



ECONOMIC CONSULTING SERVICES, LLC

**BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

**IN THE MATTER
OF
COLD-ROLLED STEEL PRODUCTS FROM BRAZIL, CHINA, INDIA,
JAPAN, KOREA, RUSSIA, AND THE UNITED KINGDOM**

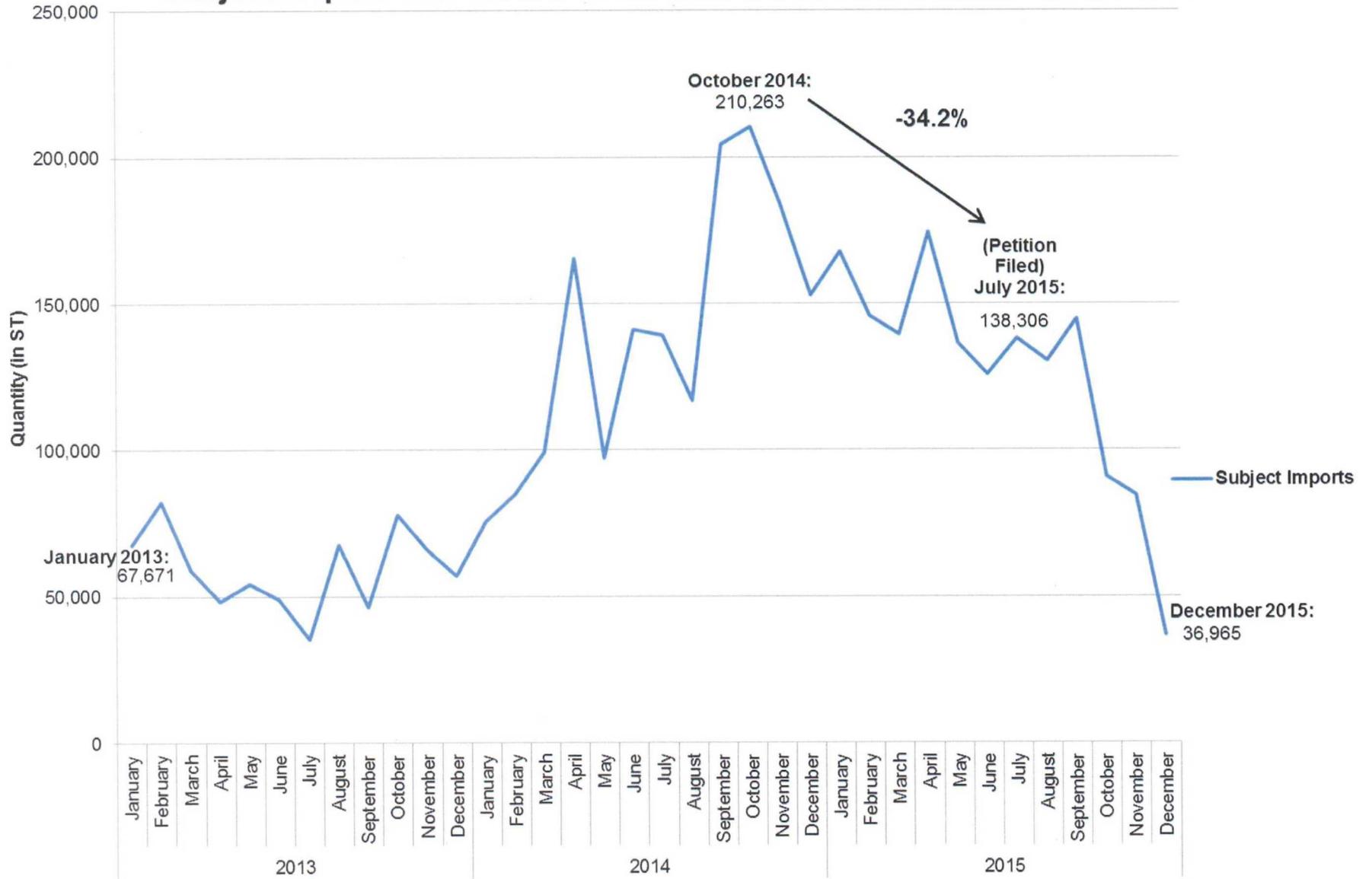
Inv. No. 701-TA-540-544 and 731-TA-1283-1287, 1289-1290

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

May 24, 2016

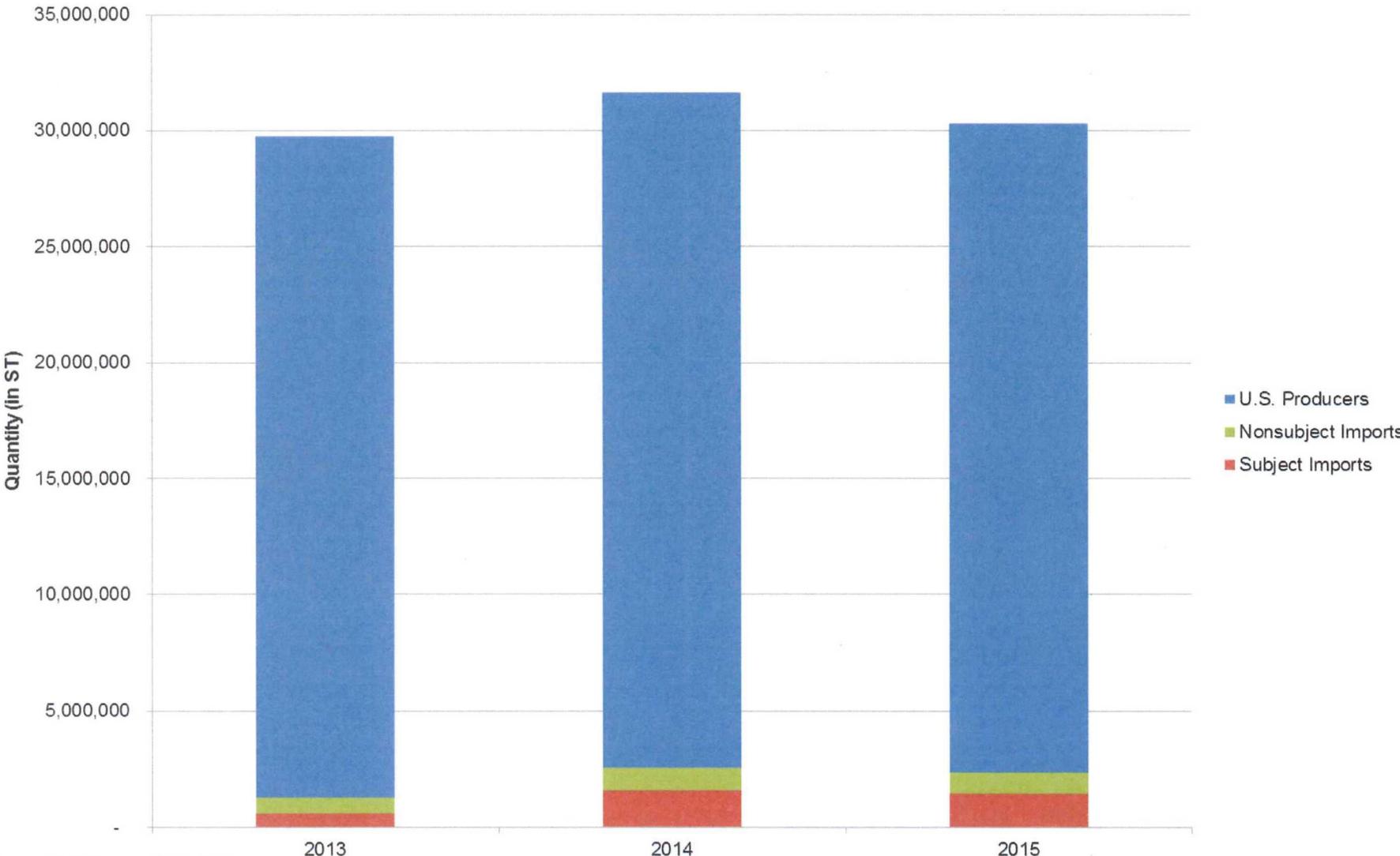
Washington, D.C.

