



ECONOMIC CONSULTING SERVICES, LLC

**BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

**IN THE MATTER
OF
CORROSION-RESISTANT STEEL PRODUCTS FROM CHINA, INDIA,
ITALY, KOREA, AND TAIWAN**

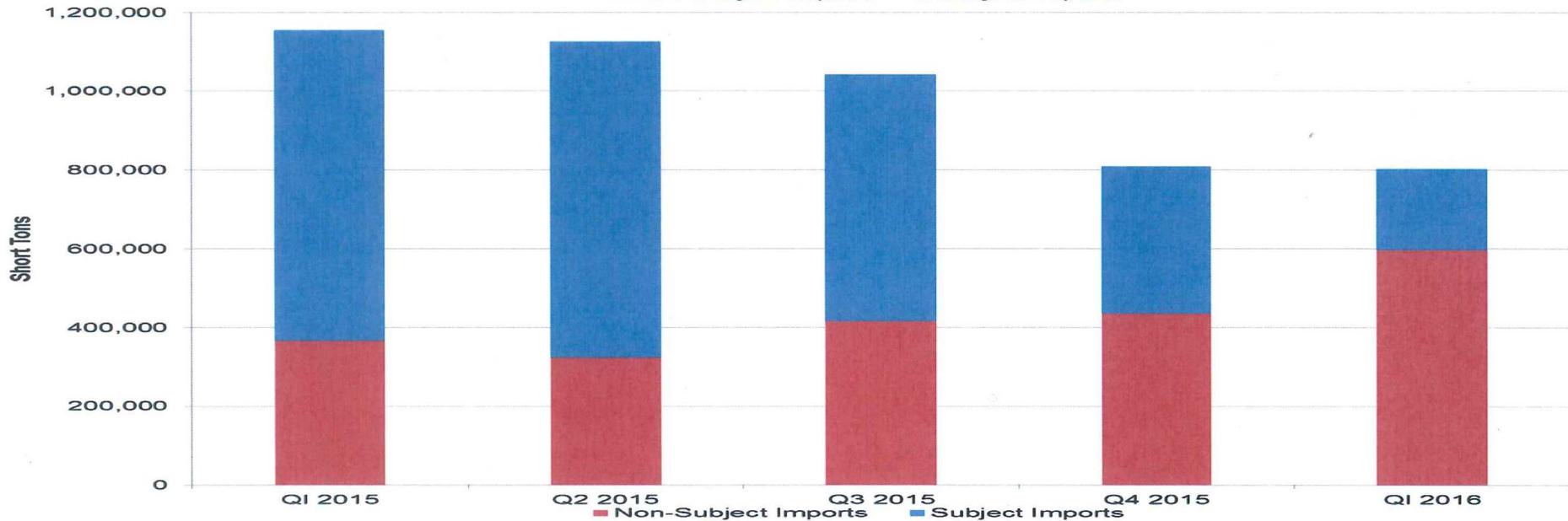
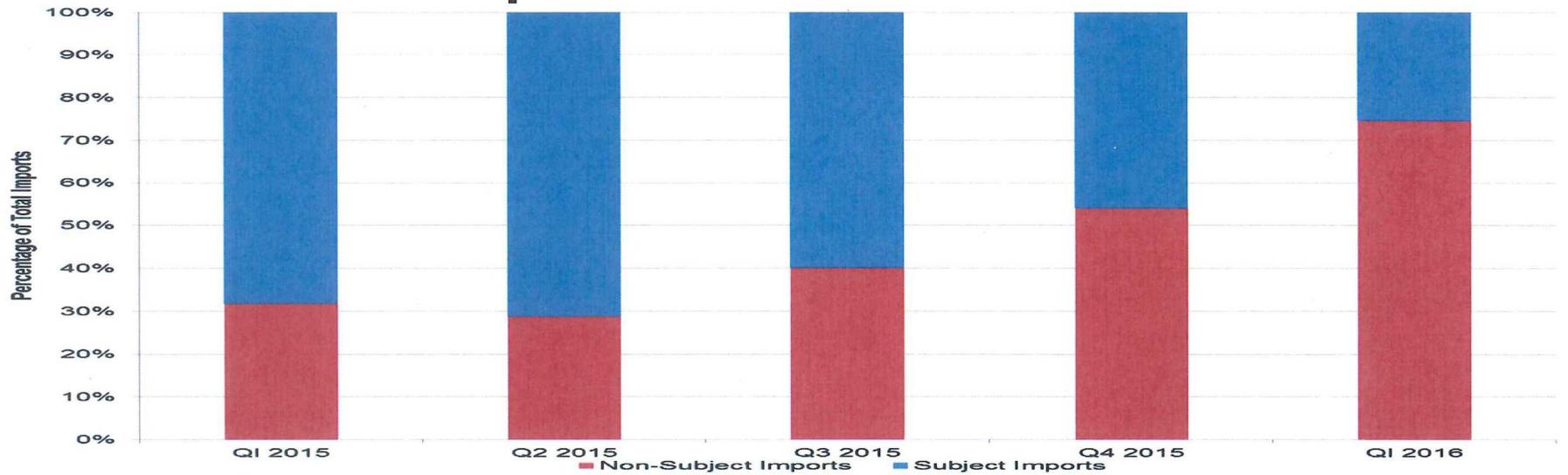
Inv. No. 701-TA-534-538 and 731-TA-1274-1278

