens Steel Co	***
Phoenix Steel Corp	***
Republic Steel Corp	***
U.S. Steel Corp	***
Youngstown Sheet & Tube Co	***
Total	97

1/ Less than 0.5 percent.

As shown above, U.S. production is highly concentrated; in 1978 the four largest producers, * * * shipped 73 percent of all U.S.-made carbon steel plate. Located in various areas of the United States, the 11 integrated steel producers and Gilmore Steel Corp., a ministeel mill, sell to end users and secondary suppliers such as distributors and steel service centers. 1/ In 1976, the Alan Wood Steel Corp. discontinued its carbon steel plate rolling operation following Chapter 11 bankruptcy proceedings, and the mill's equipment was purchased in 1978 by Lukens Steel Co. After investing about $10.5 million in the facility, Lukens plans to reopen the mill (which will double its plate capacity) in June 1979. In 1978, Bethlehem Steel Corp. opened a new plate mill in Burns Harbor, Ind. that, combined with an existing mill at that location, provides the largest capacity to produce plates of any plant in the United States.

1/ Large integrated steel companies such as U.S. Steel Corp., Bethlehem Steel Corp., and Kaiser Steel Corp., also use part of their steel plate output in their steel fabricating divisions. These divisions use plate to fabricate bridges, ships, offshore oil drilling rigs, and pressure vessels.

Importers

Taiwanese-made plate was marketed in the United States in 1978 by 23 different importers, the 9 largest of which were:

Associated Metals & Minerals Corp.
Balfour Guthrie & Co., Ltd.
Coutinho, Caro & Co., Inc.
Mitsubishi International Corp.
Mitsui & Co. (USA), Inc.
Pan American Trade Development Corp.
Sumitomo Corp. of America
Triangle Steel and Supply Co.
Woodbury & Co.

These importers handled about 90 percent of all U.S. imports of carbon steel plate from Taiwan in 1978. The five largest importers, * * *, accounted for about 70 percent of all such imports.

Intermediate channel members

Approximately 500 distributors and steel service centers buy carbon steel plate from U.S. producers, foreign producers and/or importers, stock the merchandise, prepare the plates to customer specifications, and resell to end users. 1/ Distributors and steel service centers account for a large fraction of the distribution of domestic supplies and generally 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, these members of the steel distribution channel compete directly with primary suppliers for end-user accounts. 2/

At least 10,000 firms purchase carbon steel plate for the fabrication of boilers, storage tanks, railway cars, ships, nonelectric machinery, and a multitude of other steel products. 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 that purchase plate infrequently or in smaller quantities tend to buy from distributors or steel service centers.

1/ The distributors' function in the channel of distribution is primarily that of breaking bulk, whereas the steel service centers provide the added services of cutting, leveling, slitting, and coating.

2/ Steel mills generally sell only in truck-load (20 tons) quantities, whereas distributors will sell in lesser quantities, i.e., one-half truck loads or less. Steel service centers sell quantities as small as sections of a steel plate.

China Steel Corp.

The first stage of the fully integrated steel plant of the China Steel Corp. was one of ten major projects planned by the Government of Taiwan for completion before 1980. Before 1978, Taiwan's steel requirements had been supplied from imports and from the output of ten or so small domestic steel producers, some of which produced small quantities of raw steel from scrap by means of electric furnaces. By yearend 1977, the steelmaking facilities and the bar, rod, and plate mills of China Steel Corp. were in place, but the startup period extended well into 1978. The rated annual producing capacity for raw steel is 1.5 million metric tons and for plate, 400,000 metric tons. 1/ Plans for the second construction stage call for doubling raw steel capacity and adding facilities for producing sheet, coiled sheet, and other conventional mill products--completion in 1982 or 1983. A 50,000-metric-ton mill to produce light plate is also to be constructed. 2/ Completion of the third stage would bring steel capacity up to 6 million metric tons. The plant is located near the port of Kaohsiung, one of Taiwan's three "export-processing zones," within which is also located the new shipyard of the China Shipbuilding Corp. Taiwan's export-processing zones are similar to U.S. foreign trade zones with respect to duty-free treatment of raw materials and certain other inputs imported for manufacturing products for export. They are a feature of Taiwan's well organized export promotion program, and the United States has been Taiwan's principal foreign market.

The China Steel Corp. is wholly government-owned. As in the case of the shipyard and other projects undertaken as part of Taiwan's program for rapid economic growth through expansion of the industrial sector, much of the financing of the steel plant was obtained externally, the United States participating through private financing and through the U.S. Export-Import Bank (EIB). Of the services and equipment for the first stage supplied from foreign sources, the United States accounted for about 35 percent, Japan for about 30 percent, and Germany for about 27 percent. The EIB portion of the U.S. support was in the form of an 8-percent $200-million loan, to be repaid in 24 semiannual installments beginning on June 10, 1978. This loan was dated October 15, 1974, at which time the value of the equipment to be purchased abroad was expected to total around $500 million. The EIB has approved a preliminary commitment for the plant's second stage, but China Steel has not yet awarded contracts for foreign procurement.

The following excerpts from a 1976 Taiwanese publication highlight the financial genesis of the China Steel Corp. construction program: 3/

1/ The U.S. $25-million plate mill was supplied by Mesta Machinery; it was in place at yearend 1977 and is considered to have reached full production during July 1978.

2/ Reference to this mill was not included in China Steel Corp.'s submission because it was not considered relevant, inasmuch as Taiwan's home demand for light plate is high and export is not contemplated.

3/ Ten Construction Projects, Taiwan, 1976.

In November of 1971 a contract was signed with VOEST of Austria for construction and operation of a mill at Kaohsiung. The Austrian company agreed to provide capital and loans totaling about US$64 million. Total cost was to have been US$324 million. U.S. dollar devaluation and other factors led to the breaching of this agreement. In August of 1973, the China Steel Corporation signed a contract with USS Engineers and Consultants, Inc., a subsidiary of U.S. Steel, to provide technical services and supervision in construction and operation of the mill. The American company is not participating financially in the US$725 million project.

China Steel Corporation has capital of US$280 million, 45 percent from the government and 55 percent from private investors. The remainder of the financing is from domestic and foreign loans. Capacity will be 1.5 million metric tons when production begins in 1978. This will be increased to 2.7 million m/t in 1980 and 6 million m/t in 1983.

In 1978, the plant is expected to produce 400,000 metric tons of steel plate.

USS Engineers is responsible for training both at the plant site and in the United States. The feasibility study for the mill was prepared by USS and approved by the government. Taiwan's production of iron and steel products was about 1.7 million metric tons in 1975. The whole of the new mill's 1.5 million capacity can be absorbed domestically by 1978.

Although the U.S. Steel Corp.'s feasibility study for the China Steel Corp. projected that Taiwan's home market would absorb all the new mill's 1978 output, a sizable part of this output was exported to the United States. Lower-than-anticipated home demand may have resulted, in part, from the reported cancellation of orders for ships at the Kaohsiung shipyard. Exports to Japan are also increasing as evidenced by sales of plate to Mitsubishi Heavy Industries, Ltd. (see app. E) and a reported offering of 200,000 tons per year of carbon steel plate to Ishikawajima-Harima Heavy Industries Co. (IHI) in Japan for shipbuilding and plantmaking. 1/

U.S. Tariff Treatment

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

1/ Metal Bulletin, Dec. 29, 1978.

percent ad valorem during the Kennedy round of trade agreements. The statutory (col. 2) rate of duty 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 is not designated as eligible for such duty-free treatment.

Nature and Extent of Sales at LTFV

Treasury's investigation of U.S. imports of carbon steel plate from Taiwan covered the 2-month period extending from August 1, 1978, through September 30, 1978. The investigation covered only one Taiwanese concern--China Steel Corp--which accounted for 100 percent of the carbon steel plate imported from Taiwan. On February 14, 1979, Treasury announced that the weighted average LTFV margin for sales of carbon steel plate by China Steel Corp. amounted to 34 percent.

Based on information provided on Special Summary Steel Invoices (SSSI's), 1/ Treasury determined that carbon steel plate entering the United States from China Steel Corp. had been sold at prices below the trigger price for carbon steel plate that had been initially established on April 30, 1978. On the basis of this information, Treasury published an antidumping proceeding notice on October 25, 1978. Furthermore, it was determined that the appropriate basis for fair value comparison was between the U.S. purchase price and the home-market price. Such a comparison was possible because all export sales had been made at arm's length to unrelated customers and sufficient quantities of similar carbon steel plate had been sold in the home market. As China Steel Corp. declined to provide Treasury with home-market-pricing information on carbon steel plate, Treasury's determination was based on home-market-pricing information provided by China Steel Corp. on each of the SSSI's that had been submitted with its carbon steel plate exports to the United States.

Consideration of Injury or Likelihood Thereof

U.S. consumption

Consumption of plate reached highs during 1973 and 1974 of 8.8 million short tons and 10.0 million short tons, respectively, before declining to a low of 6.8 million short tons in 1976. The level of consumption rose in 1977 to 7.4 million short tons and again in 1978 to 8.6 million short tons.

1/ Import entry documents required in conjunction with the TPM on transactions after January 1978.

The cyclical movement in the quantity of carbon steel plate consumed in the United States is related to the overall growth or decline in the domestic economy. Starting in late 1972, stronger demand for steel products including steel plate was reflected in an increase in new orders for machinery and machine tools. The 1974-75 economic recession reversed this situation, however, and consumption of carbon steel plate fell by over 2.2 million short tons in 1975, and by slightly under 1.0 million short tons in 1976. The gradual economic recovery in 1977 and 1978 is mirrored in the consumption figures for carbon steel plate during those 2 years as shown in figure 1 and the following table.

Carbon steel plate: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1972-78

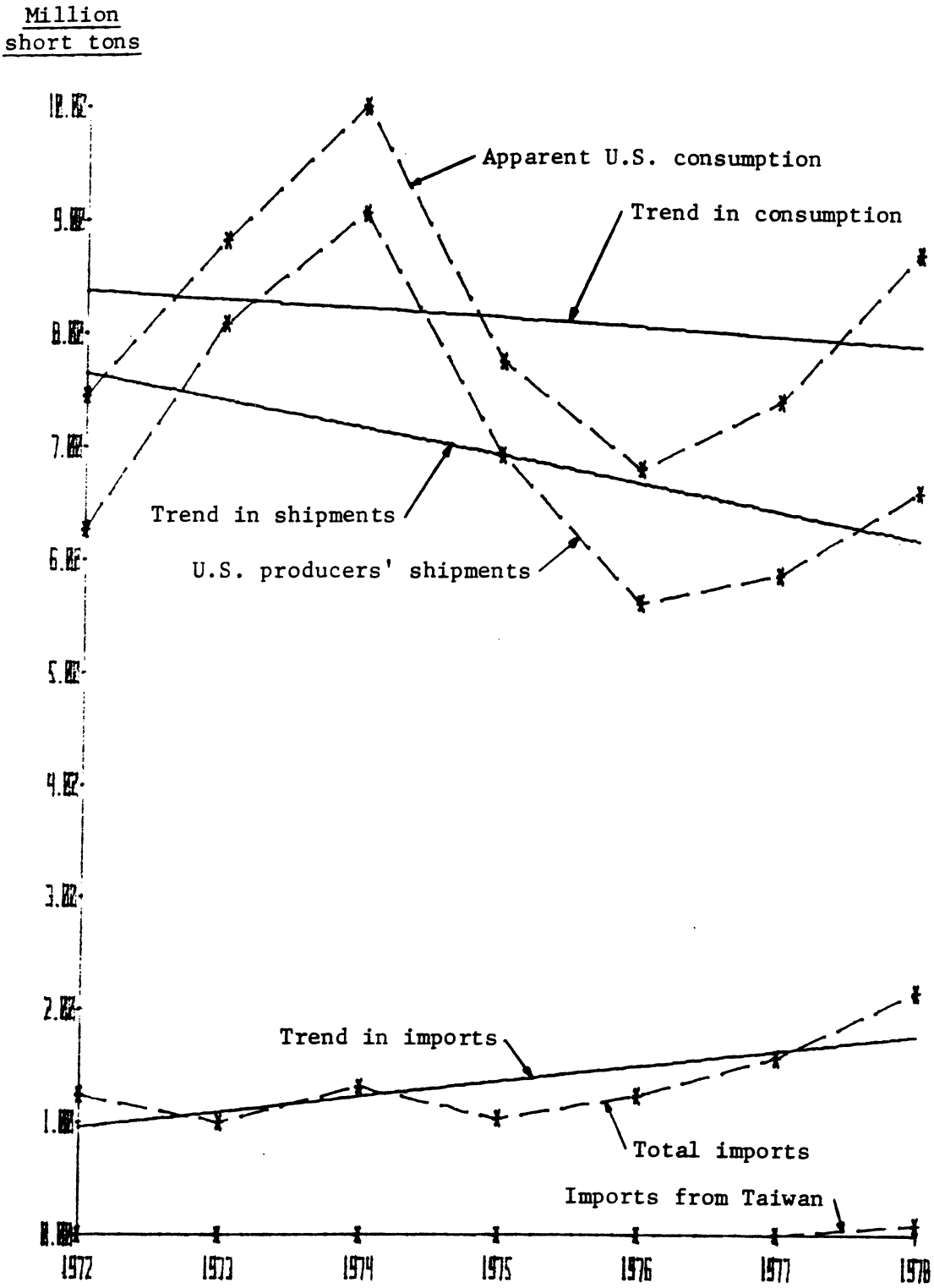
Year	Producers' shipments	Imports	Exports	Apparent consumption	Ratio of imports to consumption
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	Percent
1972	6,269	1,240	60	7,449	16.6
1973	8,074	998	262	8,810	11.3
1974	9,042	1,309	372	9,979	13.1
1975	6,909	1,027	204	7,732	13.3
1976	5,606	1,231	50	6,787	18.1
1977	5,859	1,574	45	7,388	21.3
1978	6,588	2,145	99	8,634	24.8

Source: U.S. producers' shipments compiled from statistics of the American Iron and Steel Institute; U.S. imports for 1977 and 1978 and exports compiled from official statistics of the U.S. Department of Commerce; U.S. imports for 1972-76 estimated by the staff of the U.S. International Trade Commission on the basis of official statistics of the U.S. Department of Commerce.