Subject Import Volume Declined Well Before the Petition Was Filed



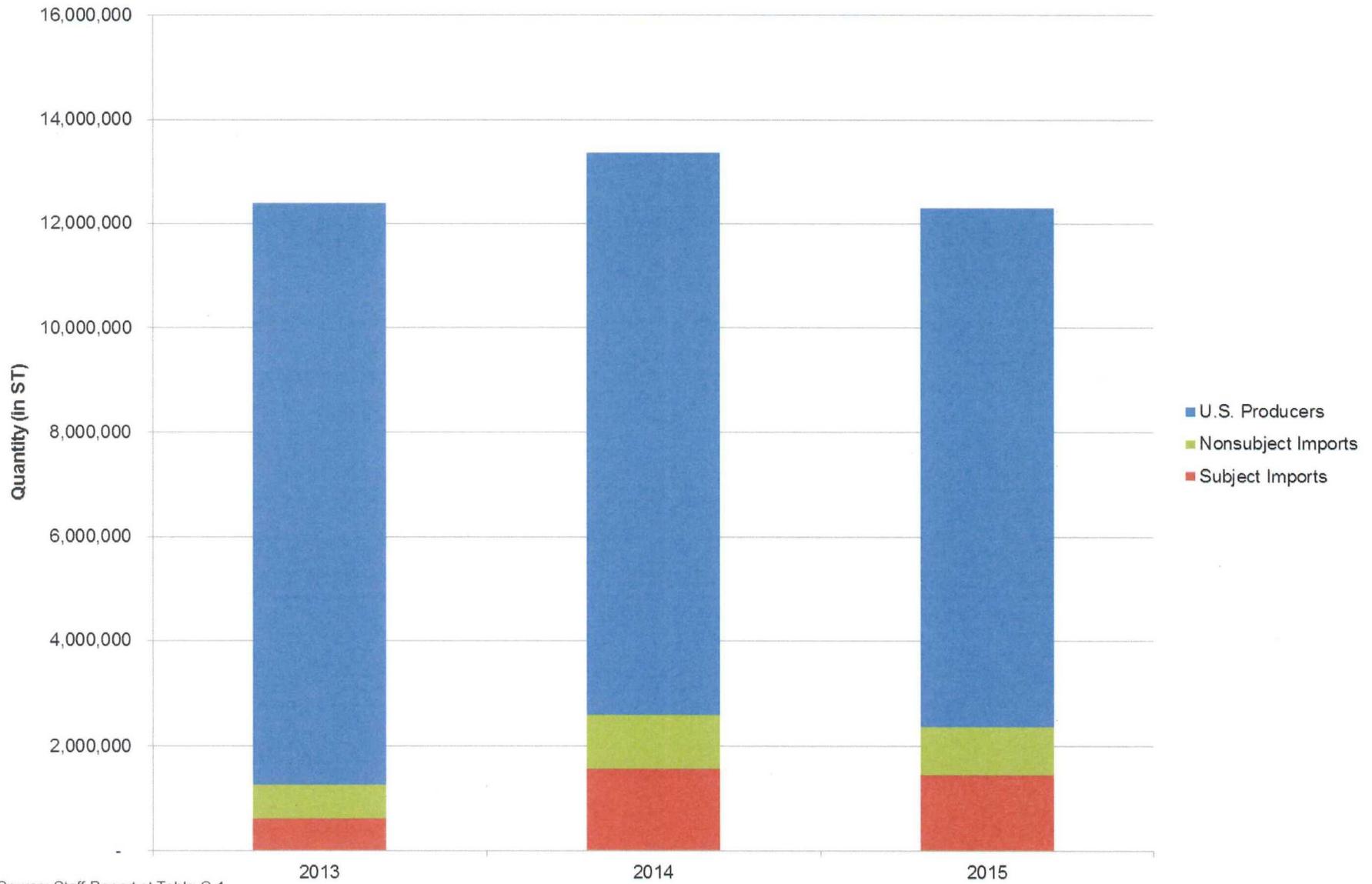
Source: Staff Report at Table IV-11

When Subject Imports Peaked in 2014, U.S. Producers' Shipments Were Still 18 Times Greater than Subject Import Volumes