**EXHIBITS TO TESTIMONY OF
JIM DOUGAN
VICE PRESIDENT
ECONOMIC CONSULTING SERVICES, LLC**

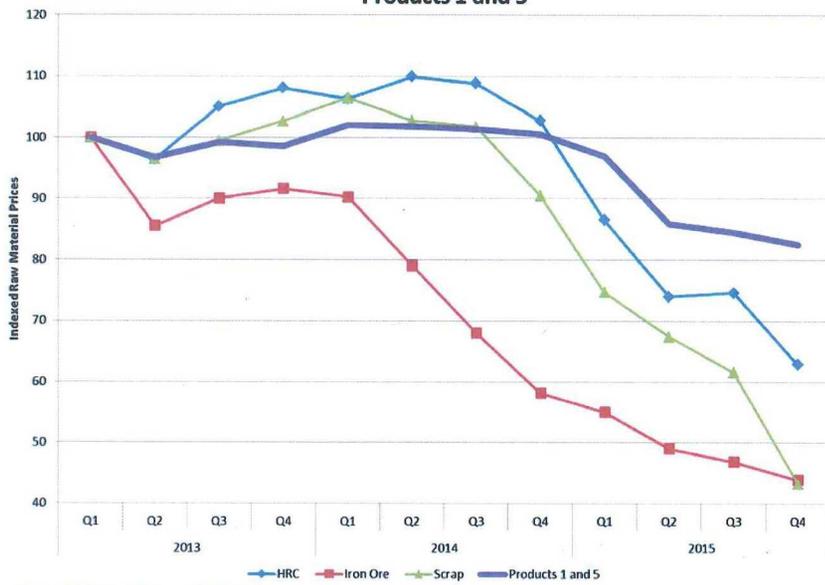
May 26, 2016

Washington, D.C.

Non-Subject Imports Increased To Replace Subject Imports In 2015 and 2016

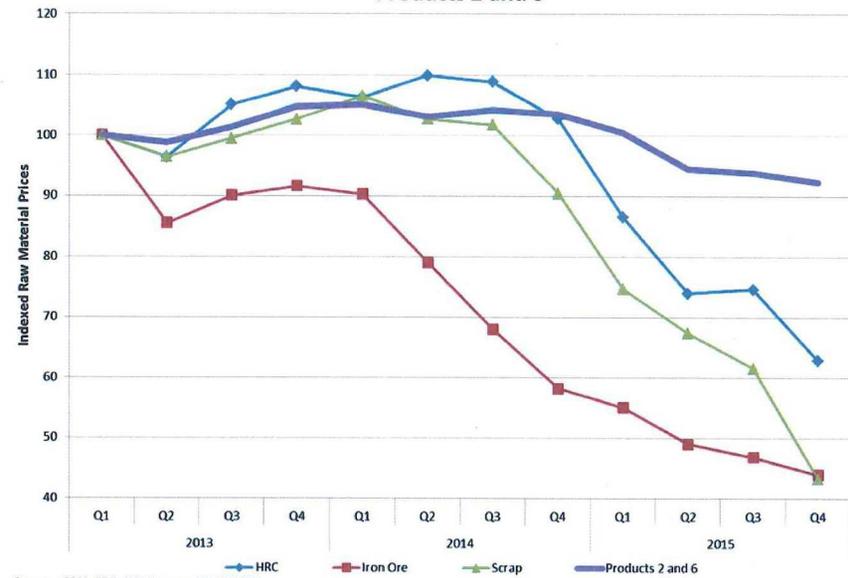


Indexed Prices for Raw Materials and Weighted Average of Pricing Products 1 and 5



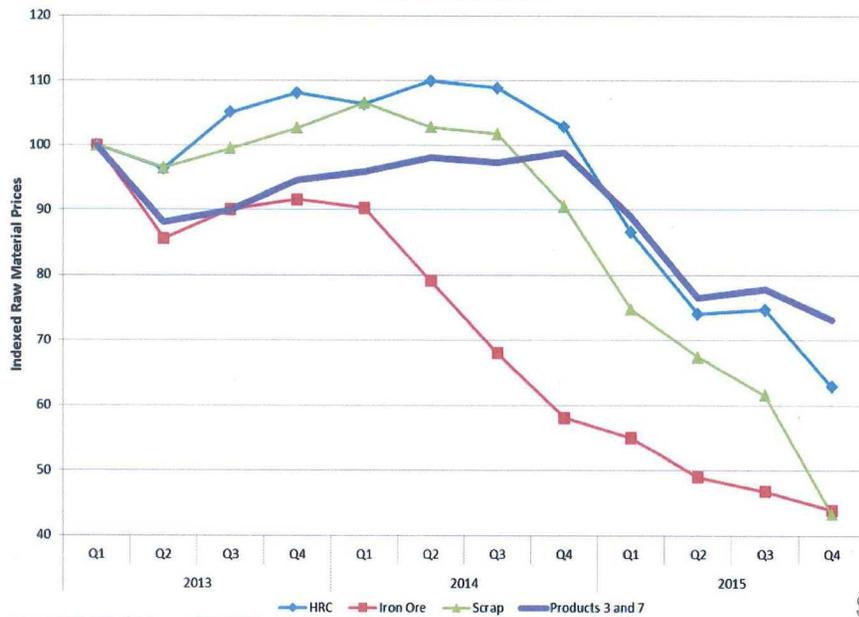
Source: CRU, SBB, IHS Energy, DP QR IV-2

Indexed Prices for Raw Materials and Weighted Average of Pricing Products 2 and 6



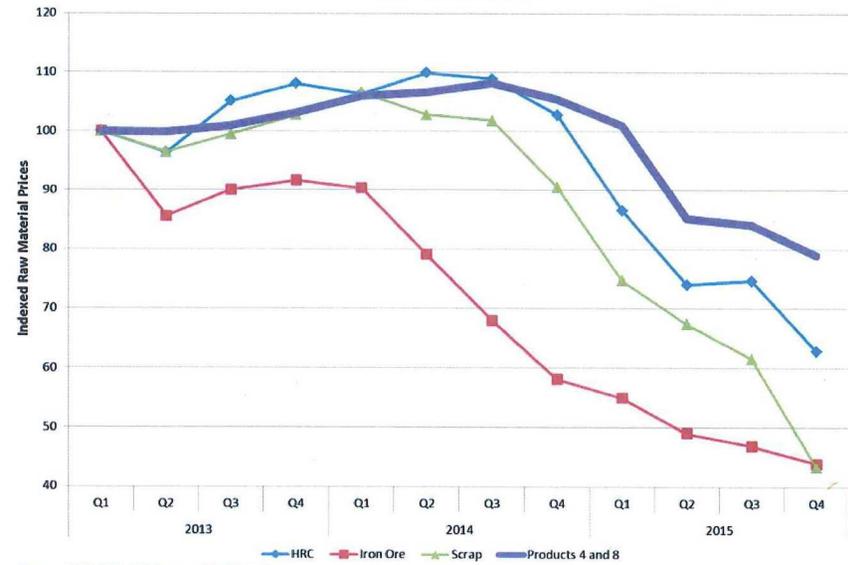
Source: CRU, SBB, IHS Energy, DP QR IV-2