U.S. producers' shipments and exports

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. Strong demand for carbon steel plate in the United States in 1974 resulted in market shortages and in substantial quantities of unfilled orders. Much buying in 1974 was accounted for by 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. The small (4 percent) increase in shipments in 1977, however, foretold further improvements for 1978, when carbon steel plate shipments by domestic producers rose by 12 percent to 6.6 million short tons,

Figure 1.--Carbon steel plate: Apparent U.S. consumption, U.S. producers' shipments, total U.S. imports for consumption, and U.S. imports for consumption from Taiwan, 1972-78



Source: Compiled from statistics of the American Iron and Steel Institute, from official statistics of the U.S. Department of Commerce, and from data submitted in response to questionnaires of the U.S. International Trade Commission.

as shown in the following table. Based on current steel mill operating rates this upward trend should continue through 1979 barring a general economic downturn.

Carbon steel plate: U.S. producers' shipments, by categories, 1972-78

(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
1978	5,893	99	596	6,588

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. Total shipments compiled from American Iron and Steel Institute (AISI) statistics.

Intracompany shipments fluctuated from a high of 1.2 million short tons in 1974 (13 percent of total shipments) to a low of 434,000 short tons in 1976 (8 percent of total shipments). Intracompany shipments of 596,000 short tons in 1978 represented 9 percent of total shipments. U.S. exports have been small during the past 7 years, reaching a peak of 372,000 short tons in 1974 (4 percent of total shipments) and a low of 45,000 short tons in 1977 (1 percent of total shipments). Exports increased to 99,000 short tons in 1978.

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 1974-78. Capacity was defined 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 U.S. producers' shipments 1/ and productive capacity during 1974-78:

Year	Shipments	Capacity	Ratio of shipments to capacity
	1,000 short tons	1,000 short tons	Percent
1974	9,042	11,715	77
1975	6,909	11,799	59
1976	5,606	11,778	48
1977	5,859	11,346	52
1978	6,588	11,852	56

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 1974-76, but increased utilization of carbon steel plate rolling capacity in 1977 and 1978, commensurate with overall steel facility utilization. 2/ 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 degree of capital intensity in steelmaking accentuates the adverse effects of excess capacity on U.S. producers. Throughout 1974-78, U.S. producers had more than enough capacity to supply the entire U.S. market.

Inventories

As mentioned earlier, users and distributors generally perform the inventory function for the entire carbon steel plate market. Inventories reported by U.S. producers remained small and relatively constant during 1973-78, as shown on the following page. 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 Taiwanese-made plate do not keep large inventories in the United States.

1/ As little inventory is maintained by U.S. producers, the quantity of shipments is believed to closely approximate production.

2/ Overall steel industry shipments increased by 6.6 percent from 1977 to 1978.

Carbon steel plate: U.S. producers' end-of-period inventories and shipments, 1973-78

Year	Inventories	Shipments	Ratio of inventories to shipments
	1,000 short tons	1,000 short tons	Percent
1973	212	8,074	2.6
1974	202	9,042	2.2
1975	182	6,909	2.6
1976	194	5,606	3.5
1977	249	5,859	4.2
1978	216	6,588	3.3

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

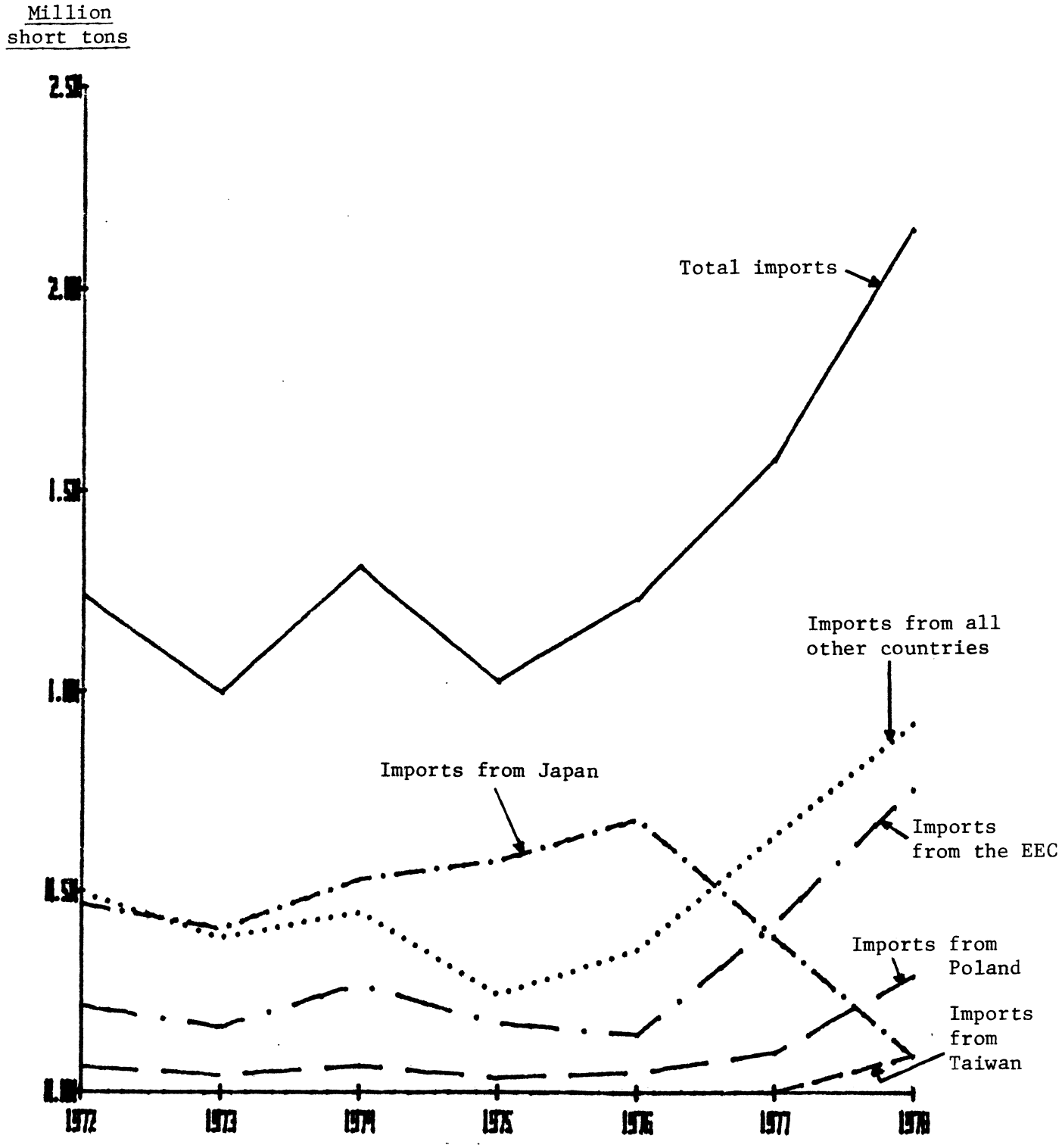
U.S. imports

U.S. imports of carbon steel plate have been statistically provided for under item 608.8415 of the TSUSA since January 1, 1977. Prior to this date, such imports were statistically provided for under TSUSA item 608.8420, which also included certain carbon steel in coils.

To obtain import statistics for the years prior to 1977, the Commission had to allocate from "basket" provision item 608.8420 that quantity which represented carbon steel plate. Official statistics of the U.S. Department of Commerce show that in 1977 and 1978, carbon steel plate represented 75 percent of total imports 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, as foreign producers sought to supply rising demand in their home markets by diverting their potential exports. 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 (see following table and fig. 2). U.S. imports of carbon steel plate increased to 1.2 million short tons, 1.6 million short tons, and 2.1 million short tons in 1976, 1977, and 1978, respectively.

Figure 2.--Carbon steel plate: U.S. imports for consumption, by principal sources, 1972-78



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

Carbon steel plate: U.S. imports for consumption, by selected sources, 1972-78

(In thousands of short tons)

Year	Japan	Taiwan	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	1,165	1,574
1978	90	91	1,964	2,145

Source: 1977-78 data compiled from official statistics of the U.S. Department of Commerce, 1972-76 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.

Prior to 1977 Japan was the dominant supplier of carbon steel plate to the United States, accounting for 56 percent and 55 percent of total carbon steel plate imports in 1975 and 1976, respectively. However, in 1977 Japanese exports to this market shrank by nearly 43 percent to 386,000 short tons, while total carbon steel plate imports rose to a new high of 1.6 million short tons. Canada and eight European countries replaced Japan in the market and contributed to the surge in plate imports with major increases in their annual export shipments to the United States (table 1, app. F). Shifting by the various market suppliers continued into 1978 as Japanese carbon steel plate exports to the United States declined precipitously (by over 76 percent to 90,000 short tons) following the Commission's finding of injury by reason of LTFV imports in its investigation No. AA1921-179, Carbon Steel Plate From Japan, in April of that year, and Treasury's institution of the TPM at about the same time. Total imports of carbon steel plate continued to rise sharply in 1978, reaching a period high of 2.1 million short tons on the strength of further sizable increases by Canada and seven EC countries. 1/ Overall, from 1975 to 1978, total imports of carbon steel plates increased by 109 percent or 1.1 million short tons.

Imports of carbon steel plate (including coils) into the three western States of California, Oregon, and Washington amounted to an average of about 20 percent of total imports of the product into the United States from 1972 through 1978. On a percentage basis, carbon steel plate entering these markets increased from 17 percent of total carbon steel plate imports in 1972 to a record 37 percent in 1974. Thereafter, these imports declined irregularly to a level of 16 percent in 1978. California represented the larger market, accounting for an average of about 66 percent of total imports into

1/ Demand for steel in EC countries was weak in 1977 and 1978. EC steel mills were operating at 60 to 70 percent of capacity (Commission of European Communities, Information Memo, June 1978 and November 1978).

the two markets (assuming Oregon and Washington are one market) over the 7 year period. However, since 1975, a trend appears to have developed that indicates that an increasing quantity, as well as percent, of carbon steel plate is entering the Oregon-Washington market (see table below).

Carbon steel plate, including coils: U.S. imports for consumption, by selected regions of entry, 1972-78

Year	Imports into--			Total imports	Ratio of--		
	California (1)	Washington and Oregon (2)	California, Washington, and Oregon (3)	(4)	(1) to (3)	(2) to (3)	(3) to (4)
	1,000 short tons				Percent		
1972	186	86	272	1,632	68.3	31.7	16.7
1973	172	68	240	1,304	71.5	28.5	18.4
1974	425	193	618	1,682	68.8	31.2	36.7
1975	218	95	313	1,343	69.6	30.4	23.3
1976	202	120	322	1,548	62.7	37.3	20.8
1977	158	114	272	2,084	58.3	41.7	13.0
1978	281	168	449	2,848	62.6	37.4	15.8

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

Note.--Additional information on the value and unit value of imports into these regions is presented in table 2.

Taiwan first entered the U.S. carbon steel plate market in late 1977 with a small shipment of 1,000 short tons. The continued surge in imports of carbon steel plate in 1978 was noticeably affected by the entry of 91,000 short tons of Taiwanese plate. The regional impact of imports from Taiwan is discussed in a later section of this report.

Employment

Employment data for carbon steel plate operations were received from 10 U.S. producers, which together accounted for 82 percent of total shipments in 1978. As shown in the following table, the number of production and related workers engaged in the manufacture of carbon steel plate (as well as man-hours worked by those employees) declined during 1974-76, rose in 1977, and remained nearly constant in 1978. Although total shipments of carbon steel plate were substantially lower in 1978 than in 1974, shipments per worker were at nearly the same level (368 tons and 376 tons, respectively).