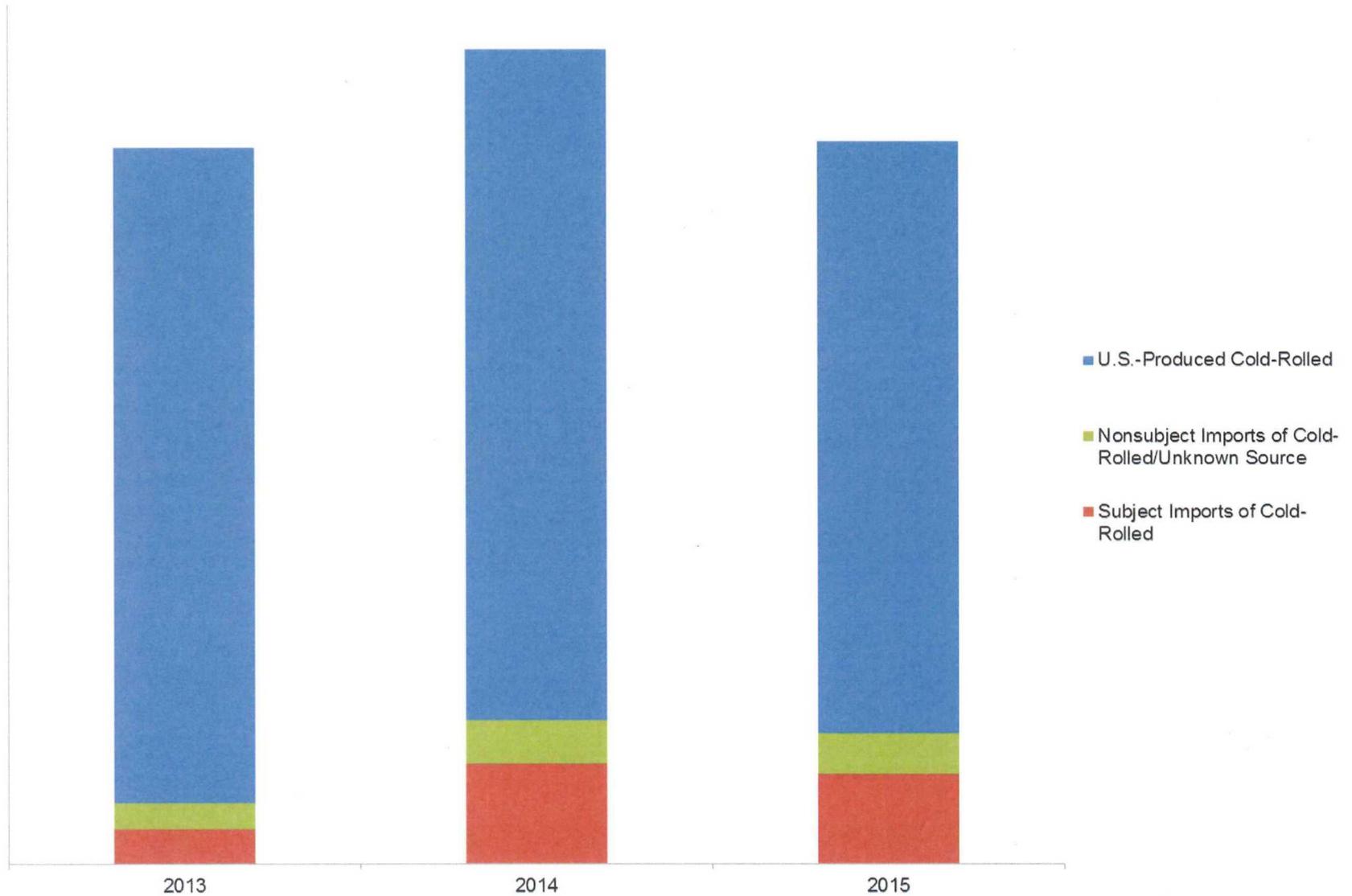
Source: Staff Report at Table C-2.

In the Merchant Market, U.S. Producers' Shipments Still Dwarfed Subject Imports



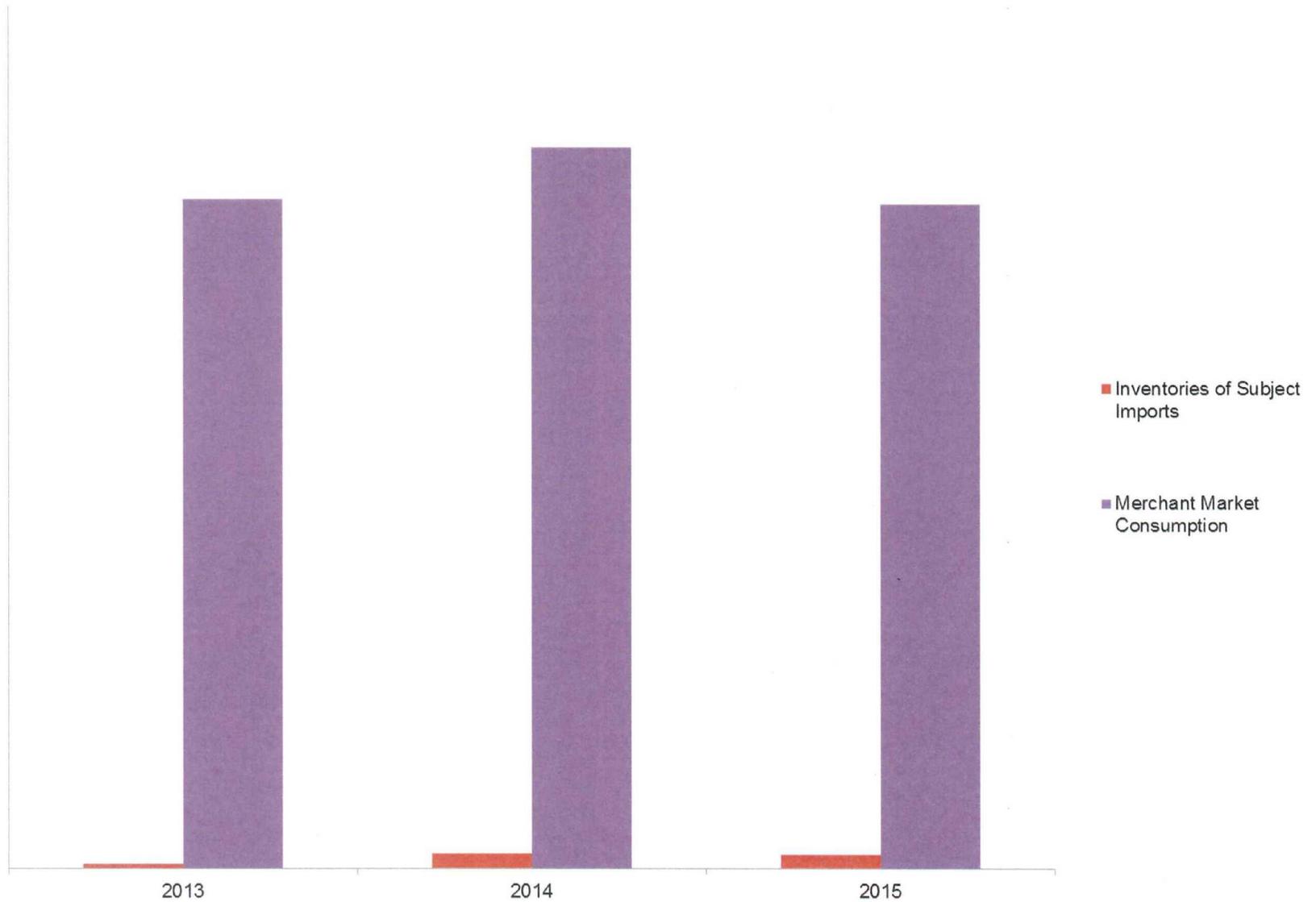
Source: Staff Report at Table C-1.