Indexed Prices for Raw Materials and Weighted Average of Pricing Products 3 and 7



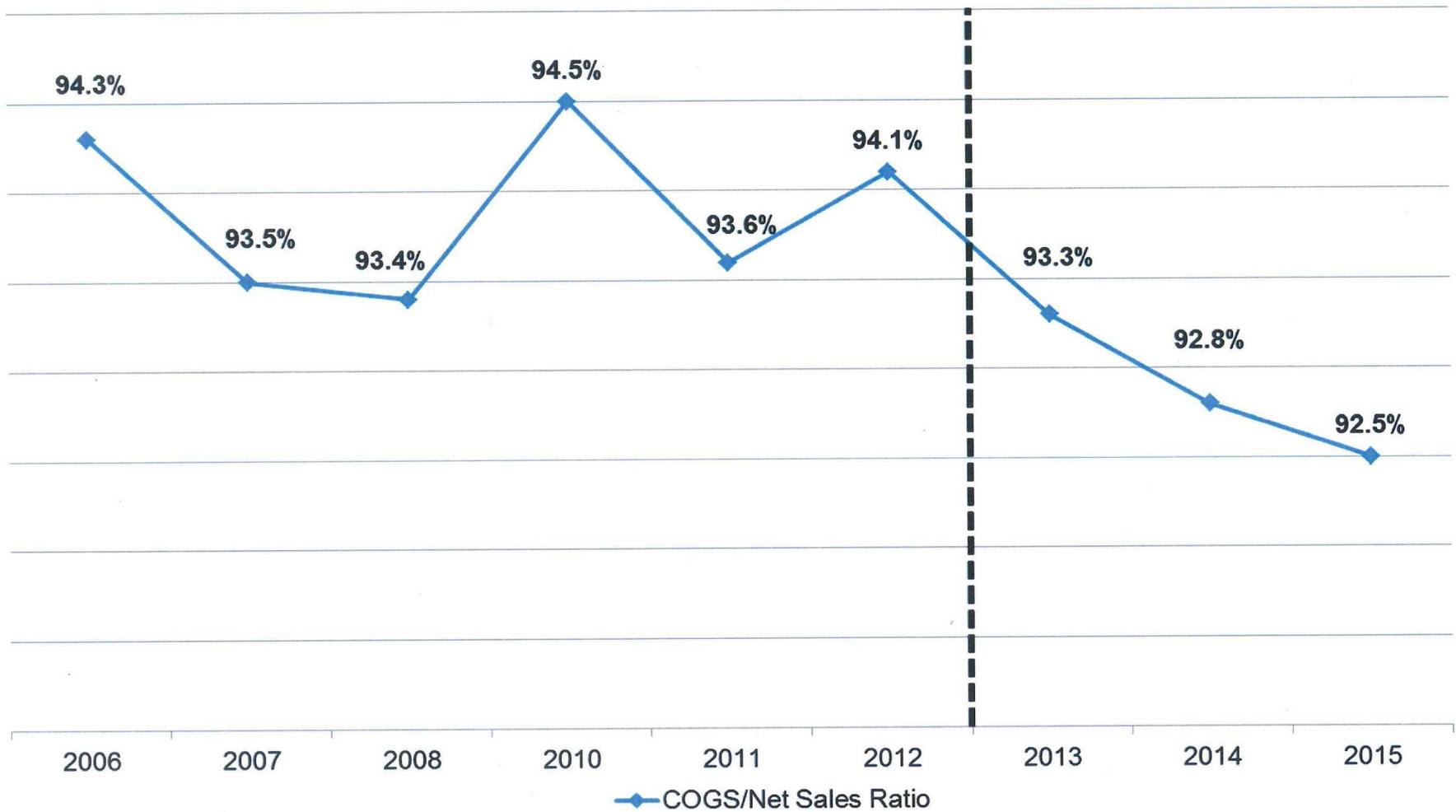
Source: CRU, SBB, IHS Energy, DP QR IV-2

Indexed Prices for Raw Materials and Weighted Average of Pricing Products 4 and 8



Source: CRU, SBB, IHS Energy, DP QR IV-2

The Domestic Industry's COGS/Sales Ratios Were At Historic Lows And Declining During The POI