Production and related workers employed in establishments in which carbon steel plate was produced, man-hours worked by such employees, and quantity of carbon-steel plate shipped per employee, 1974-78

Year	Production and related workers		Man-hours worked		Shipments of carbon steel plate per worker
	All products	Carbon steel plate	All products	Carbon steel plate	
	1,000 workers	1,000 workers	Millions	Millions	Short tons
1974	187.2	19.8	373.8	39.4	376
1975	164.4	18.6	309.3	35.5	328
1976	163.0	13.8	319.4	27.0	324
1977	161.0	14.6	316.7	28.4	329
1978	144.0	14.6	294.1	29.2	368

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

Financial experience of U.S. producers

The Commission sent financial questionnaires to 12 major U.S. producers of carbon steel plate and received usable data from 10 firms for their overall operations of establishments in which carbon steel plate was produced (table 3) and from nine firms for their operations specifically on carbon steel plate (table 4). It should be noted that complete product line financial data are not routinely maintained by these firms, and it was necessary for them to allocate certain overhead expenses to their carbon steel plate operations. In addition, most firms employ "standard cost" accounting which is designed for internal cost control and may not reflect actual product costs. A summary of the firms' data on carbon steel plate operations is presented on the following page.

Aggregate profit-and-loss experience of nine 1/ U.S. producers on their carbon steel plate operations, 1974-78

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
1974	1,505,879	174,774	11.6
1975	1,477,213	(25,800)	(1.7)
1976	1,168,007	(31,635)	(2.7)
1977	1,335,913	(42,228)	(3.2)
1978	1,640,085	39,716	2.4

1/ These firms accounted for 76 percent of total shipments in 1978.

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

The financial condition of these firms declined steadily during 1974-77 before improving dramatically in 1978, owing to both increased prices and increased volume of shipments. The increase in profitability was not universal, however, as indicated by the fact that five firms continued to report operating losses in 1978 compared with six firms in 1977:

	Number of firms reporting operating losses
1974	0
1975	4
1976	8
1977	6
1978	5

* * * * * * *

Consideration of the Causal Relationship Between LTFV Imports and the Alleged Injury

Market penetration

The following table shows that Taiwan did not export plate to the United States prior to 1977 when the first trial shipments from China Steel Corp. entered U.S. ports. The quantity entered that year, however, was too small to

noticeably alter the ratio of total imports to consumption (such imports amounted to less than one tenth of 1 percent of consumption). In 1978, 91,000 tons of carbon steel plate from Taiwan entered 14 different ports of entry in the United States. In 1978, such imports accounted for slightly more than 1 percent of apparent U.S. consumption and 4.2 percent of total U.S. imports of carbon steel plate.

Carbon steel plate: Apparent consumption, imports from Taiwan, imports from Japan, and total imports, 1972-78

Year	Apparent consumption (1)	Imports from Taiwan (2)	Imports from Japan (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
1972--	7,449	-	468	1,240	-	6.3	16.6
1973--	8,810	-	407	998	-	4.6	11.3
1974--	9,979	-	529	1,309	-	5.3	13.1
1975--	7,732	-	575	1,027	-	7.4	13.3
1976--	6,787	-	681	1,231	-	10.0	18.1
1977--	7,388	1	386	1,574	1/	5.2	21.3
1978--	8,634	91	90	2,145	1.1	1.0	24.8

1/ Less than 0.05 percent.

Source: Apparent consumption compiled from statistics of the American Iron and Steel Institute and official statistics of the U.S. Department of Commerce; U.S. imports for 1977 to 1978 compiled from official statistics of the U.S. Department of Commerce; U.S. imports for 1972-76 estimated by the staff of the U.S. International Trade Commission.

Several west coast importers informed the Commission that they have been unable to obtain quotations on carbon steel plate from China Steel Corp. since Treasury began its investigation.

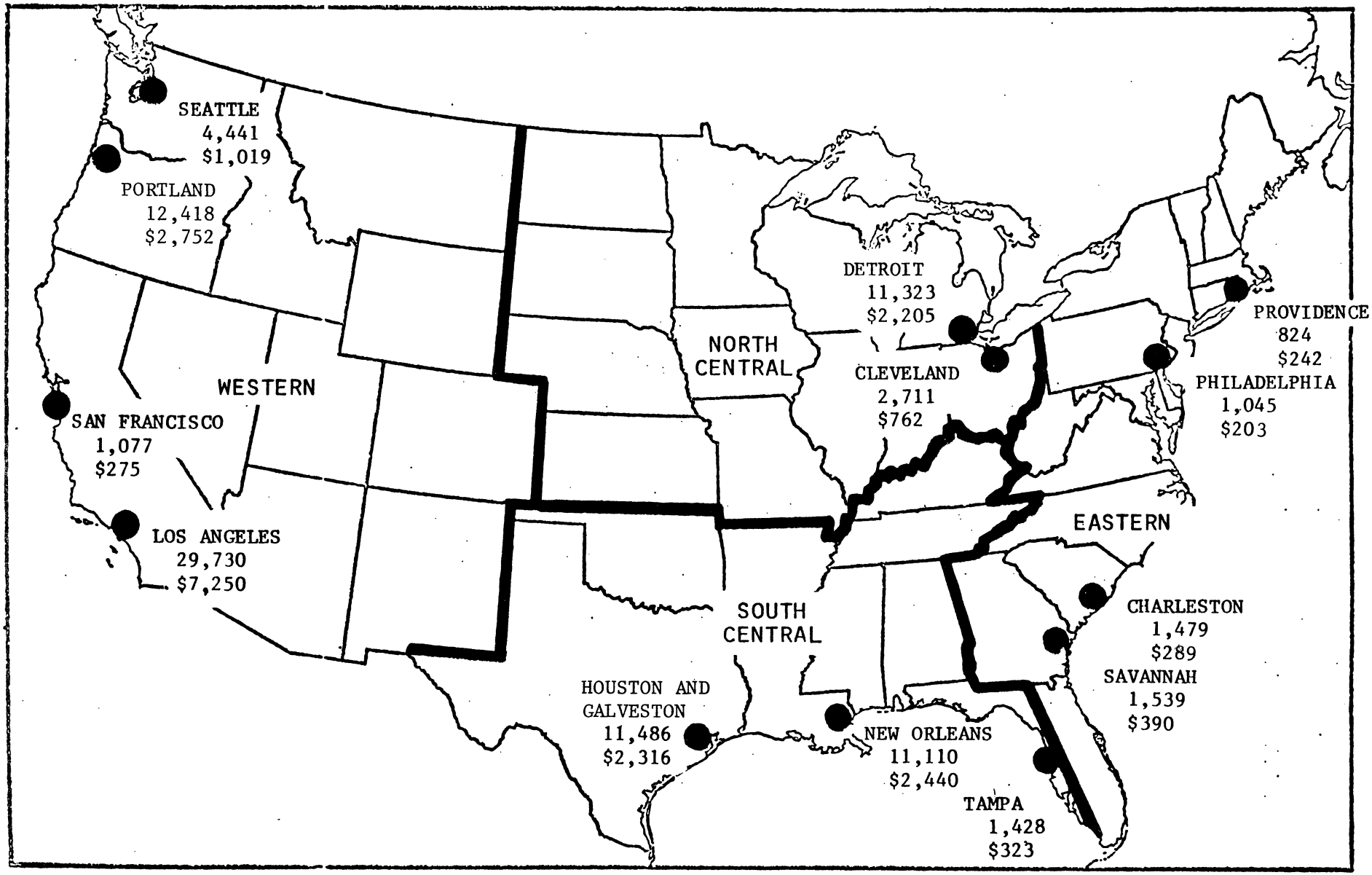
Regional consideration 1/

The table on page A-22 shows the amount of carbon steel plate from Taiwan that entered the four major U.S. geographical markets in 1978. The following map (fig. 3) shows imports of carbon steel plate from Taiwan in 1978 at port of entry and defines these geographical regions.

1/ For an additional discussion of regional markets, see app. G.

Figure 3.--Carbon steel plate: U.S. imports for consumption from Taiwan, by port of entry, 1978

(Quantity in short tons, value in thousands)



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

Carbon steel plate: U.S. imports for consumption from Taiwan, by regions of entry, 1978

Item	Western	South-central	North-central	Eastern	Total
Quantity-----1,000 short tons--	47.7	24.0	14.0	4.9	90.6
Share of total imports----------percent--	52.6	26.5	15.5	5.4	100.0

Source: Official statistics of the U.S. Department of Commerce.

Imports into the west coast accounted for 53 percent of all Taiwanese plate imports, in part, because of lower shipping costs and shorter delivery times to this region. California is the major market area for carbon steel plate from Taiwan (table 5), and in 1978, 29,700 tons, or 33 percent of all such imports, entered the Los Angeles market alone. Little, if any, of this plate is thought to move beyond California, or even the greater Los Angeles market area. The Oregon and Washington markets are considered to operate in almost the same manner.

On the basis of industry shipments for consumption in California, Oregon, and Washington, the following market penetration model can be constructed for 1978:

Carbon steel plate: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, by selected regions, 1978

Region	Domestic shipments	Imports from-- Taiwan	Imports from-- All other countries	Apparent consumption	Ratio of imports from-- Taiwan to consumption	Ratio of imports from-- All other to consumption
	1,000 short tons				Percent	
California	***	30.8	161.7	***	***	***
Oregon and Washington	***	16.9	103.7	***	***	***
Total/average	413.7	47.7	265.4	726.8	6.6	36.5

Source: Shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce.

The second largest market, the south-central region, defies close analysis because of the uncertainty as to the exact quantity of carbon steel plate imports entering through the Port of New Orleans that actually remains within that market region. A sizable part of these imports is thought to move

up river to the Midwest industrial area. Estimates range from 30 percent to over 70 percent. 1/

Penetration of imports of carbon steel plate from Taiwan in the eastern and north-central geographical market regions is relatively low, but consideration has to be given to the fact that the 12-month period during which the bulk of the Taiwanese carbon steel plate entered this country was an extremely short period for marketing patterns to develop. Such imports might be classified as samples shipped from a new steel/plate supplier into a trial market. 2/

Prices

Carbon steel plate is sold into the channels of distribution at several different levels. Domestic producers sell to their fabricated plate divisions (nonarm's-length transactions) and to large end users and distributors. U.S. producers are generally not willing to sell to small customers, desiring instead to ship, for economic reasons, only in truckload quantities of 20 tons or more. Importers, on the other hand, sell to distributors, end users, and off-the-dock (that is, they act as brokers for other importer/distributors). Some importers also warehouse carbon steel plate. These importer/distributors are differentiated by the size of customer order they will service. Some will sell only in five- or ten-ton quantities, or larger, whereas others specialize in the small customers which may purchase only one or two plates, or even a part of a plate. Price comparisons in this section are based on the lowest net selling prices for large quantity sales (20 tons or more) to nonrelated parties.

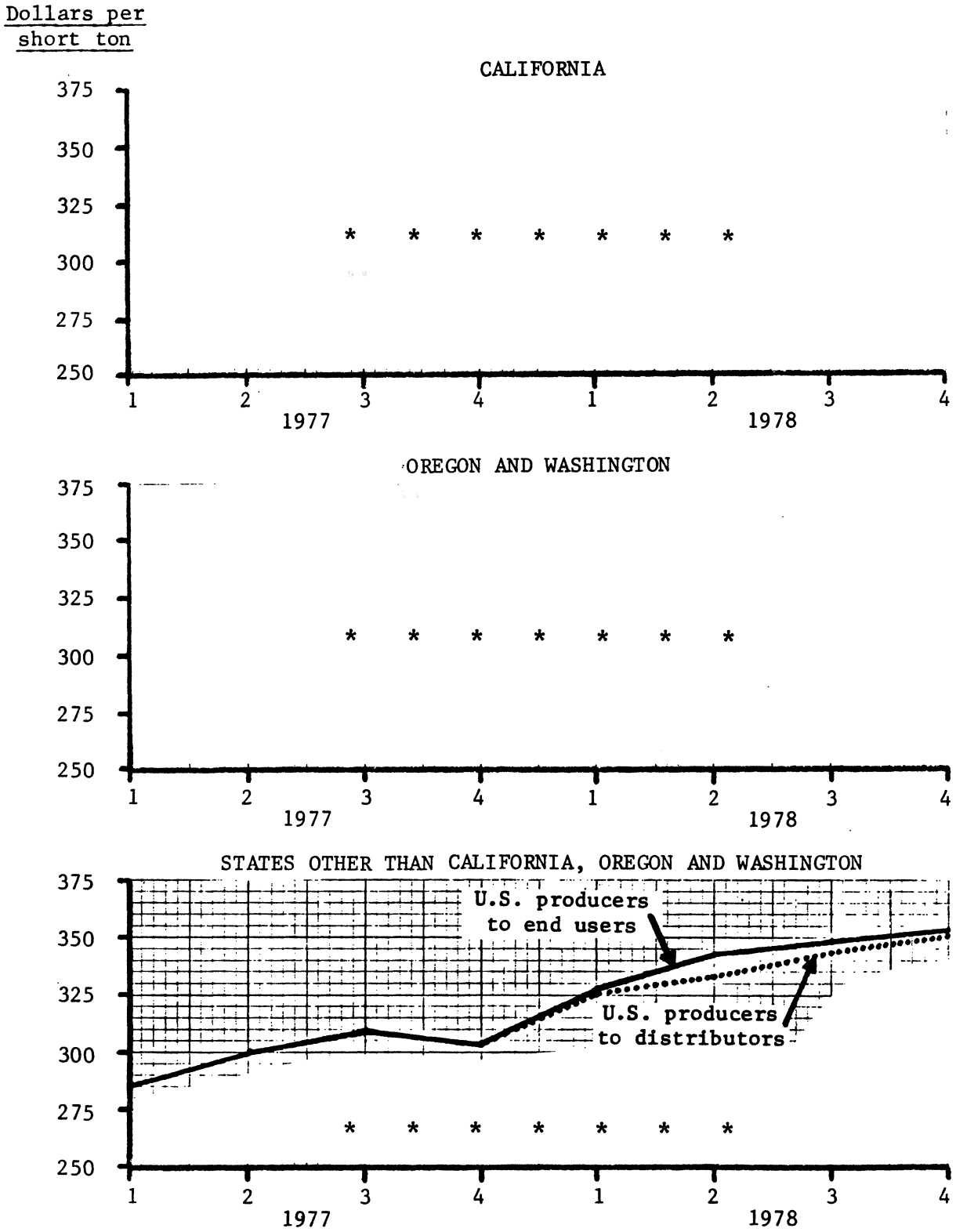
To obtain this information the Commission mailed questionnaires to the 12 domestic carbon steel plate producers and to the 23 importers of record. The questionnaires requested (1) the lowest net prices at which they sold (2) 20 tons or more (3) of carbon steel plate (4) of ASTM grade A-36 (5) in sizes 1/2 inch and 1-1/4 inch thick by 96 inches in width (6) to end users and distributors (7) located in California, Oregon and Washington, and all other States. Five domestic producers and 5 importers were able to supply price information. Quarterly price data are presented in price range and average price format in tables 6-9.