Inventories of U.S.-Produced Cold-Rolled Steel Were Far Greater than Inventories of Subject Imports



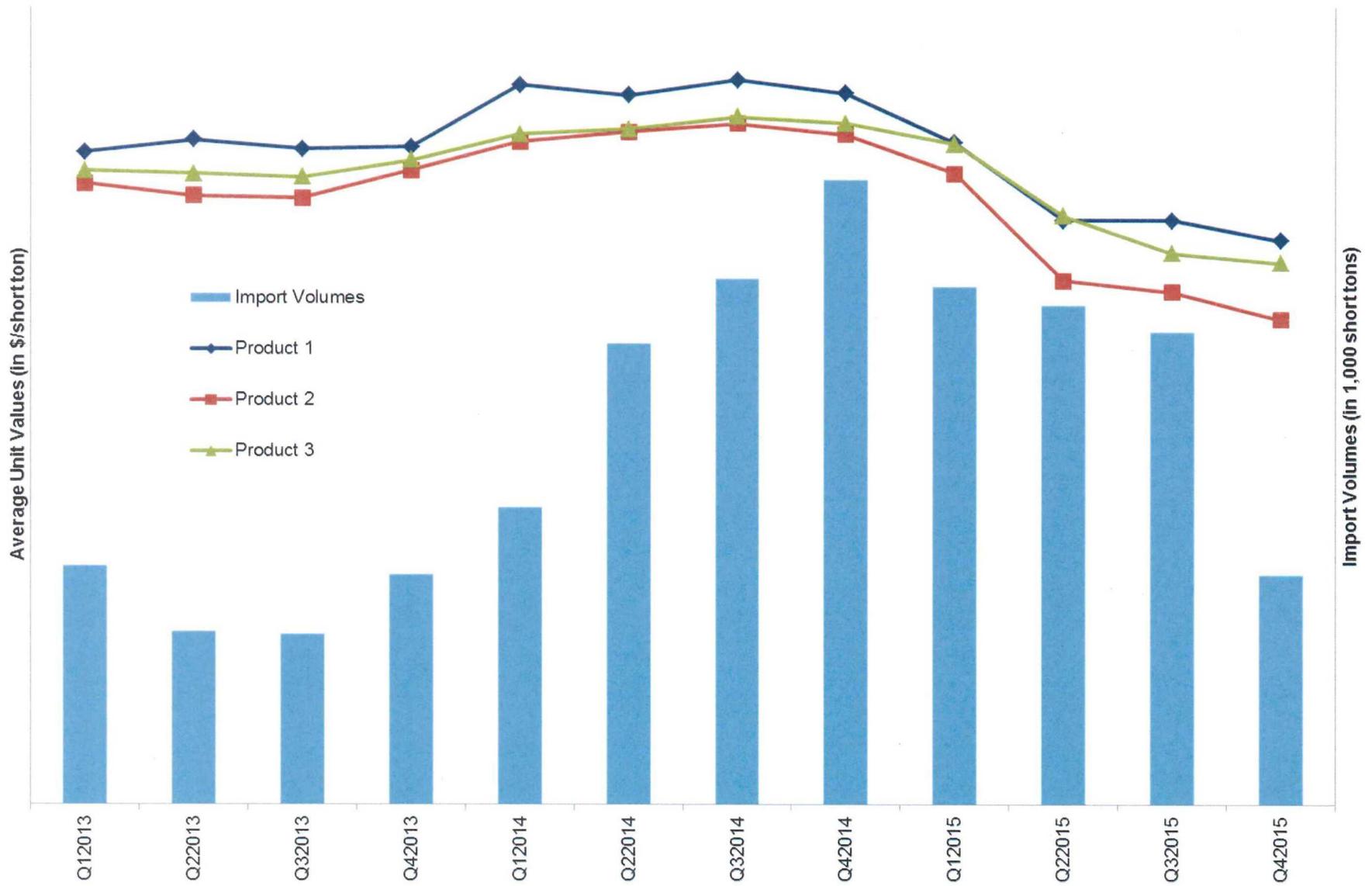
Source: Staff Report at Table C-1, Table II-5, and Table VII-35.

Inventories of Subject Imports Were Miniscule Relative to Merchant Market Consumption



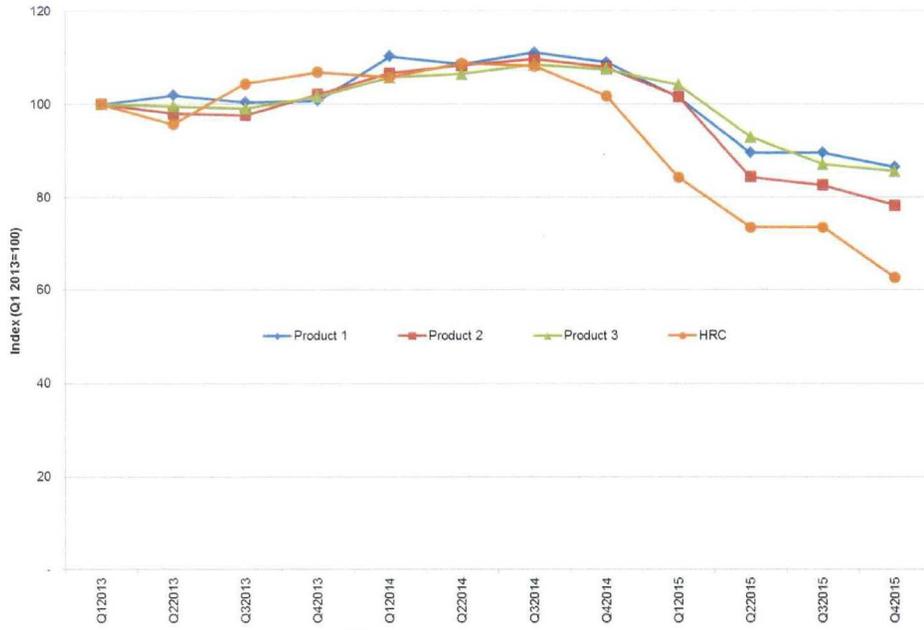
Source: Staff Report at Table C-1, Table II-5, and Table VII-35.

U.S. Producers' Prices Increased as Subject Import Volumes Rose



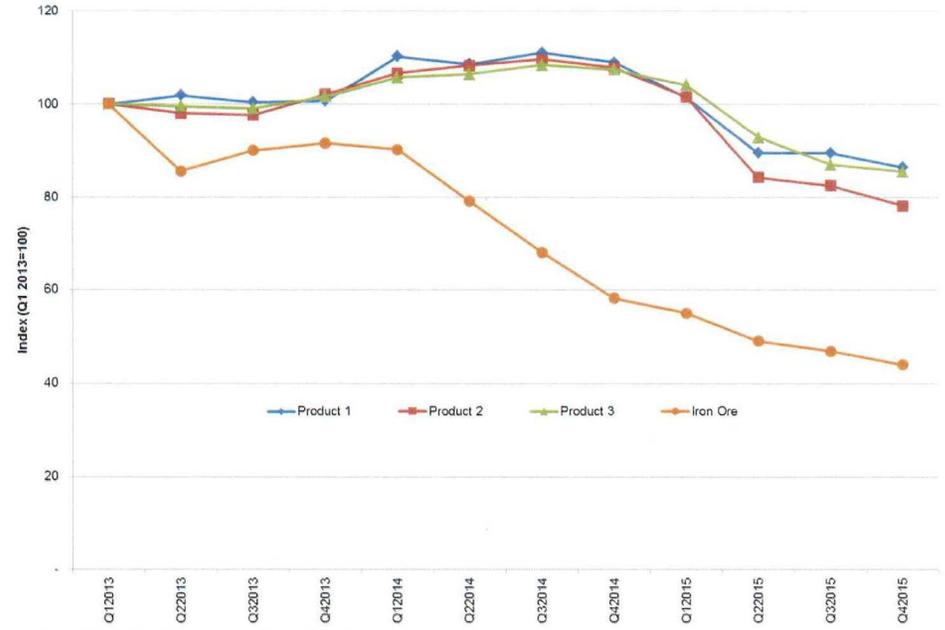
Sources: Staff Report at Tables V-4, V-5, and V-6; U.S. Census Bureau Official Import Statistics.