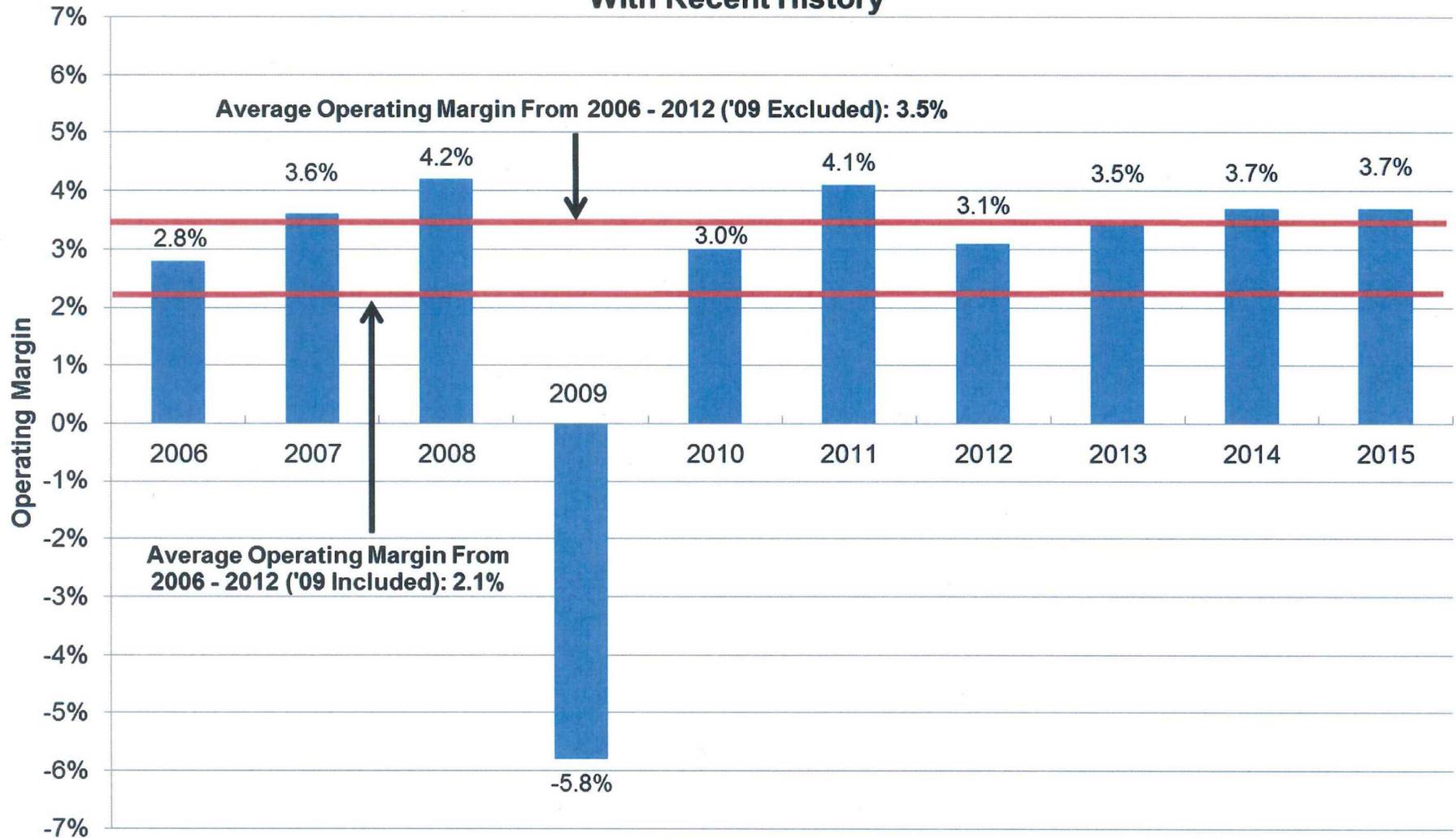
Source: Corrosion-Resistant Carbon Steel Flat Products from Germany and Korea, Inv. Nos. 701-350 and 731-616 and 618 (Third Review), USITC Pub. 4388 (Mar. 2013) at Table C-1; Preliminary Staff Report at Table C-1; Staff Report at Table C-1.

The Domestic Industry's Performance During the POI Was As Good or Better Than in the Previous 7 Years

U.S. Producers' Net Sales, Gross Profit, and Operating Income (2006-2015)					
	2006 to 2012 Average	2006 to 2012 Average ('09 Excluded)	2013	2014	2015
Total Net Sales Quantity (st)	17,162,215	17,902,406	17,972,946	18,490,085	17,846,648
Production Quantity (st)	17,633,910	18,414,764	18,026,752	18,645,379	18,045,727
COGS/Net Sales	95.1%	93.9%	93.3%	92.8%	92.5%
Gross Profit Margin	4.1%	6.3%	6.7%	7.2%	7.5%
Operating Margin	2.1%	3.5%	3.5%	3.7%	3.7%
Hourly Wages (\$)	\$35.55	\$35.76	\$37.89	\$40.09	\$39.38