U.S. producers' prices.--Lowest average U.S. producers' prices for 1/2-inch plate are shown in figure 4. Several distinct features are detected on these graphs in addition to the general increase in prices over the period. The first feature is the closeness in which the two price lines (for sales to end users and to distributors) tracked one another.

1/ Steel plate specialists of the U.S. Customs Service estimated that 70 percent or more of the plate imported through New Orleans, La. eventually reaches the industrial areas upriver.

2/ Exports of plate to the United States during 1978 represented about 20 percent of China Steel Corp.'s total estimated plate capacity of 440,000 short tons.

Figure 4.--Carbon steel plate: Average lowest net selling prices to end-user and distributor customers, U.S. producers and importers of carbon steel plate from Taiwan, by selected areas of sales and by quarters, 1977 and 1978.



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

* * * * * * *

The second noticeable feature is the rather sharp increase in the average price from October-December 1977 to January-March 1978. The increase followed a slight decline in prices from July-September to October-December 1977 and may have represented a "make-up" price adjustment. In the California and Oregon-Washington markets the January-March increase amounted to $23 (about 8 percent) per short ton, while the increase in the all other market was $24 per short ton.

The differences between lowest average net prices in the three markets proved to be very small, seldom exceeding a few dollars per short ton at the end-user level or $10 per short ton at the distributor level. The largest sustained difference occurred in 1978 between the two very similar west coast markets and the all other market category. The all other State average net price ranged from $11 to $16 per short ton lower than the two west coast markets in each quarter. Data on prices of 1-1/4-inch thick carbon steel plate proved to be very similar to that of 1/2-inch plate throughout 1978.

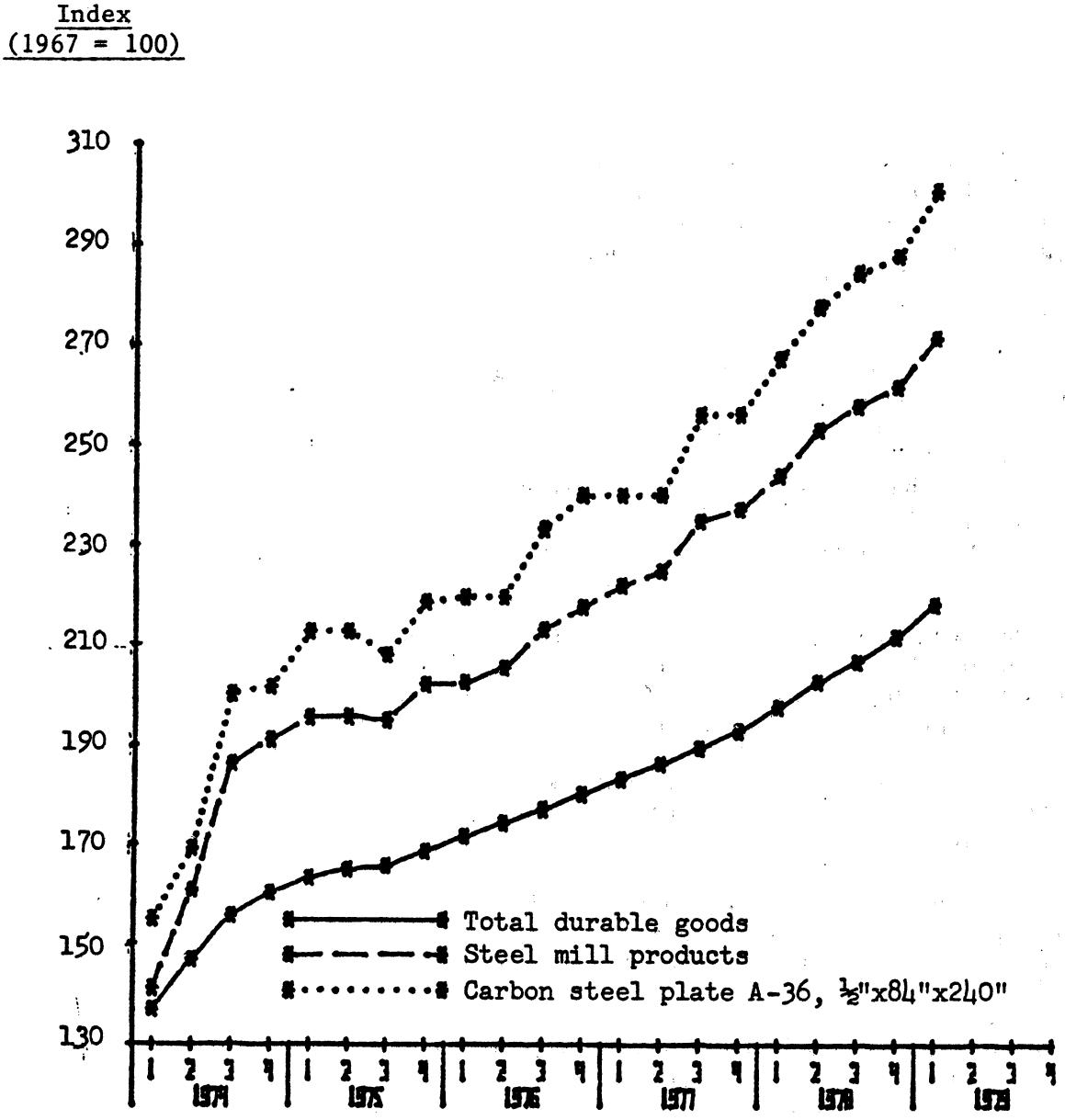
The range in prices in each quarter studied in each of the three markets was considerable (table 7). During 1978, the differences in prices offered to distributors in California and Oregon and Washington ranged from $40 per short ton to $33 per short ton. Elsewhere in the country, in July-September 1978, the difference in individual prices was as large as $99 per ton. It is felt that the difference in regional prices resulted, in part, from quantity discounts and from special purchaser specifications that generally result in higher prices to the customer.

As shown in figure 5, indexes of U.S. producer prices of carbon steel plate (as calculated by the Bureau of Labor Statistics) generally followed the movement of the index of all steel mill products.

Importers' prices.--Limited price data were received from five importers of carbon steel plate from Taiwan inasmuch as many importers operated as brokers and sold their imported carbon steel plate in a few large sales and/or, in their style of business, sold in quantities insufficient to meet the Commission's quantity requirements for prices based on sales of 20 short tons or more.

Price data on sales of carbon steel plate from Taiwan in 1977 were received for October-December only. The reported prices were for the category of States other then California and Oregon-Washington at the distributor level. The average lowest net price at which the Taiwanese plate was sold, both 1/2-inch and 1-1/4-inch thickness, varied considerably from quarter to quarter, possibly because of the small amount of price data received. However, the trend was decidedly upward from * * * per short ton in October-

Figure 5.--Producer price indexes: Total durable goods, steel mill products, and carbon steel plate, by quarters, 1974-79



Source: Charted from data derived from official statistics of the Bureau of Labor Statistics.

December 1977 to * * * per short ton by October-December 1978 (for sales made to distributors in States other than California, Oregon, and Washington).

Pricing of Taiwanese-made plate in the California and Oregon-Washington markets was quite different from that in the all-other State category. * * *. The average net prices on sales of 1/2-inch carbon steel plate by importers in the Oregon-Washington market rose from a much lower base than that in California in 1978. Average net prices to distributors and end users in Oregon-Washington started in January-March at * * * and * * * per short ton, respectively, and increased to the same level of * * * per short ton by October-December 1978.

Average prices in the California market started from a January-March 1978 base level of $37 to $56 per short ton higher than the prices in the Northwest market and ended at a level of $9 to $27 per short ton lower than the Oregon-Washington October-December average price level. Average lowest net sales prices on 1-1/4-inch carbon steel plate followed a similar pattern.

Price competition.--With the exception of the California market, importers entered the markets with imported plate from Taiwan at very low average net prices relative to the domestic producers' average net prices. At the distributor level the margin amounted to $64 per short ton in the Oregon-Washington market and $10 per short ton in California. 1/ Importers' initial pricing pattern at the end-user level was generally the same.

Following the initial entry into the Oregon-Washington market, importers rapidly raised their average net prices to a level exceeding the domestic producer price by $8 per short ton. In the California market, importers' average net price to distributors moved upward commensurate with the U.S. producer prices, remaining lower but tending toward gradually smaller margins--i.e., the difference between imported and domestic carbon steel plate amounted to $29, $27, and $18 per short ton in April-June, July-September, and October-December 1978, respectively. The importers' average lowest net price to end users was erratic relative to the domestic producers' prices, altering from lower-than-domestic prices to higher-than-domestic prices in successive quarters.

Importers making sales of Taiwanese carbon steel plate to distributors in States other than California, Oregon, and Washington did so at widely varying average net prices, ranging from * * * to * * * to * * * to * * * per short ton below comparable domestic prices during each quarter of 1978. Only one price was reported for sales to end users in this category; that was in October-December 1978 at * * * per short ton ($42 per short ton more than the domestic producers' average net price in that quarter).

A recent development in the competitive pricing of carbon steel plate was the announcement by Kaiser Steel Corp. of its Special Competitive Allowance Program on November 8, 1978. Kaisers' announcement stated:

1/ Initial sales of carbon steel plate from Taiwan were made in markets other than California, Oregon, and Washington by importers in October-December 1977 at * * * below the comparable average net price of U.S. producers.

> Kaiser Steel is pleased to announce that it will guarantee current published prices on all Plate, Hot Rolled Sheet, Strip and Bands, and Galvanized Sheet through April 1979. In addition, certain allowances to meet foreign competition will be quoted on Sheared Plate, Hot Rolled Bands, and Galvanized Sheet as described below. These competitive allowances will apply to all orders scheduled for shipment November 14, 1978 through April 1979. All orders will be subject to prior sale and mill space.

According to Kaiser, the program was instituted in an effort to increase its volume of carbon steel plate sales and thereby attain a rate of capacity utilization sufficient to operate their plate mill at a profitable level. Kaiser had offered a somewhat similar program in 1977 and 1978; however, the program was terminated in early 1978 without success. Gilmore Steel Corp. also offered a discount program in the Oregon-Washington market during 1977 and 1978.

Nonmarket pricing factors.--Two nonmarket factors were operating in the carbon steel plate market during 1978 that may have influenced prices in the market place. The first factor was the delay in shipments of certain outstanding orders for carbon steel plate placed with China Steel Corp. 1/ and the second factor was the institution of the TPM.

Importers have contended that late delivery of orders resulted in their being investigated by the U.S. Treasury Department for possible LTFV sales. While this is not the question before the Commission, the delay in delivery may have increased the degree of underselling of domestic producer prices. Information provided by importers showed that of the 53 orders placed in 1977, 14 orders were delivered on time and 39 orders were delivered late, by from 1 to 6 months. Late deliveries were received on average, slightly under 2-1/2 months late. * * *. These orders were received 4 months (two orders) and 6 months (two orders) late. 2/ The following table shows the number of orders delivered before and after April 30, 1978, when the TPM became effective.

1/ According to company officials, China Steel Corp. was late on certain orders because of new mill startup problems and late delivery on plate shearing equipment purchased in the United States.