U.S. Producers' Prices vs. Hot-Rolled Coil



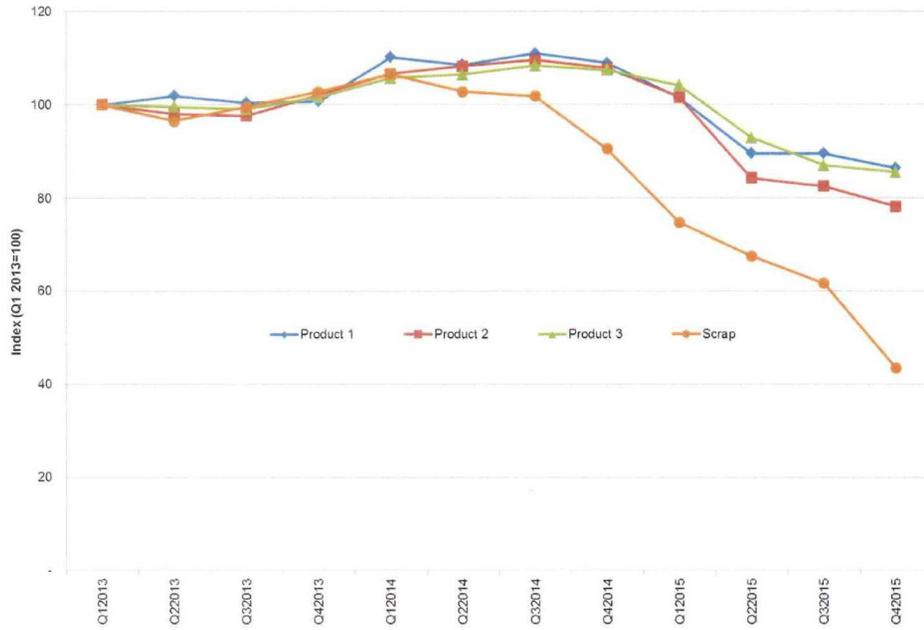
Sources: Staff Report at Tables V-4, V-5, and V-6; SBB/Platts.

U.S. Producers' Prices vs. Iron Ore



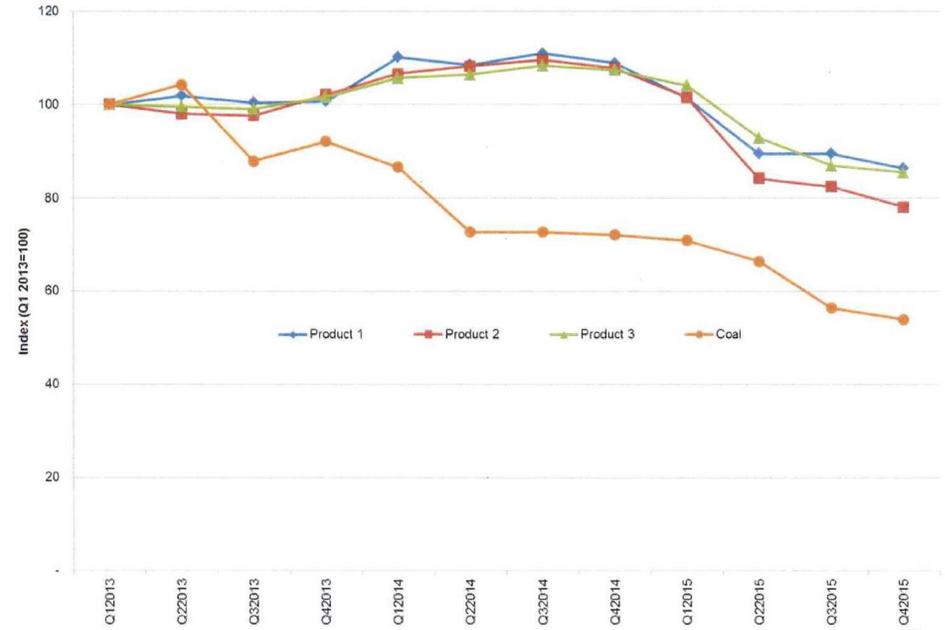
Sources: Staff Report at Tables V-4, V-5, and V-6; SBB/Platts.

U.S. Producers' Prices vs. Scrap



Sources: Staff Report at Tables V-4, V-5, and V-6; SBB/Platts.

U.S. Producers' Prices vs. Coal

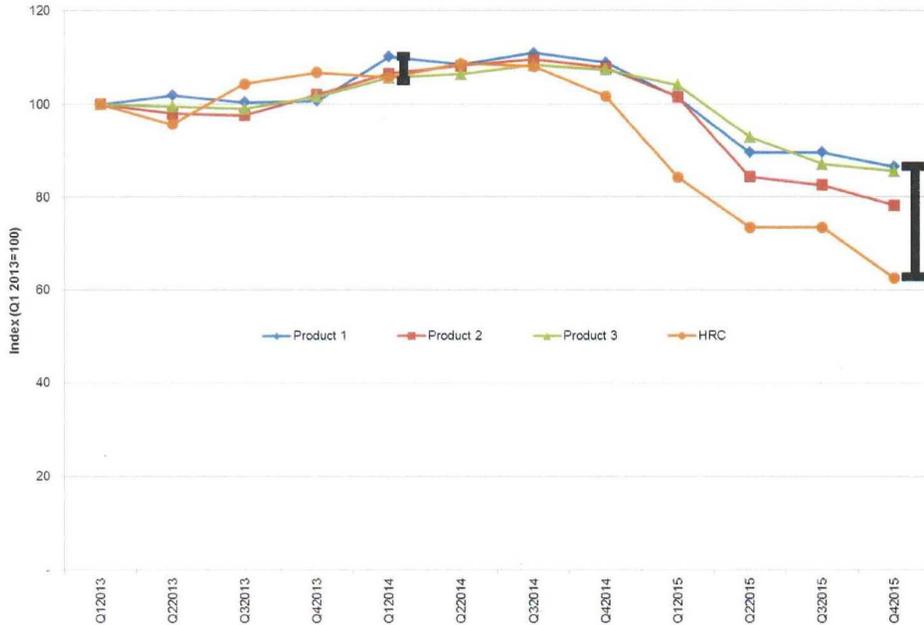


Sources: Staff Report at Tables V-4, V-5, and V-6; IHS energy quarterly metallurgical HCC coal benchmark price.