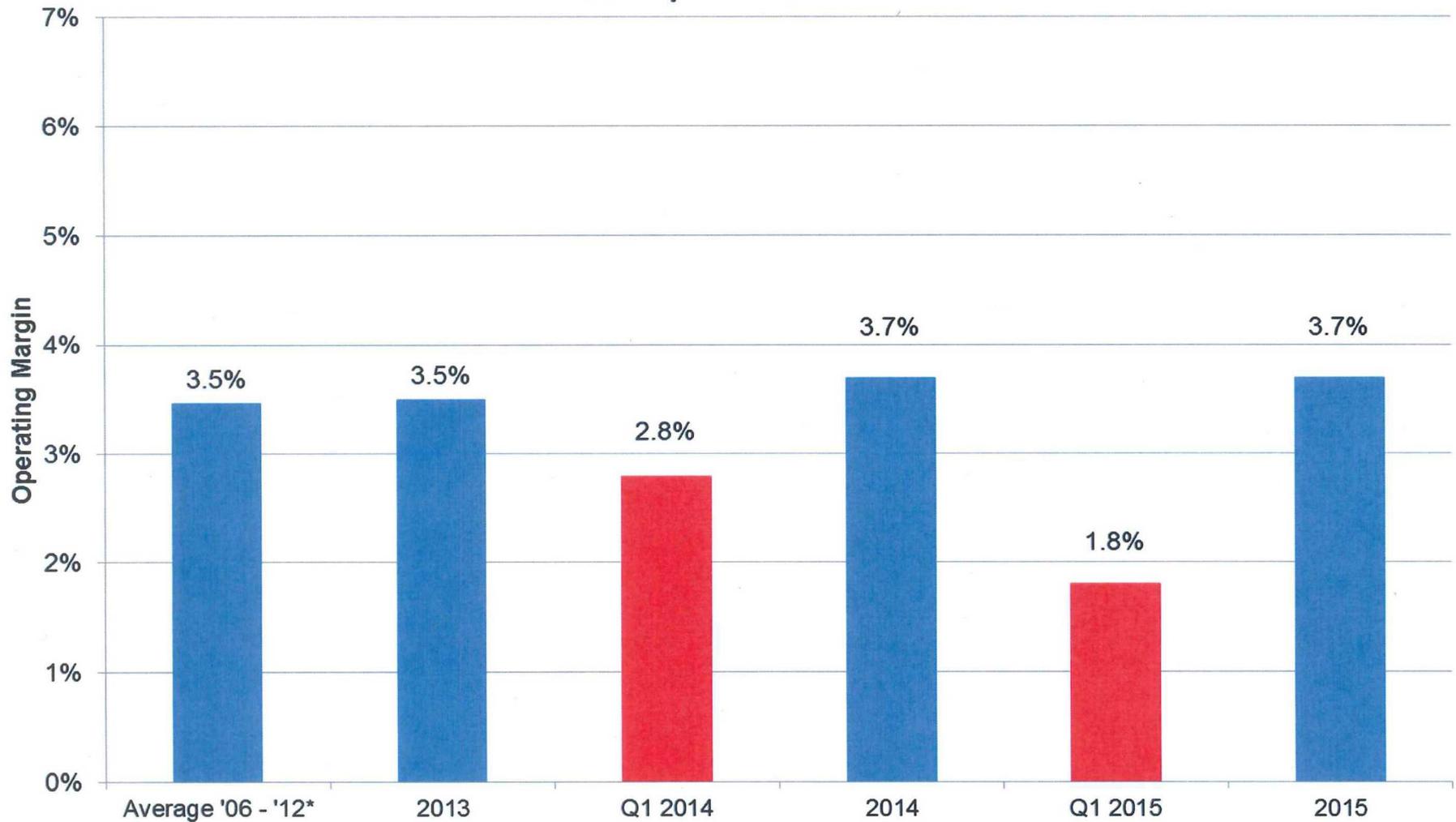
Source: Corrosion-Resistant Carbon Steel Flat Products from Germany and Korea, Inv. Nos. 701-350 and 731-616 and 618 (Third Review), USITC Pub. 4388 (Mar. 2013) at Tables III-9 and C-1; Preliminary Staff Report at Tables VI-1 and C-1; Staff Report at Tables VI-1 and C-1.

Domestic Industry Operating Margins During the POI Were Consistent With Recent History



Source: Corrosion-Resistant Carbon Steel Flat Products from Germany and Korea, Inv. Nos. 701-350 and 731-616 and 618 (Third Review), USITC Pub. 4388 (Mar. 2013) at Table C-1; Preliminary Staff Report at Table C-1; Staff Report at Table C-1.

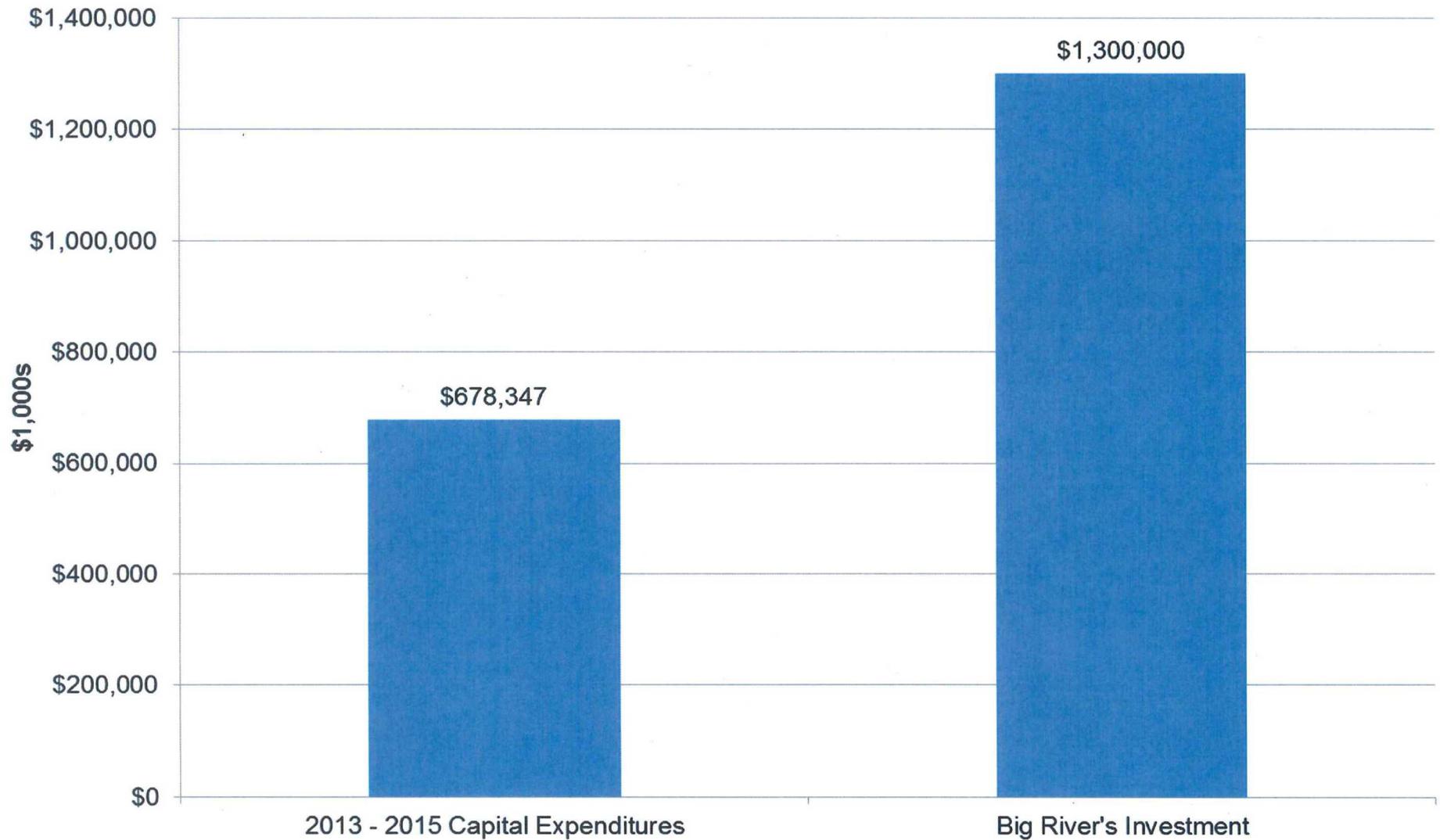
The Domestic Industry's Improvement From First Quarter to Full Year 2014 Was Repeated In 2015