2/ Only three orders in total were found to be 6 months overdue on arrival.

Carbon steel plate: Number of orders placed in 1977 and 1978 and period of delivery

Orders placed in 1977 for delivery in--	Total	Orders delivered--		
		Prior to--		After
		Dec. 31, 1977	Apr. 30, 1978	Apr. 30, 1978
1977	18	4	14	-
1978	35	-	21	14
Total	53	4	35	14

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

As shown in the following table, importers sold carbon steel plate from Taiwan to distributors in California at close to trigger price during the third and fourth quarters of 1978.

Carbon steel plate: Estimates of applicable trigger prices, 1/ and average lowest net prices received by importers and U.S. producers for sales of 1/2-inch by 96-inch carbon steel plate sold to distributors in California, by quarters, 1978

(Per short ton)

Item	1st quarter	2d quarter	3d quarter	4th quarter
Trigger prices 2/	-	$298	$331	$345
Importers'--				
Average lowest net price	* * *	* * *	* * *	* * *
Price range	* * *	* * *	* * *	* * *
Producers'--				
Average lowest net price	* * *	* * *	* * *	* * *
Price range	* * *	* * *	* * *	* * *

1/ Applicable to entries at all west coast ports.
2/ Base trigger price plus c.i.f. charges, extras, duty, and importers' markup of 6 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from data supplied by the Treasury Department.

Domestic producers' average lowest net prices in this market are higher-than-comparable prices of carbon steel plate from Taiwan, but if the producers' contention that a 6-percent market preference exists for U.S.-

produced carbon steel plate is accepted, then the average domestic and imported net prices appear to be quite competitive. According to information supplied by west coast importers, the long delays between ordering steel from Taiwan and delivery no longer exist and 1-month delivery is now standard.

Lost sales

Domestic producers supplied a small amount of specific information on customers they knew to have purchased carbon steel plate from Taiwan during 1978. * * * was able to identify 5,760 short tons of sales of the Taiwanese product, while * * * identified 2,500 short tons of sales. In addition, * * * reported four transactions where customers purchased carbon steel plate from Taiwan at prices ranging from $230 to $260 per short ton (three of the four sales were at $230 per short ton) compared with * * * price of $340 per short ton. In all, domestic producers provided the names of 20 companies that had purchased carbon steel plate from Taiwan. The Commission contacted purchasing agents in each of these companies and confirmed that 19 of them had purchased carbon steel plate from Taiwan. One firm cancelled its order because the requested delivery date was missed. Three firms reported that they normally purchase only imported plate. These purchases, therefore, were apparently not lost to U.S. producers. The practice for the remaining companies was to generally base purchasing decisions on offered prices while maintaining several sources of supply. One firm's spokesman specifically stated that he had purchased carbon steel plate from Taiwan instead of his normal U.S. supplier because the "offer was too low to reject."

The lost sales submission by the * * * exemplifies the difficulty domestic producers face in attempting to obtain specific information on sales lost to LTFV imports.

* * * * * * *

APPENDIX A

TREASURY'S LETTER
NOTIFYING THE COMMISSION OF LTFV SALES

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

FEB 0

Dear Mr. Chairman:

In accordance with section 201(a) of the Antidumping Act, 1921, as amended, you are hereby advised that carbon steel plate from Taiwan produced by China Steel Corporation is being, or is likely to be, sold at less than fair value within the meaning of the Act. This determination does not apply to other manufacturers of this product on Taiwan.

For purposes of this determination, the term "carbon steel plate" means hot rolled carbon steel plate, not coated or plated with metal and not clad, other than black plate, not alloyed, and other than in coils. This merchandise is classified under item 608.8415 of the Tariff Schedules of the United States, Annotated.

The United States Customs Service will make available to the International Trade Commission as promptly as possible the file on sales or likelihood of sales at less than fair value of carbon steel plate 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 is prevented from being established, by the reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service 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 Customs Service.

Sincerely,

Robert H. Mundheim

The Honorable
Joseph O. Parker
Chairman, U.S. International
Trade Commission
Washington, D.C. 20436

Enclosure

APPENDIX B

FEDERAL REGISTER NOTICE OF THE COMMISSION'S INVESTIGATION AND HEARING

[7020-02-M]

INTERNATIONAL TRADE COMMISSION

[AA1921-197]

CARBON STEEL PLATE FROM TAIWAN

Investigation and Hearing

Having received advice from the Department of the Treasury on February 12, 1979, that carbon steel plate from Taiwan produced by China Steel Corp. is being, or is likely to be, sold at less than fair value, the United States International Trade Commission, on February 26, 1979, instituted investigation No. AA1921-197 under section 201(a) of the Antidumpting 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. For the purposes of its determination concerning sales at less than fair value, the Treasury Department defined carbon steel plate as hot-rolled carbon steel plate, not coated or plated with metal and not clad, other than black plate, not alloyed, and other than in coils, as provided for in item 608.8415 of the Tariff Schedules of the United States Annotated.

Hearing. A public hearing in connection with the investigation will be held on Tuesday, April 3, 1979, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436, beginning at 10 a.m., e.s.t. Requests to appear at the public hearing should be filed with the Secretary of the Commission, in writing, not later than noon, Wednesday, March 28, 1979.

A prehearing conference in connection with this investigation will be held in Washington, D.C., at 10 a.m., e.s.t., on Thursday, March 22, 1979, in Room 117, U.S. International Trade Commission Building, 701 E Street NW.

By order of the Commission.

Issued: February 27, 1979.

KENNETH R. MASON,
Secretary.

[FR Doc. 79-6394 Filed 3-1-79; 8:45 am]

APPENDIX C

TRIGGER PRICING

Trigger Pricing

The Department of the Treasury initiated its antidumping investigation in the case of these imports of carbon steel plate on the basis of information developed under its Trigger Price Mechanism (TPM). This is the first case to come to the Commission in consequence of the TPM which was designed to assist the domestic steel industry by means of a more expeditious procedure for eliminating or averting the dumping of foreign steel mill products in U.S. markets. 1/ The TPM was put in place on January 3, 1978, and provides a system of reference prices below which purchase prices of U.S. imports of many steel mill products may not fall without "triggering" inquiry by Treasury under provisions of the Antidumping Act, 1921--unless the Secretary of the Treasury is satisfied that the prices are not below "fair value" as defined in the Act. Thus, questions as to whether or not dumping has taken place or is likely to take place can be addressed immediately and without receipt of formal petition supported by alleged evidence of dumping.

On various dates during 1978, trigger prices were announced for particular steel mill products. These prices consist of base prices, a schedule for "extras," and provision for c.i.f. charges. They are based on "the full cost of production of the world's most efficient group of steel producers, the Japanese steel companies" and are revised quarterly to reflect estimated changes in production costs, including those in consequence of changes in currency exchange rates. 2/ In October 1978 the yen reached a record high against the U.S. dollar, but since then the yen's value in relation to the dollar has declined.

Trigger prices for carbon steel plate first went into effect on April 30, 1978. 3/ These initial prices applied to shipments loaded during May and June of the second quarter of the year. The prices of the base product and of "extras" were adjusted upward by 5.5 percent for third-quarter shipments and 4.86 percent for fourth-quarter shipments. For 1979, these prices were raised by a further 7.0 percent for the first quarter but are not to be changed for

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1/ The Treasury simultaneously initiated investigations concerning carbon steel plate from Spain and Poland; the case concerning imports from Spain was dropped and, with respect to Poland, a determination of LTFV sales was issued on April 20, 1979.

2/ On January 3, 1978, the Treasury announced the estimated cost of production for this steel plate (base item) as $241 per net ton, f.o.b. Japan and importation charges (freight, insurance, interest, and handling) as $41.49, $51.61, $36.78, and $33.40 per net ton, respectively, for East, Great Lakes, Gulf, and Pacific coast ports. All production cost calculations were based on an exchange rate of Y 240 = $1.00.

3/ ASTM A36 specification for plate 1/2" x 80" x 240" in dimension.

the second quarter. The initial base price for steel plate was established at $266 per metric ton, to which would be added extras for width, thickness, grain, and various other characteristics, and c.i.f. charges as specified for shipments to West coast, Gulf coast, Atlantic coast, and Great Lake ports. Importers' markups and U.S. import duties must also be considered if trigger prices are compared with prices of domestic products. The changes in trigger prices for carbon steel plate that have taken place since their effective date, April 30, 1978, are shown in the table on the following page.

Carbon steel plate (ASTM 36, 1/2" x 80" x 240"): Trigger prices applicable to shipments loaded during 1978 and January-June 1979, by calendar quarter

(Dollars per metric ton) 1/

Calendar quarter	Base price 2/3/	C.i.f. charges 4/		
		Ocean freight	Handling	Interest
1978:				
2d Q (Apr. 30-June 30) 5/	266			
West coast ports		25	3	6
Gulf coast ports		25	5	8
Atlantic coast ports		31	4	8
Great Lakes ports		40	4	10
3d Q (July 1-Sept. 30)	281			
West coast ports		25	7	6
Gulf coast ports		25	5	8
Atlantic coast ports		31	4	8
Great Lakes ports		31	4	10
4th Q (Oct. 1-Dec. 31)	295	6/	6/	6/
1979:				
1st Q (Jan. 1-Mar. 31)	316	6/	6/	6/
2d Q (Apr. 1-June 30)	316	7/	7/	6/

1/ Short-ton prices can be converted to metric-ton prices by multiplying by the factor, 1.10231, and metric-ton prices to short-ton prices, by 0.90718.

2/ Additions to the base price were established for the added costs associated with particular specifications, such as for "width, thickness, chemistry and surface preparation."

3/ Quarterly adjustments in the base price were calculated from the following yen-dollar exchange rates:

2d Q 1978: Y 240 = $1.00
3d Q 1978: Y 226 = $1.00
4th Q 1978: Y 215 = $1.00
1st Q 1979: Y 187 = $1.00
2d Q 1979: Y 197 = $1.00

4/ Insurance to be 1 percent of base price + applicable "extras" + ocean freight.

5/ Trigger prices for carbon steel plate did not become effective until April 30, 1978.

6/ No change.

7/ All ocean freight charges and West coast handling charges were raised by $1.00.

APPENDIX D

FEDERAL REGISTER NOTICES OF TREASURY'S INVESTIGATION, WITHHOLDING OF APPRAISEMENT, AND DETERMINATION OF SALES AT LTFV

[4810-22-M]

Office of the Secretary

CERTAIN CARBON STEEL PLATES FROM VARIOUS COUNTRIES

Antidumping Proceeding Notice

AGENCY: Treasury Department.

ACTION: Initiation of antidumping investigation.

SUMMARY: This notice is to advise the public that, pursuant to information developed under the "Trigger Price Mechanism" for certain steel mill products, an antidumping investigation is being initiated for the purpose of determining whether imports of carbon steel plates from various countries are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Sales at less than fair value generally occur when the prices of the merchandise sold for exportation to the United Stetes are less than the prices in the home market.

EFFECTIVE DATE: October 25, 1978.

FOR FURTHER INFORMATION CONTACT:

Donald W. Eiss, U.S. Treasury Department, Office of Tariff Affairs, 15th Street and Pennsylvania Avenue NW., Washington, D.C. 20220, telephone 202-566-8256.

SUPPLEMENTARY INFORMATION: On December 6, 1977, the President approved implementation by the Treasury Department of a "Trigger Price Mechanism" ("TPM") applicable to importations of certain steel mill products. As stated in the FEDERAL REGISTER of December 30, 1977 (42 FR 65214), the TPM consists of four major parts: (1) the establishment of trigger prices for steel mill products imported into the United States; (2) the use of a Special Summary Steel Invoice ("SSSI") applicable to imports of all steel mill products; (3) the continuous collection and analysis of data concerning (a) the cost of production and prices of steel mill products exported to the United States, and (b) the condition of the domestic steel industry; and (4) where appropriate, the expedited initiation and disposition of proceedings under the Antidumping Act of 1921 with respect to imports below the Trigger Prices.

The Trigger Price Mechanism is a monitoring device established by the Treasury Department to determine if basic steel mill products may be sold to the United States at less than fair value. Actual C.I.F. transaction prices on sales to the United States are compared to trigger prices established by the Treasury Department. Prices below the trigger prices are considered to represent potential sales at less than fair value since trigger prices reflect the estimated cost of production of the world's most efficient steel industry.

Information has been developed from analysis of the SSSI's submitted, indicating that imports of certain carbon steel plates, sold by the companies listed below, have been entering the Unites States at prices below the applicable "Trigger Prices". Such information indicates the possibility that the subject carbon steel plates are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended (19 U.S.C. 160 et seq.), by the following producers and/or sellers of this merchandise, and in those instances where the seller did not also produce the exported product, the manufacturers supplying the firms listed below:

Empresa Nacional Siderurgica, S.A.
Velasquez, 134
Madrid-6, Spain

"Stahlexport" Przedsiebiorstwoa
Handlu Zagranicznego
Katowice, Plebiscytowa 36
Poland

China Steel Corp.
(Taiwan)

The addresses listed above are for identification purposes only and do not necessarily reflect the countries from which those companies have made sales at less than "trigger prices". For purposes of this investigation, sales by those companies controlling, controlled by, or under the common ownership of each listed company in the same country, will be subject to any Finding of Dumping ultimately issued.