U.S. Producers' Financial Statements Acknowledge the Importance of Raw Materials in Pricing

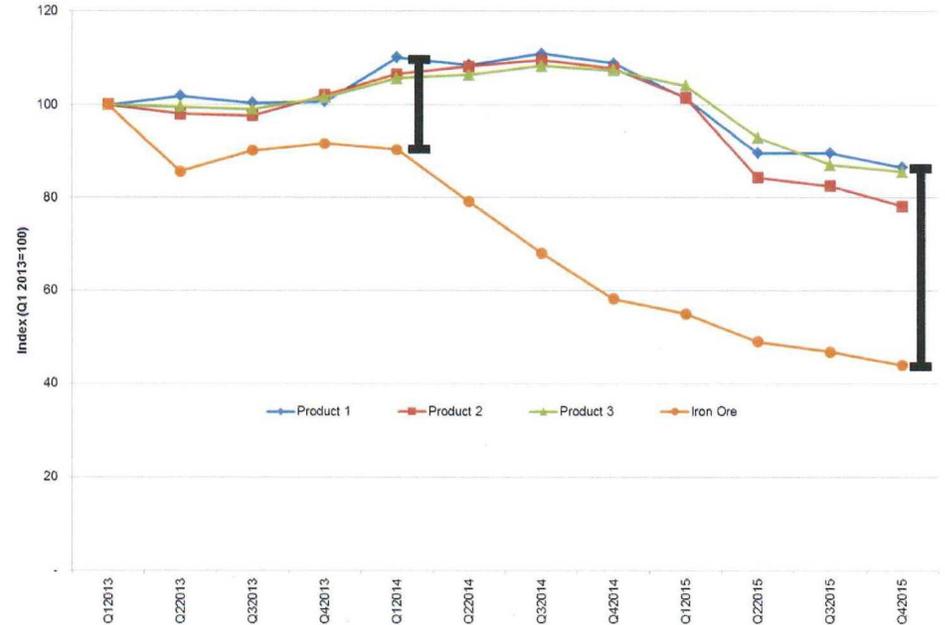
- **Nucor:** “Our contracts include a method of adjusting prices on a periodic basis to reflect changes in the market pricing for steel and/or scrap.”
 - *Nucor, 2015 Annual Report at 23*
- **AK Steel:** “In 2015, approximately 58% of our shipments to contract customers allowed price adjustments during the contract period. Changes in steel prices indices trigger contract price adjustments for about one-fourth of our shipments to contract customers. When adjustments occur, the resulting adjustments typically occur at three- or six-month intervals. In certain circumstances, we adjust contract prices if particular raw material price changes exceed agreed-upon parameters.”
 - *AK Steel, Form 10K 2015 at 2*

U.S. Producers' Prices: Spread Over Hot-Rolled Coil



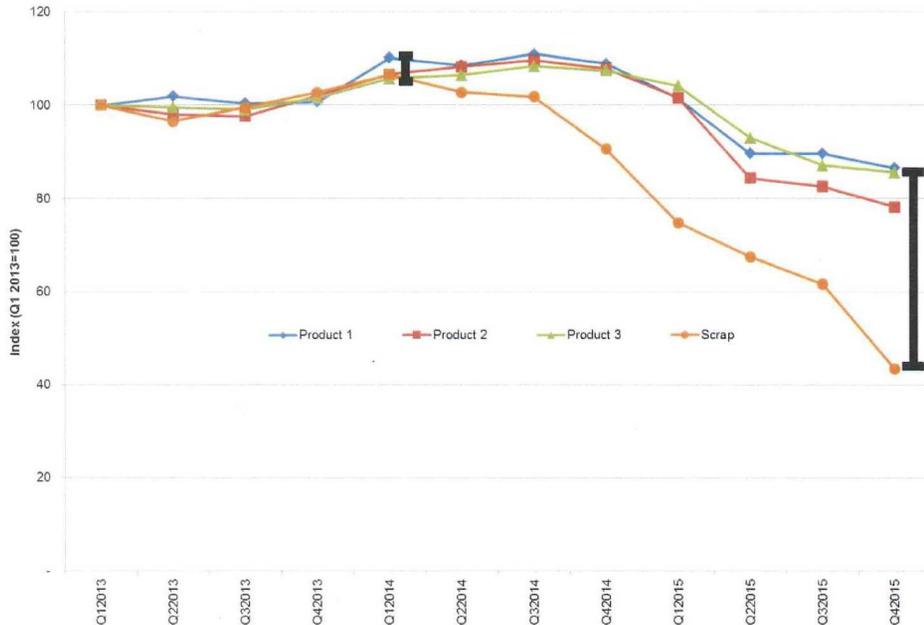
Sources: Staff Report at Tables V-4, V-5, and V-6; SBB/Platts.

U.S. Producers' Prices: Spread Over Iron Ore



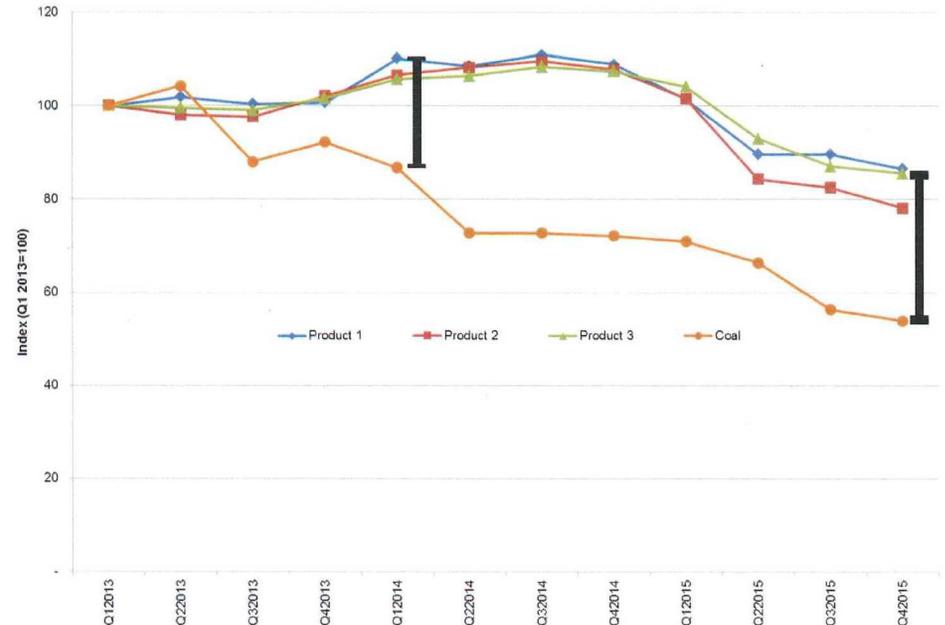
Sources: Staff Report at Tables V-4, V-5, and V-6; SBB/Platts.