*2009 excluded from average

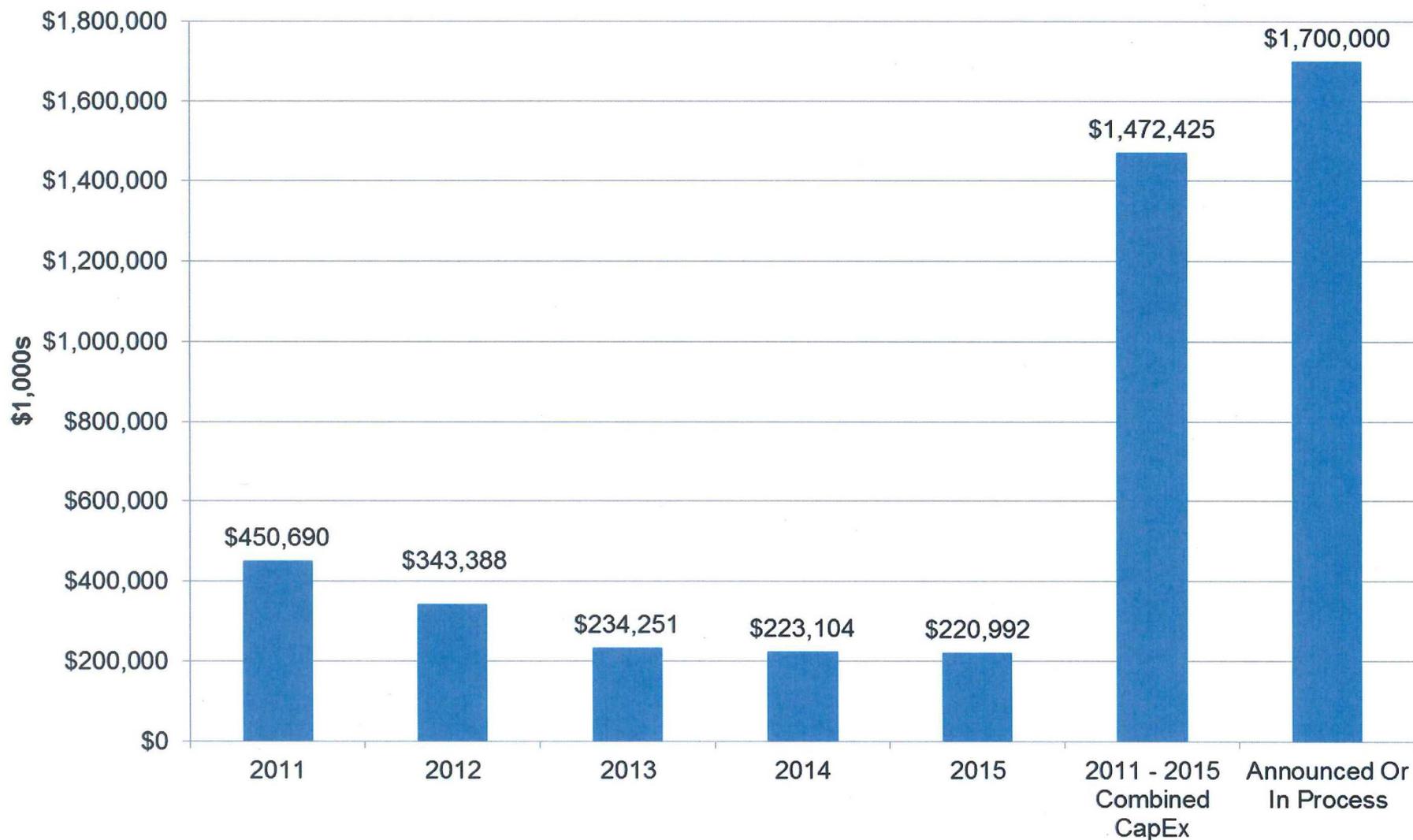
Source: Corrosion-Resistant Carbon Steel Flat Products from Germany and Korea, Inv. Nos. 701-350 and 731-616 and 618 (Third Review), USITC Pub. 4388 (Mar. 2013) at Table C-1; Preliminary Staff Report at Table C-1; Staff Report at Table C-1.