Customs' information indicates margins of dumping up to 48.5 percent based upon: the comparison of export prices to the U.S. with prices to third countries, as reflected by prices applicable to imports of this merchandise into the member states of the European Communities, for exports from Spain; and the comparison of export prices to the U.S. with the foreign market value, as reflected by prices applicable to this merchandise sold for export to the European Community by Spanish producers and set by the Commission of the European Communities for such imports, with respect to this merchandise imported from Poland. For this latter comparison of relevant pricing, Spain is considered to constitute a country at a comparable level of economic development within the meaning of § 153.7, Customs Regulations (19 CFR 153.7) as amended by 43 FR 35262, pertaining to merchandise from state-controlled-economy countries.

With respect to goods exported from the Republic of China, export prices to the United States were compared to the data developed under the Trigger Price Mechanism (TPM) for carbon steel plates contained in AISI category 5. Data regarding "trigger prices" for this product were utilized due to the lack of readily available data regarding Taiwanese home market prices, prices at which this product is sold to third countries by companies in Taiwan or the cost of producing carbon steel plate in Taiwan.

In establishing and administering the TPM, substantial evidence has been developed concerning injury and likelihood of injury to the United States steel industry from sales of foreign steel at less than its fair value. The sector of carbon steel plate seems particularly vulnerable. Domestic consumption increased in 1977 campared to 1976 by 10.3 percent, and in the first 8 months of 1978 by 21.5 percent compared to the same period in 1977. Based on U.S. Census statistics during those same time frames, imports have increased, respectively, 32.6 percent and 75.9 percent. During the first 8 months of 1978, total imports of carbon steel plate accounted for 24 percent of total U.S. domestic consumption. Evidence available indicates that imports from the three countries in which the above-named companies are situated, have increased their shares of this market in both absolute terms and in terms of market penetration. Imports from these companies, occurring at prices less than the relevant trigger prices have been significant, accounting for roughly 25 percent of total imports of this product from these three countries during the period May-August 1978. Accordingly, it has been determined that a preliminary referral to the International Trade Commission pursuant to section 201(c)(2) of the Antidumping Act is not required.

Having conducted a summary investigation pursuant to § 153.29 of the Customs Regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the United States Customs Service is instituting an inquiry to verify information and to obtain the facts necessary to enable the Secre-

tary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value. The inquiry will be conducted on an expedited basis.

Standard questionnaires will be promptly presented by the Customs Service to all appropriate parties. Responses to those sections of the questionnaire relating primarily to price data (sections A-C) must be received by the Customs Service within 21 days from the date of presentation but in no case more than 26 days after the date of publication of this notice in the FEDERAL REGISTER. Where appropriate, responses to that section of the questionnaire relating primarily to cost of production data (section D) must be received by the Customs Service within 35 days from the date of presentation but in no case more than 41 days after the date of publication in the FEDERAL REGISTER. Any responses received after the above-cited deadlines will not be considered by the Secretary in making the Tentative Determination and may not be used in making the Final Determination.

All information submitted during this investigation for which confidential treatment is requested must be accompanied (unless § 153.22(a)(2) of the Customs Regulations is applicable) by a full and descriptive nonconfidential summary in accordance with § 153.22 of the Customs Regulations (19 CFR 153.22). All information or portions of confidential submissions which are not adequately summarized will not be considered by the Secretary in detemining the question of sales at less than fair value.

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

ROBERT H. MUNDHEIM,
General Counsel
of the Treasury.

OCTOBER 20, 1978.

[FR Doc. 78-30093 Filed 10-24-78; 8:45 am]

[4810-22-M]

Office of the Secretary

CARBON STEEL PLATE FROM TAIWAN

Antidumping; Notice of Withholding of Appraisement and Determination of Sales at Less Than Fair Value

AGENCY: U.S. Treasury Department.

ACTION: Withholding of Appraisement and 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 Taiwan produced by China Steel corporation is being sold at less than fair value under the Antidumping Act, 1921. Appraisement of entries of this merchandise from China Steel Corporation will be suspended for 3 months. This case is being referred to the U.S. International Trade Commission for a determination concerning possible injury to an industry in the United States.

EFFECTIVE DATE: February 14, 1979.

FOR FURTHER INFORMATION CONTACT:

John R. Kugelman, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue, NW., Washington, D.C. 20229 (202-566-5492).

SUPPLEMENTARY INFORMATION: On October 25, 1978, an "Antidumping Proceeding Notice" was published in the FEDERAL REGISTER (43 FR 49875). This investigation was initiated by the Treasury Department in conjunction with its administration of the "Trigger Price Mechanism" (TPM), a program established in December, 1977, to monitor prices at which certain steel mill products enter the United States. As stated in the FEDERAL REGISTER of December 30, 1977 (42 FR 65214), the TPM consists of four major parts: (1) The establishment of trigger prices for certain steel mill products imported into the United States; (2) the use of a Special Summary Steel Invoice ("SSSI") applicable to imports of all steel mill products; (3) the continuous collection and analysis of data concerning (a) the cost of production and prices of steel mill products exported to the United States, and (b) the condition of the domestic steel industry; and (4) where appropriate, the expedited initiation and disposition of proceedings under the Antidumping Act of 1921 with respect to imports entering the U.S. at prices below the Trigger Prices.

This case was initiated after information developed from SSSI's indicated that imports of carbon steel plate from Taiwan produced by China Steel Corporation (CSC) were being sold at prices less than the appropriate "trigger price" for that product and further investigation revealed the possibility that the subject carbon steel plates were being, or were 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.*) (hereinafter referred to as "the Act"). Evidence was developed regarding injury or the likelihood of injury to the U.S. domestic industry caused by CSC's allegedly less than fair value exports to the U.S.

For purposes of this determination, the term "carbon steel plate" means hot rolled carbon steel plate, not coated or plated with metal and not clad, other than black plate, not alloyed, and other than in coils. This merchandise is classified under item 608.8415 of the Tariff Schedules of the United States, Annotated.

DETERMINATION OF SALES AT LESS THAN FAIR VALUE

I hereby determine that, for the reasons stated below, carbon steel plate from Taiwan produced by China Steel Corporation 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 basis for the above determination are as follow:

a. *Scope of the Investigation.* The only evidence of sales to the U.S. of carbon steel plate from Taiwan at prices below the applicable "trigger prices" was with respect to carbon steel plate manufactured by CSC. Consequently, this determination only applies to carbon steel plate manufactured by CSC. This investigation encompassed all shipments of carbon steel plate to the United States by CSC during August and September, 1978.

b. *Basis of Comparison.* For purposes of this determination, the proper basis of comparison is between the purchase price and the home market price of such or similar merchandise. Purchase price, as defined in section 203 of the Act (19 U.S.C. 162), was used since all export sales to the United States of hot rolled carbon steel plate from CSC were made to unrelated purchasers in the United States prior to the dates of exportation. 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 to provide an adequate basis for comparison.

In accordance with § 153.31(b), Customs Regulations (19 CFR 153.31(b)), pricing information was requested concerning U.S. imports during the period August 1 through September 30, 1978. Home market price data was requested for the period corresponding to the dates of purchase of the U.S. sales. CSC declined to furnish home market prices. Therefore, this determination is based on such information as was otherwise available, pursuant to § 153.31(a), Customs Regulations (19 CFR 153.31(a)).

(c). *Purchase Price.* For the purpose of this determination, purchase price has been calculated on the basis of the ex-factory prices to the United States purchasers, with an addition for certain taxes paid upon the importation of raw materials which were rebated upon the export of the steel plate.

d. *Home Market Price.* Data available to the Treasury Department clearly establishes "home market prices" as the appropriate basis for calculating "fair value." However, due to the refusal of CSC to provide verified home market price data, recourse was made to such other information as was available regarding home market prices. In conjunction with its operation of the TPM, the U.S. Customs Service requires every import of steel mill products covered by the TPM to be accompanied by an SSSI. The price of comparable steel products in the home market is one of the entries required on the SSSI. Home market prices in this case were calculated from the data supplied on SSSI's submitted with imports of carbon steel plate produced by CSC during the period of investigation, with dates of purchase corresponding to the dates of the U.S. sales.

No deduction for inland freight was made due to the refusal of CSC to supply data from which the appropriate deduction could be calculated and which the Customs Service could verify.

e. *Result of Fair Value Comparisons.* Using the above criteria, comparisons were made on 100 percent of the sales of hot rolled carbon steel plate to the United States by CSC during the period of investigation. These comparisons indicate that the purchase price was less than the home market price of such or similar merchandise in all instances. The weighted-average margin of dumping on these sales amounted to 34 percent.

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

Customs officers are being directed to withhold appraisement of hot rolled carbon steel plate from Taiwan produced by CSC, in accordance with § 153.48, Customs Regulations (19 CFR 153.48).

This notice, which is published pursuant to section 153.35(a), Customs Regulations (19 CFR 153.35(a)), shall become effective February 14, 1979. It shall cease to be effective at the expiration of 3 months from the date of this publication unless previously revoked.

The United States 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.

FEBRUARY 7, 1979.

[FR Doc. 79-4816 Filed 2-13-79; 8:45 am]

APPENDIX E

NEWS RELEASE ON TAIWANESE STEEL SALES TO JAPAN

Taiwan Is Exporting Steel and TV Sets To Big Japan Firms

* * *

Sales, Though Small, Reflect Pressure From Taiwanese And U.S. Import Limits

By Atsuko Chiba
Special to The Wall Street Journal

TOKYO—Taiwan is beginning to export small quantities of steel and color television sets to major Japanese companies in a development whose significance extends far beyond the amount of money involved.

The shipments represent another inroad into the Japanese domestic market by foreign products and turn the tables on what traditionally have been major Japanese exports. The shipments also reflect U.S. import restrictions and Taiwanese pressures on the Japanese to open up their domestic market.

While Japanese steel imports have been increasing rapidly, the purchase from Taiwan marks the first time that a major Japanese company is known to have turned to imported products. In the transaction, Mitsubishi Heavy Industries Ltd., Japan's biggest heavy-machinery manufacturer, purchased 340 tons of thick steel plates from Taiwan's state-owned China Steel Corp. The plates are used for repairing ships and other purposes.

The Japanese company said China Steel asked Mitsubishi to buy its steel products last December, when Mitsubishi was bidding on construction of continuous-casting equipment for China Steel.

Redressing Trade Balance

In a related development, Ishikawajima-Harima Heavy Industries Co., another big machinery maker, is planning to use Taiwanese steel in plants that IHI is constructing in Taiwan. IHI has been using Japanese steel for such cases.

Taiwan has been pressing Japan to redress the two nation's trade imbalance for some time. Japan traditionally has posted strong surpluses in trade with Taiwan, though in recent months there have been signs that the situation is turning. In the first two months of this year, for example, Japan had a bilateral trade surplus of $343 million, but its imports from Taiwan grew 85% from a year earlier while its exports rose 44%.

Though the price in the Mitsubishi transaction hasn't been disclosed, shipbuilding industry sources say it undoubtedly was considerably lower than prevailing Japanese prices. The sources add, however, that they don't expect the industry to rely on special-size, high-quality steel from developing countries for use in ship construction, partly because of what they call lack of assurance on deliveries.

Nevertheless, Japanese steel imports have been rising. In the year ending March 31, imports are expected to increase to 440,000 tons from 210,000 tons the year before. But these steel products have mostly been imported by small trading houses and sold to small users.

South Korean Steel

Industry sources say South Korea also is demanding that Japanese manufacturers buy Korean steel.

Hitachi Ltd., meanwhile, has started to import color-TV sets manufactured by its Taiwanese subsidiary for sale in Japan. This is believed to be the first time a Japanese company has imported TV sets for domestic sales.

Hitachi's Taiwanese subsidiary has been exporting almost all its color-TV sets to the U.S., but with U.S. restrictions on Japanese and Taiwanese TV, Hitachi needs to look for other markets.

Hitachi says it is importing 3,000 to 5,000 14-inch and 13-inch sets from Taiwan a month. The company sends cathode-ray tubes from Japan, assembles the sets in Taiwan and then exports them.

Hitachi's subsidiary in Taiwan is manufacturing about 10,000 color-TV sets a month, down from nearly 15,000 in 1977. The subsidiary also is producing black-and-white TVs, tape recorders, modular stereo sets and radios.

Source: Wall Street Journal, March 19, 1979.