U.S. Producers' Prices: Spread Over Scrap



Sources: Staff Report at Tables V-4, V-5, and V-6; SBB/Platts.

U.S. Producers' Prices: Spread Over Coal



Sources: Staff Report at Tables V-4, V-5, and V-6; IHS energy quarterly metallurgical HCC coal benchmark price.

U.S. Producers' Merchant Market Business Outperformed Their Total Business Throughout the POI

| <i>Operating Income as a Percent of Net Sales</i> | | | |
|---|-------|------|-------|
| | 2013 | 2014 | 2015 |
| Merchant Market | 0.7% | 3.8% | 0.6% |
| Total Business | -1.1% | 2.1% | -0.8% |

Sources: Staff Report at Table C-1 and Table C-2.

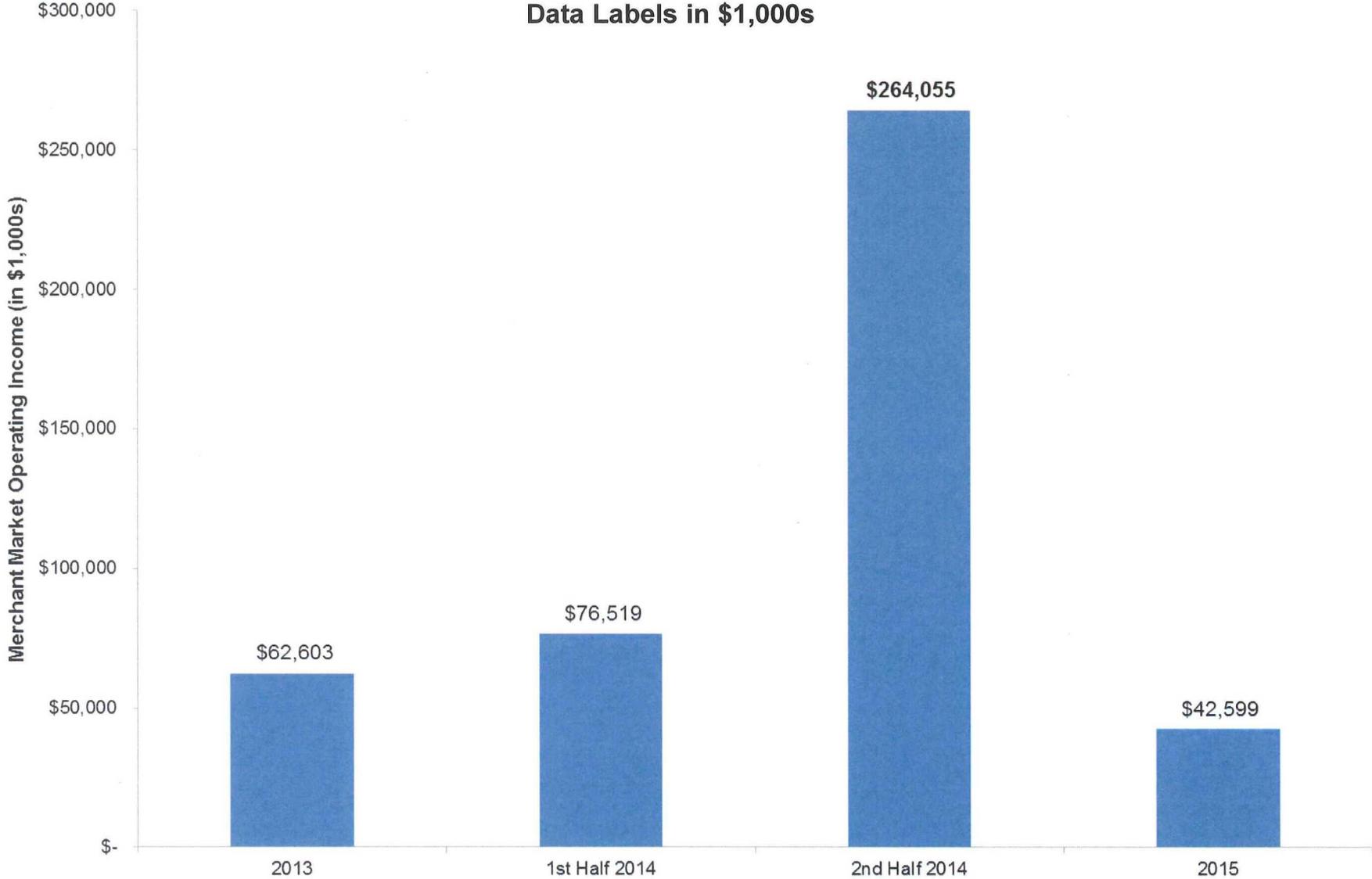
U.S. Producers Performed Best in the Second Half of 2014

| <i>Operating Income as a Percent of Net Sales</i> | | | | |
|---|-------|------------------------------|------------------------------|-------|
| | 2013 | 1 st Half 2014 | 2 nd Half 2014 | 2015 |
| Merchant Market | 0.7% | 1.8% | 5.8% | 0.6% |
| Total Business | -1.1% | -0.8% | 4.7% | -0.8% |

Sources: Preliminary Phase Staff Report at Tables C-1 and C-2; Staff Report at Tables C-1 and C-2.