Big River's Investment In Its Steel Mill Alone Exceeds Total Domestic Industry Capital Expenditures During The POI



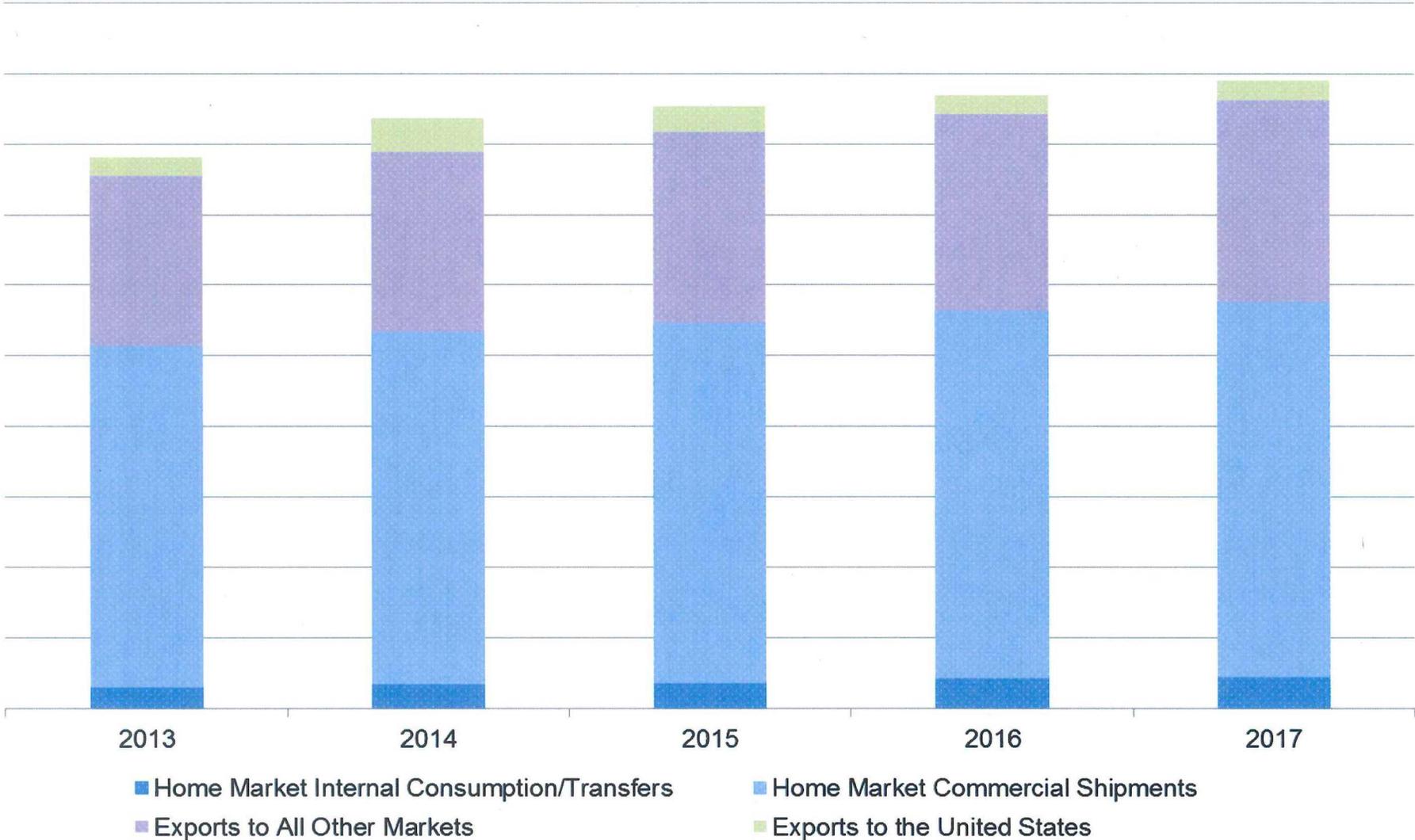
Source: Staff Report at III-8 and Table C-1

**The Domestic Industry's Combined Capital Expenditures from 2011 to 2015
Were Lower Than Amounts Currently Announced Or In Process**



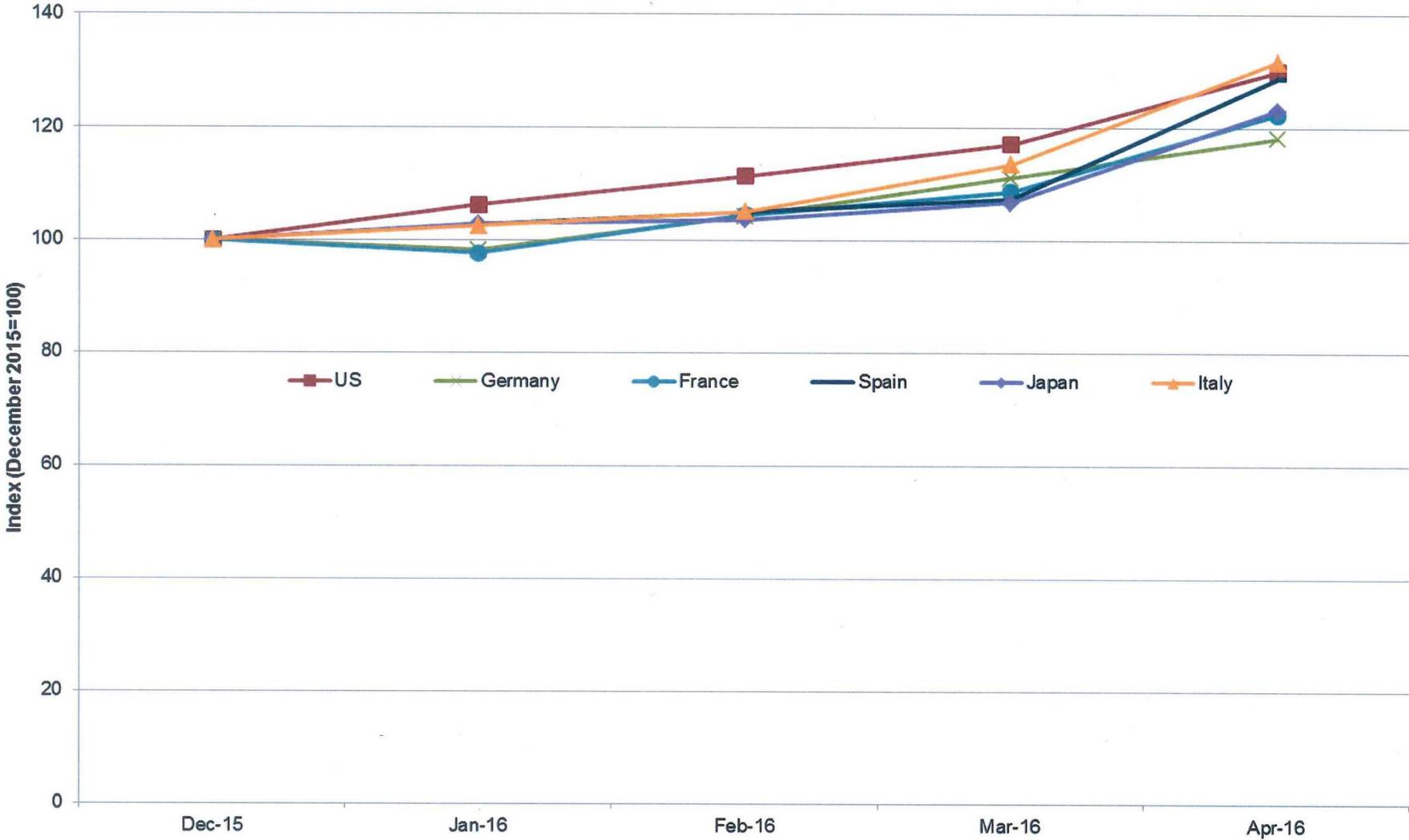
Source: *Corrosion-Resistant Carbon Steel Flat Products from Germany and Korea, Inv. Nos. 701-350 and 731-616 and 618 (Third Review)*, USITC Pub. 4388 (Mar. 2013) at Table C-1; *Preliminary Staff Report at Table C-1*; *Staff Report at Table C-1*; *Korean Respondents Prehearing Brief*