APPENDIX F

STATISTICAL TABLES

Table 1.--Carbon steel plates, including coils: 1/ U.S. imports for consumption by principal sources, 1973-78

Source	1973	1974	1975	1976	1977	1978
	Quantity (short tons)					
Belgium	74,531	157,798	46,517	61,059	150,020	399,387
West Germany	107,043	171,342	49,598	23,749	254,678	331,425
Poland	43,748	65,500	36,883	51,057	100,344	289,283
Canada	186,456	197,804	152,319	168,974	235,875	276,473
Spain	43,445	33,819	36,742	50,[illegible]09	170,843	250,025
France	41,817	69,325	35,540	8,[illegible]08	121,653	245,649
Italy	7,406	8,738	118,811	123,050	159,510	174,889
Japan	509,803	637,054	737,110	811,210	497,920	173,916
Finland	2/	2/	2/	23,286	86,545	130,146
Republic of South Africa	10,027	4,899	1,031	0	42,094	97,226
Taiwan	0	0	0	0	1,150	91,810
Republic of Korea	45,236	222,520	66,561	135,289	82,802	81,753
All other	234,621	113,574	61,921	91,310	180,999	306,405
Total	1,304,133	1,682,373	1,343,033	1,548,501	2,084,433	2,848,387
	Value (1,000 dollars)					
Belgium	11,111	57,342	13,612	13,353	32,881	99,433
West Germany	16,835	57,615	13,607	5,009	55,424	83,067
Poland	5,840	19,382	9,667	8,857	16,640	48,146
Canada	28,937	41,822	36,284	41,261	60,730	77,018
Spain	6,329	6,448	8,158	9,014	30,042	57,046
France	6,331	23,864	10,607	1,881	24,628	58,990
Italy	1,223	2,886	28,742	25,018	32,542	36,306
Japan	81,225	187,247	211,777	173,790	118,201	48,660
Finland	2/	2/	2/	4,350	14,365	27,052
Republic of South Africa	1,240	1,469	375	0	7,671	20,818
Taiwan	0	0	0	0	237	20,725
Republic of Korea	6,022	36,002	13,652	24,301	14,477	20,490
All other	32,049	35,333	15,362	19,457	38,253	75,562
Total	197,140	469,410	361,843	326,291	446,091	673,313
	Unit value (per short ton)					
Belgium	$149	$363	$293	$219	$219	$249
West Germany	157	336	274	211	218	251
Poland	133	296	262	173	166	166
Canada	155	211	238	244	257	279
Spain	146	191	222	177	176	228
France	151	344	298	219	202	240
Italy	165	330	242	203	204	208
Japan	159	294	287	214	237	280
Finland	3/	3/	3/	187	166	208
Republic of South Africa	124	300	364	-	182	214
Taiwan	-	-	-	-	206	226
Republic of Korea	133	162	205	180	175	251
All other	137	311	248	213	211	247
Total	151	279	269	211	214	236

1/ Includes carbon steel plate, as defined for purposes of this report, and carbon steel plate, 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.

Note.--Carbon steel plate, not in coils (TSUS No. 608.8415), accounted for 75.3 percent of the total coil and plate imports in 1977 and 1978.

Table 2.--Carbon steel plates, including coils: U.S. imports for consumption imported through ports of entry in California, Oregon, and Washington, 1972-78

Market	1972	1973	1974	1975	1976	1977	1978
	Quantity (short tons)						
California	185,683	171,654	424,849	217,653	202,066	158,462	281,234
Oregon-Washington	86,149	68,449	192,810	94,979	120,173	113,535	167,736
Total	271,832	240,103	617,659	312,632	322,239	271,997	448,970
	Value (1,000 dollars)						
California	25,070	26,039	101,481	56,898	40,153	35,597	67,107
Oregon-Washington	11,704	10,567	52,181	25,858	25,972	24,630	39,766
Total	36,774	36,606	153,662	82,756	66,125	60,227	106,873
	Unit value (per short ton)						
California	$135.02	$151.69	$238.86	$261.42	$198.71	$224.64	$238.62
Oregon-Washington	135.86	154.38	270.63	272.25	216.12	216.94	237.07
Total	135.28	152.46	248.78	264.71	205.20	221.43	238.04

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

Table 3.--Profit-and-loss experience of 10 U.S. producers of carbon steel plate on their overall operations of the establishment(s) in which carbon steel plate was produced, by companies, 1974-78

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.

Table 4.--Profit-and-loss experience of 9 U.S. producers of carbon steel plate on their carbon steel plate operations, by companies, 1974-78

Table 4 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.

Table 5.--Carbon steel plate: U.S. imports for consumption from Taiwan, by U.S. geographical regions and specified states, 1978

Month	Western	South Central 1/	North Central	Eastern 1/	Total	California	Oregon and Washington	California and Oregon and Washington
	Quantity (short tons) 2/							
January	1,072	0	0	0	1,072	329	743	1,072
February	4,055	0	0	0	4,055	2,497	1,558	4,055
March	2,705	0	0	0	2,705	1,243	1,461	2,705
April	11,837	2,649	0	848	15,333	7,166	4,671	11,837
May	2,362	6,245	0	0	8,607	0	2,362	2,362
June	3,870	274	0	1,766	5,910	3,870	0	3,870
July	5,334	2,639	0	725	8,698	4,093	1,241	5,334
August	5,963	10,979	11,271	830	29,043	5,963	0	5,963
September	2,861	115	826	719	4,522	2,861	0	2,861
October	521	0	1,936	0	2,457	0	521	521
November	6,386	1,122	0	0	7,508	2,107	4,278	6,386
December	701	0	0	0	701	677	24	701
Total	47,667	24,023	14,034	4,887	90,610	30,808	16,859	47,667
Percent of total	52.6	26.5	15.5	5.4	100.0	34.0	18.6	52.6
	Value (1,000 dollars)							
January	$214	$0	$0	$0	$214	$66	$148	$214
February	794	0	0	0	794	483	311	794
March	544	0	0	0	544	248	296	544
April	2,538	527	0	206	3,271	1,605	933	2,538
May	496	1,379	0	0	1,875	0	496	496
June	965	54	0	394	1,413	965	0	965
July	1,338	571	0	195	2,104	1,028	310	1,338
August	1,665	2,230	2,195	188	6,277	1,665	0	1,665
September	711	22	237	142	1,112	711	0	711
October	136	0	535	0	671	0	136	136
November	6,701	295	0	0	1,996	566	1,135	1,701
December	194	0	0	0	194	188	6	194
Total	11,296	5,079	2,966	1,125	20,466	7,525	3,771	11,296
	Unit value (per short ton)							
January	$200	-	-	-	$200	$201	$199	$200
February	196	-	-	-	196	193	200	196
March	201	-	-	-	201	200	203	201
April	214	$199	-	$243	213	224	200	214
May	210	221	-	-	218	0	210	210
June	249	197	-	223	239	249	0	249
July	251	216	-	269	242	251	250	251
August	279	203	$195	227	216	279	0	279
September	249	191	287	197	246	249	0	249
October	261	-	276	-	273	0	261	261
November	266	263	-	-	266	269	265	266
December	277	-	-	-	277	278	250	177
Total	237	211	211	230	226	244	224	237

1/ Florida Gulf ports are considered in the South Central Region while the ports on the Atlantic coast of Florida are considered in the East Region.

2/ Customs' value.

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

Table 6.--Carbon steel plate: U.S. producers' average lowest net selling prices received for A-36 carbon steel plate in California, Oregon and Washington, and all other States, by type of customers, and by quarters, 1977 and 1978

(In short tons)

Customer and period	1/2 inch x 96 inches			1-1/4 inch x 96 inches		
	California	Oregon-Washington	All other States	California	Oregon-Washington	All other States
End user:						
1977:						
Jan.-Mar	* * *	* * *	$285	* * *	* * *	$286
Apr.-June	* * *	* * *	300	* * *	* * *	297
July-Sept	* * *	* * *	310	* * *	* * *	317
Oct.-Dec	* * *	* * *	304	* * *	* * *	310
1978:						
Jan.-Mar	* * *	* * *	328	* * *	* * *	347
Apr.-June	* * *	* * *	343	* * *	* * *	350
July-Sept	* * *	* * *	349	* * *	* * *	363
Oct.-Dec	* * *	* * *	354	* * *	* * *	363
Distributors:						
1977:						
Jan.-Mar	* * *	* * *	285	* * *	* * *	279
Apr.-June	* * *	* * *	300	* * *	* * *	289
July-Sept	* * *	* * *	310	* * *	* * *	307
Oct.-Dec	* * *	* * *	304	* * *	* * *	299
1978:						
Jan.-Mar	* * *	* * *	326	* * *	* * *	335
Apr.-June	* * *	* * *	334	* * *	* * *	352
July-Sept	* * *	* * *	343	* * *	* * *	364
Oct.-Dec	* * *	* * *	352	* * *	* * *	364

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

Table 7.--Carbon steel plate: U.S. producers' range of lowest net selling prices received for A-36 carbon steel plate in California, Oregon and Washington, and all other States, by types of customers, and by quarters, 1977 and 1978

(In short tons)

Customer and period	1/2 inch x 96 inches			1-1/4 inch x 96 inches		
	California	Oregon-Washington	All other States	California	Oregon-Washington	All other States
End user:						
1977:						
Jan.-Mar---	* * *	* * *	$271-$299	* * *	* * *	$239-$310
Apr.-June--	* * *	* * *	281- 319	* * *	* * *	269- 330
July-Sept--	* * *	* * *	300- 319	* * *	* * *	291- 330
Oct.-Dec---	* * *	* * *	289- 319	* * *	* * *	269- 330
1978:						
Jan.-Mar---	* * *	* * *	288- 352	* * *	* * *	327- 360
Apr.-June--	* * *	* * *	329- 369	* * *	* * *	329- 365
July-Sept--	* * *	* * *	326- 369	* * *	* * *	344- 376
Oct.-Dec---	* * *	* * *	333- 381	* * *	* * *	344- 376
Distributors:						
1977:						
Jan.-Mar---	* * *	* * *	271- 299	* * *	* * *	239- 310
Apr.-June--	* * *	* * *	281- 319	* * *	* * *	260- 330
July-Sept--	* * *	* * *	300- 319	* * *	* * *	291- 330
Oct.-Dec---	* * *	* * *	289- 319	* * *	* * *	269- 330
1978:						
Jan.-Mar---	* * *	* * *	278- 340	* * *	* * *	282- 360
Apr.-June--	* * *	* * *	282- 369	* * *	* * *	342- 365
July-Sept--	* * *	* * *	282- 381	* * *	* * *	354- 376
Oct.-Dec---	* * *	* * *	333- 381	* * *	* * *	354- 376

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

Table 8.--Carbon steel plate: Importers' average net selling prices received for A-36 carbon steel plate from Taiwan in California, Oregon and Washington, and all other States, by types of customers and by quarters, 1977 and 1978

Table 8 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.

Table 9.--Carbon steel plate: Importers' range of net selling prices received for A-36 carbon steel plate from Taiwan in California, Oregon and Washington, and all other States, by types of customer and by quarters, 1977 and 1978

Table 9 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.

APPENDIX G

MEMORANDUM FROM THE GENERAL COUNSEL OF THE COMMISSION CONCERNING THE QUESTION OF REGIONAL MARKETING AREAS IN INVESTIGATION NO. AA1921-197

GC-C-204

MEMORANDUM

May 7, 1979

TO: COMMISSIONER MOORE

FROM: General Counsel 1/

SUBJECT: Question of regional marketing areas in investigation No. AA1921-197, Carbon Steel Plate from Taiwan 2/

The purpose of this memorandum is twofold--(1) to discuss the concept of regional marketing areas in investigations under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), including the question of whether there can be two or more regional marketing areas in the same case, and (2) to advise whether a Commissioner may find a regional marketing area or areas in the present investigation, No. AA1921-197, Carbon Steel Plate From Taiwan.

In the memorandum below we will first discuss the regional marketing concept and second, the particulars relevant to the present case.

Summary of conclusions

For reasons set forth below, it is our view that the Commission--

(1) can conclude that there is more than one regional marketing area in a dumping investigation; and

(2) could conclude that the west coast or, alternatively, California and/or the Pacific northwest constitute regional marketing areas in the present investigation.

1/ This memorandum was prepared by William Gearhart.
2/ Law Library reference--19 U.S.C. 160(a), regional industry.

Concept of regional marketing areas

The Commission has determined on numerous occasions, when it found the facts to so warrant, that an industry is being or is likely to be injured as a result of injury to a particular geographical area. The Commission has made such determinations since the injury determination authority was transferred to the Commission from the Secretary of the Treasury in 1954. Both Congress and the courts have scrutinized the concept and approved of it. 1/

1/ The Finance Committee of the Senate in its report on the Customs Simplication Act of 1954, which among other things transferred the injury determination authority from the Secretary of the Treasury to the Commission, stated--

> The Committee believes . . . that it should be clear that injury in a particular geographical area may be sufficient for a finding of injury under the Antidumping Act. (Emphasis added. 3 U.S. Code Congressional and Administrative News, 1954, p. 3901.)

The Finance Comittee reaffirmed this concept of regional markets in its report on the bill which became the Trade Act of 1974--

> 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 an industry. (See Trade Reform Act of 1974: Report of the Committee on Finance . . ., S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, pp. 180-81 (hereinafter 1974 Finance Committee report).)