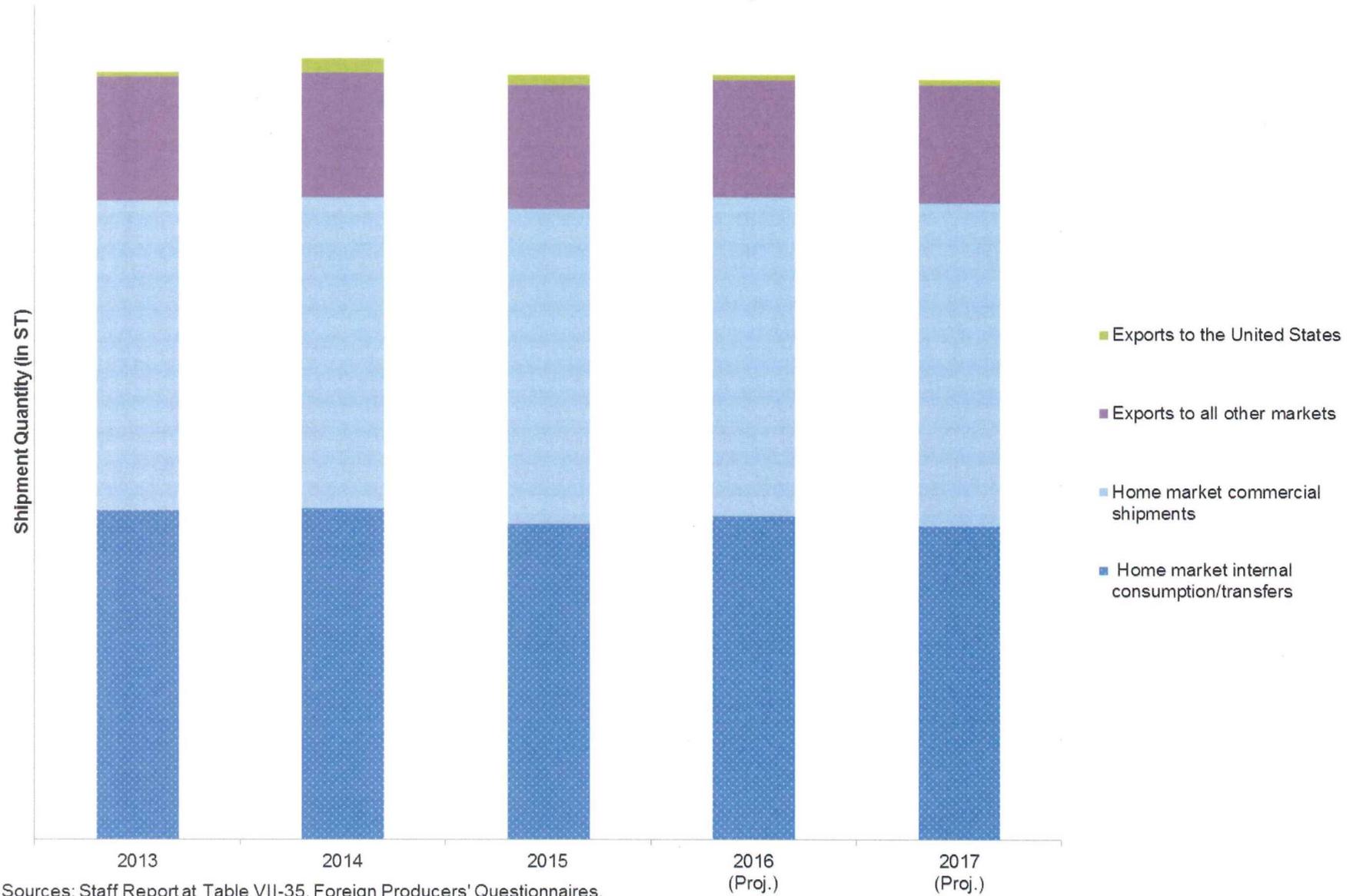
U.S. Producers Earned More Profit in 2nd Half 2014 Than in 2013 and 1st Half 2014 Combined

Data Labels in \$1,000s

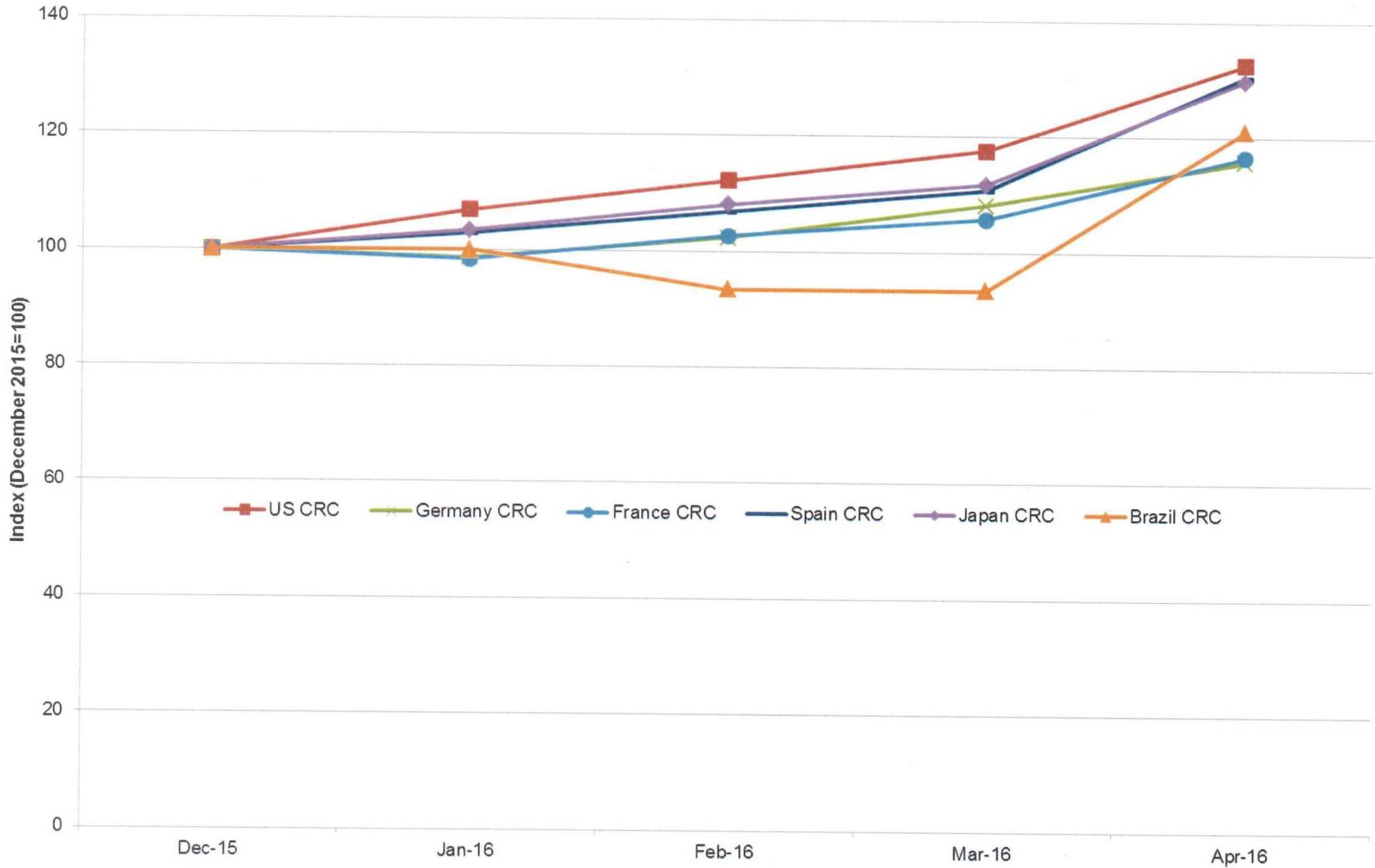


Sources: Staff Report at Table C-1 and Table C-2; Preliminary Phase Staff Report at Table C-1 and Table C-2.

Exports to the U.S. are an Insignificant Share of Subject Producers' Shipments



Cold-Rolled Steel Prices Have Been Increasing Worldwide Since The End Of 2015



Source: CRU Data