Exports To The United States Are Not A Major Focus For Subject Country Producers



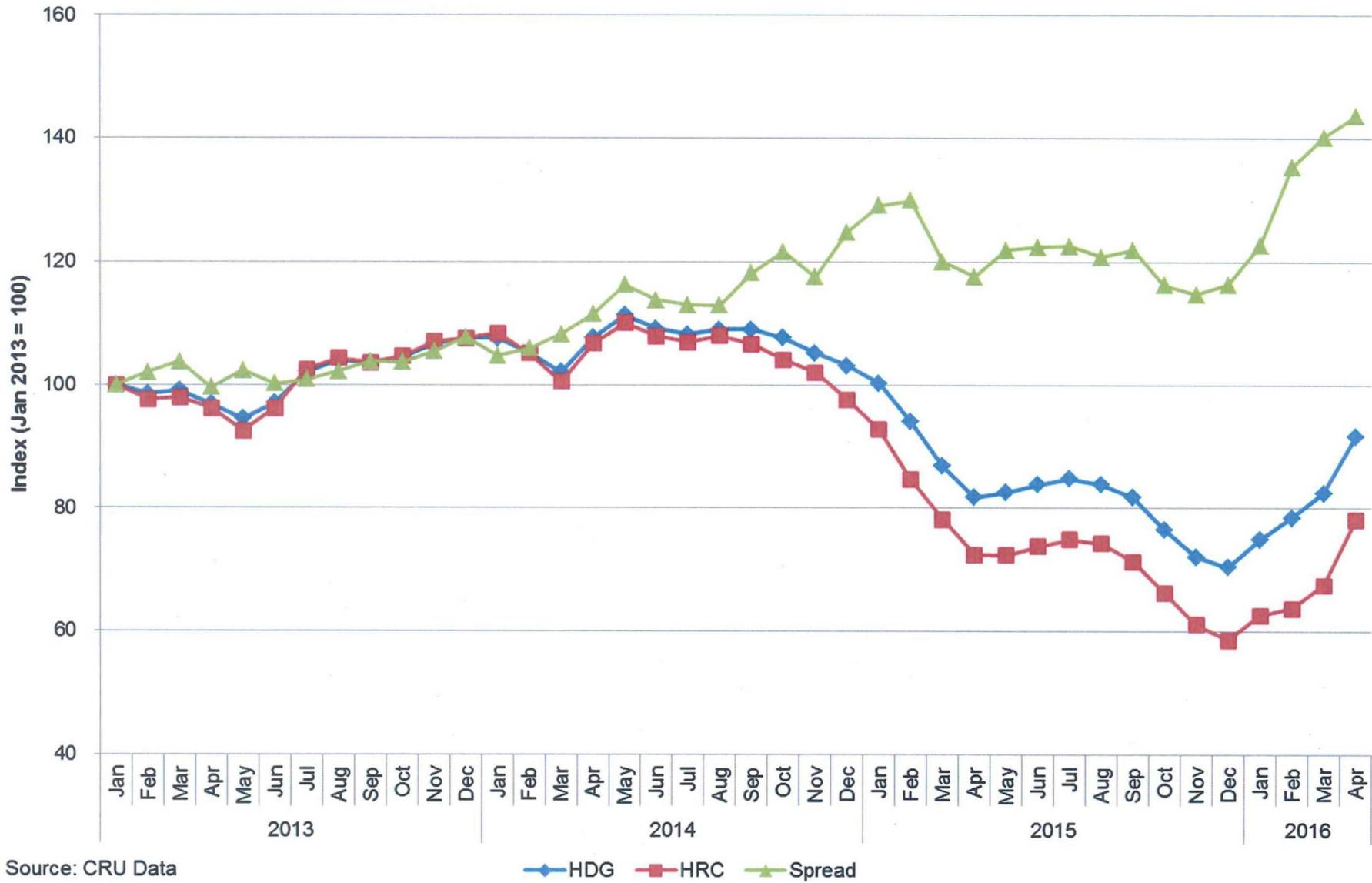
Sources: Staff Report at Table VII-26, Foreign Producers' Questionnaires.

CORE Prices Have Been Increasing Worldwide Since The End of 2015



Source: CRU Data

The Spread Between CORE and HRC Has Been Increasing Especially In 2016



Source: CRU Data