The concept was given judicial approval in both Ellis K. Orlowitz Co. v. United States (200 F.Supp. 302 (Cust. Ct. 1961), aff'd, 50 C.C.P.A. 36 (1963)) and City Lumber Co. v. United States (311 F.Supp. 340 (Cust. Ct. 1970), aff'd, 457 F.2d 991 (C.C.P.A. 1972)).

In determining whether the Commission can, when appropriate, find that there are a number of geographical areas or regional markets, it is wise to explore first the original act and its relevant legislative history, since Congress does not appear to have changed the basic concepts of injury and industry over the years. Next, it is appropriate to examine subsequent legislative and judicial comment which might offer additional explanation concerning congressional intent. Finally, it is appropriate to examine Commission practice.

The 1921 act.--Like all other revenue-related legislation, the bill which incorporated provisions that later became, in revised form, the Antidumping Act was first introduced in the House. The version introduced in and eventually passed by the House with some modification provided that customs appraisers at the ports would examine all imports identical to or comparable with merchandise made in the United States to determine whether such imported merchandise was being dumped and, if so, to levy and collect an appropriate dumping duty. 1/ The requirement that the appraisers examine all merchandise was apparently based upon the belief that dumping was rampant. 2/

When the Senate took up the bill after it had passed the House, it heard considerable testimony from customs officials and others to the effect that the bill was an exercise in legislative overkill--that instances of

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1/ See secs. 201-210 of H.R. 2435, introduced Apr. 12, 1921, and passed Apr. 14, 1921 (67th Cong., 1st sess.). H.R. 2435 was based in part on the 1913 Underwood Bill passed by the House and 1917 Canadian and 1914 South African Customs Union laws. See Emergency Tariff Bill: Report (of the Committee on Ways and Means) to accompany H.R. 2435, H. Rept. No. 1 (67th Cong., 1st sess.), 1921, p. 23 (hereinafter 1921 Ways and Means Committee report).

2/ See 1921 Ways and Means Committee report, at p. 23.

dumping were relatively rare (although they had been much more common during World War I) and that the requirement that customs appraisers examine virtually every import transaction for dumping would place a very heavy administrative burden on the appraisers. 1/ As a result, the Finance Committee proposed, among other things, three key changes in how the act would be administered: (1) Determinations would be made by the Secretary of the Treasury, rather than by customs officers; (2) examinations for dumping would be made only with respect to merchandise where there was some allegation of dumping, rather than with respect to virtually all merchandise; and (3) dumping duties would be levied and collected only when the Secretary found that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of such imports. 2/ The Senate passed the Finance Committee-revised version on May 11, 1921, the House agreed to the Senate amendments, and the Senate version was ultimately signed into law by President Harding.

Arguably--and the courts subsequently have so held--what passed was the House bill as administratively streamlined by the Senate. Treasury officials rather than customs appraisers would make the investigations and determinations, would examine only imports suspected of being dumped, and would levy and collect special dumping duties only after finding that an industry is being or is likely to be injured, or is prevented from being established. Under the House version the customs appraiser was concerned only

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1/ See, for example, the statement of George Davis, Special Agent in Charge, Customs Service, New York City, in Hearing Before the Committee on Finance . . . on H.R. 2435, Apr. 18, 1921, p. 36 (no report number).

2/ See the bill reported out by the Finance Committee as set forth in Emergency Tariff Bill: Report (of the Committee on Finance) . . . to accompany H.R. 2435, S. Rept. No. 16 (67th Cong., 1st sess.), 1921, at p. 1 for the bill text, and at p. 10 for Committee comment.

with merchandise entering through his port district; he had no jurisdiction outside his district. Presumably, this concept was passed through into the Senate version. It could therefore be argued that one was most likely to be concerned with the question of whether the dumped merchandise was having an adverse impact on an industry located in the region around the port where the merchandise was likely to be sold. 1/

Subsequent legislative and judicial comment.--While there is ample legislative and judicial comment standing for the proposition that a Commission finding of injury in a particular geographical area may constitute a finding of injury, 2/ there apparently is no legislative or judicial comment specifically addressing the question of multiple geographical areas. In the absence of specific directives or guidelines, it is necesary to look for general guidance from the statute, its legislative history, and judicial interpretations.

First, it is clear, as noted, that there may be a finding of injury to an industry if there is a finding of injury to a geographic area. The legislative history pertaining to the 1954 and 1974 amendments to the Antidumping Act expressly so states. 3/ Further, the Orlowitz case, cited above, turned directly on this point. In that case the Customs Court found that the Commission had acted in accordance with the authority delegated by Congress in finding that the cast-iron soil pipe industry of California was being injured and that therefore an industry in the United States was being,

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1/ This is also, we think, the gravamen of Mr. Stewart's arguments in his brief on behalf of Armco, Inc., and Bethlehem Steel Corp. (see brief, at p. 30).

2/ See footnote 1, p. 2, above.

3/ Id.

or was likely to be injured, by reason of the importation into the United States of such pipe from the United Kingdom. 1/

Second, it is clear that the term "industry" is to be interpreted broadly and that the Commission is to be given considerable discretion in determining what constitutes an appropriate domestic industry. The Finance Committee report on the 1974 Trade Act amendments stated that "There are no qualifications as to the kind of industry or the number of industries that might be adversely affected by the less-than-fair-value imports under consideration." 2/ And the Committee in the same report stated with respect to the geographic segmentation question that "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 an industry." 3/

1/ 200 F. Supp. at 310-11. The court in Orlowitz found support in the legislative history in three places for its conclusion that Congress intended that an industry might be injured by reason of dumping less extensively than nationwide:

> First, the first intent was for each appraiser to determine the fact of injury as to each separate importation. An appraiser has no jurisdiction outside his own district. That is a geographical limitation. The change effected in the bill, before final passage, was to relieve the appraiser of the administrative burden of determining injury as to each importation, and to concentrate the responsibility for purposes of administrative convenience. There was careful insistence that the change was solely one of administrative convenience.
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> Second, in 1954, the Finance Committee of the Senate said, in a report, that "it should be clear" that injury in a particular geographical area may be sufficient for a finding of injury. (3 U.S. Code Congressional and Administrative News, supra.) The report did not say that the law should be changed to provide this; what was said, was that this meaning "should be clear."
>
> Third, in 1956, with express knowledge of the cast-iron soil pipe order which is now litigated, Congress, in discussing the order, did not indicate a view that this interpretation was incorrect, as it might have done, nor did it seek to correct the administrative position by statutory enactment.

2/ 1974 Finance Committee report, at p. 179.

3/ Id., at p. 181.

The Customs Court similarly concluded in City Lumber that the provisions of the Antidumping Act were to be construed broadly:

> It would seem clear that the mischief that the act aimed to remedy required a broad solution. Surely Congress did not seek to fashion a remedy to the problem of dumping "by solutions only partially effective." 1/

Commission precedent.--The Commission has identified multiple regional markets that might be adversely affected by LTFV sales in at least seven instances -- in investigation No. AA1921-22, Portland Gray Cement From Portugal (Bridgeport, Conn., Fall River, Mass., and Trenton, N.J., geographical areas); 2/ investigation No. AA1921-50, Cast Iron Soil Pipe From Poland (Los Angeles and the New York City-Philadelphia market areas); 3/ investigations Nos. AA-1921-69/70, Clear Sheet Glass and Clear Plate and Float Glass From Japan (west coast and southeastern regional markets); 4/ investigation No. AA1921-62, Steel Bars, Reinforcing Bars, and Shapes From Australia (California and the northwestern States marketing areas); 5/ investigation No. AA1921-92, Elemental Sulfur From Mexico (Tampa, Fla., and eastern States market areas); 6/ investigation No. AA1921-105, Northern Bleached Hardwood Kraft Pulp From Canada (northeastern and north-central regional markets); 7/ and investigation No. AA1921-124, Steel Wire Rope From Japan (Pacific southwest, Pacific northwest, and south-central market areas). 8/ In these cases, Commissioners either focused on the one particular

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1/ City Lumber Co. v. United States, cited above, 311 F. Supp. at p. 348.
2/ TC Publication 34, October 1961.
3/ TC Publication 214, September 1967.
4/ TC Publication 382, April 1971.
5/ TC Publication 314, February 1970.
6/ TC Publication 484, May 1972.
7/ TC Publication 530, December 1972.
8/ TC Publication 608, September 1973.

marketing area in which they considered the LTFV sales to have had the greatest impact, 1/ or considered the impact of the LTFV sales on the several marketing areas in the aggregate. 2/ All these determinations were made prior to Congress' review of the Antidumping Act in 1974, and it appears, in view of the language concerning geographic segmentation set forth on pages 180-181 of the 1974 Finance Committee report, that Congress was aware of and approved Commission practice in this regard.

Conclusion.--In view of the above, it is our opinion that the Commission can properly conclude that there is more than one regional marketing area that is being adversely affected by LTFV sales in a dumping case.

Question of a regional marketing area or areas in the present case

As stated in our memorandum to the Commission of May 4, 1979, summarizing the various briefs submitted in connection with this investigation, 3/ domestic producers asserted that there are four or five regional marketing areas--western, north central, south central, and eastern

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1/ See, for example, the statement of reasons of Chairman Bedell and Commissioners Sutton and Moore in Elemental Sulfur From Mexico, cited above, at pp. 6-7, and the statement of reasons of Commissioners Leonard and Young in that case, at pp. 12-14, where the Commissioners in their respective affirmative findings focused their determination on the impact of LTFV sales on the Tampa, Fla., market. See also the statement of views of Chairman Bedell and Commissioners Leonard and Moore in Northern Bleached Hardware Kraft Pulp From Canada, cited above, at p. 5, where they focused their affirmative finding on the adverse impact of LTFV sales on the northeast market.

2/ See, for example, the statement of views of Chairman Bedell and Commissioner Moore in Steel Wire Rope From Japan, cited above, at p. 4, where, after concluding that there were six regional markets for wire rope, found that the LTFV sales were having an adverse impact in the Pacific southwest, Pacific northwest, and south-central markets.

3/ See memorandum entitled "Summarization of briefs in investigation No. AA1921-197, Carbon Steel Plate from Taiwan," GC-C-202.

marketing areas or, in lieu of a western marketing area, Pacific northwest and/or California marketing areas. 1/

Commissioners in recent years have followed the guideline set out in the 1974 Finance Committee Report in determining whether there is a regional market: (1) that the domestic producers of an article are located regionally and serve regional markets predominately or exclusively and (2) that the less-than-fair-value imports are concentrated in a regional market with resultant injury to the regional domestic producers. 2/ We believe that this guideline reflects prior Commission practice and is in harmony with the Orlowitz case, cited above.

Data relevant to the question of regional marketing areas are set forth on pages A-20 through A-23 of the staff's report to the Commission in this investigation (a copy of those pages is attached). It is our opinion, in view of the analysis above and the data in the staff report, that the Commission could properly find that there is a western regional marketing area or, alternatively, that California and the Pacific northwest constitute regional marketing areas. More than 50 percent of the carbon steel plate imports from Taiwan entered west coast ports in 1978, with the bulk (34 percent of all such imports) entering California, primarily in the Los Angeles area. Gilmore is the primary plate producer in the Pacific northwest, and Kaiser is the primary producer in California. Because overland transport

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1/ Armco, Inc., and Bethlehem Steel Corp. asserted in their brief, at p. 3, that there are four regional marketing areas. Kaiser Steel Corp. and Gilmore Steel Corp. asserted in their briefs, at p. 4 in each brief, that there are two marketing areas, California and the Pacific northwest, in the West.

2/ 1974 Finance Committee report, at pp. 180-81. See also the statement of reasons of Chairman Minchew and Commissioner Alberger in investigation No. AA1921-179, Carbon Steel Plate From Japan, USITC Publication 882, April 1978, at p. 4, where they cite the guideline.

costs for plate are high, it appears that relatively little of the plate either domestically produced in or imported into the region(s) moves beyond the region(s). 1/ The mountains act as a formidable barrier in terms of transport costs to the eastern movement of either domestic or imported plate. 2/

It is less clear whether the north central or south central States can constitute appropriate regional marketing areas. About 26.5 percent of the carbon steel plate imports from Taiwan enter the south central States, with about half entering in New Orleans and half in Houston, and about 15.5 percent enter the north central states, for the most part in Detroit. As is stated in the staff report, an estimated 30 to 70 percent of the plate entering at New Orleans is shipped outside the area, apparently upriver to the midwest. 3/ Thus, it is unclear whether imports of plate from Taiwan are "concentrated" in the south central States. Lesser quantities of such plate enter the north central States and, in view of the low import penetration of such plate in those States and the large size of the region, it is questionable whether imports are "concentrated" there.

It was not asserted that imports of carbon steel plate from Taiwan into the eastern States had an adverse impact on producers in that region. Only 5.4 percent of such imports entered the East. It seems clear that such imports were not "concentrated" in the East.

1/ See the staff report, at p. A-22.

2/ See Conditions of Competition in the Western U.S. Steel Market Between Certain Domestic and Foreign Steel Products: Interim Report on Investigation No. 332-87. . ., USITC Publication 951, March 1979, at p. 3.

3/ Staff report, at p. A-23.