

CHAPTER 2

CARBON AND ALLOY FLAT STEEL

PART I: OVERVIEW (FLAT STEEL)

ORGANIZATION OF THIS SECTION

Information in this carbon and alloy flat steel (flat steel)¹ section is organized into four parts: (1) overview of issues concerning the industries producing flat steel; (2) industry and market data for certain carbon and alloy flat-rolled steel;² (3) industry and market data for tin mill products (tin); and (4) adjustment efforts of U.S. flat producers. Information collected on the foreign industries producing the subject products is presented in appendix G.

U.S. PRODUCERS

Information on the number of reporting U.S. producers of flat steel and a summary of U.S. producers' positions with respect to the section 203 relief is presented in table FLAT I-1.³ A list of U.S. producers of flat steel providing a response to the Commission's producers' questionnaire in this investigation is presented in table FLAT I-2.⁴

Table FLAT I-1

Flat steel: Summary of U.S. producers' positions with respect to the section 203 relief, by products and forms¹

Item	Support relief	Oppose relief	Take no position	No response	Total
Slab	12	2	0	0	14
Plate	12	1	1	0	14
Hot-rolled	20	1	3	0	24
Cold-rolled	16	5	4	0	25
Coated	16	2	3	0	21
Subtotal, certain flat steel	76	11	11	0	98
Tin	6	0	1	0	7

¹ Responses are shown only for products a firm produces and for which it provided data. A firm may produce more than one of the products or forms.

Source: Compiled from data submitted in response to Commission questionnaires.

¹ For purposes of this report, the term "flat steel" consists of subject slab, plate, hot-rolled, cold-rolled, coated, and tin.

² In the section 201 investigation, the Commission found a single industry producing carbon and alloy flat-rolled steel comprising slab, plate, hot-rolled, cold-rolled, and coated. The Commission found a separate industry producing tin mill products. *See, Steel*, Inv. No. TA-201-73, USITC Pub. 3479, December 2001, pp. 37, 46-47, and n.138.

For purposes of this report, the term "certain carbon and alloy flat-rolled steel" consists of subject carbon and alloy slab, plate, hot-rolled, cold-rolled, and coated. Data tables concerning slab, plate, hot-rolled, cold-rolled, and coated are presented in app. F.

³ As previously mentioned, information on U.S. producers' positions with respect to the section 203 import relief, by firms and by products, is presented in app. E. In some instances, firms have expressed positions for products they do not produce.

⁴ For purposes of this section, ISG/Acme, ISG/Bethlehem, and ISG/LTV are treated as separate firms.

Table FLAT I-2
Flat steel: U.S. producers' production, by products, April 2002-March 2003

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STRUCTURAL DEVELOPMENTS

Information on developments in the domestic industries producing certain carbon and alloy flat-rolled steel and tin mill products, including bankruptcy protection filings, mergers and acquisitions, and significant capital investments is presented below. A list of U.S. producers that have recently filed for bankruptcy protection is presented in table FLAT I-3. Table FLAT I-4 presents industry mergers and acquisitions. Table FLAT I-5 presents major publicly announced capital investments of U.S. producers.

Timelines

Figure FLAT I-1 presents data on the raw steel production capability of bankrupt firms. Bankruptcies of several large firms occurred during the two-year period preceding the safeguard measures, but no bankruptcies of large firms occurred during the first year of the safeguard measures.⁵ Figure FLAT I-2 presents a timeline for significant mergers and acquisitions of companies in the flat-rolled sector. It shows that merger and acquisition activity was low through March 2002, then grew during the first year of the safeguard measures.⁶

⁵ The bankruptcies of Weirton Steel (May 2003) and WCI Steel (September 2003) occurred after the period under review. The last of the large firms to declare bankruptcy during the period examined was National Steel, which filed for chapter 11 bankruptcy on March 6, 2002. Cold Metal Products, which filed for bankruptcy in August 2002, had no raw steel capability and only 0.4 million short tons of rolling capability at its Youngstown, OH, Ottawa, OH, and Indianapolis, IN facilities, combined; as a service center for cutting, Cold Metal Products' Roseville, MI facility had no rolling capability.

⁶ Although shown on the timeline, raw steel capability of a firm that purchases a firm without raw steel capability is not included in the bar chart. There is no double counting of capability of a firm involved in more than one merger/acquisition during the same March-April period.

Table FLAT I-3

Flat steel: U.S. producers of subject products that have filed for bankruptcy protection, 1998-2003¹

Month and year of bankruptcy filing	Company and location(s)	Products	Status	Raw steel capability (million short tons)	Employees affected	Comments
September 1998	Acme Metals <i>Riverdale, IL</i>	Hot-and cold-rolled sheet, including high-carbon and HSLA grades	Operating as ISG	1.2	1,000	Shutdown October 2001. Steelmaking and rolling assets acquired by International Steel Group in October 2002 and restarted in December 2002.
July 1999	Gulf States Steel <i>Gadsden, AL</i>	Plate, hot- and cold-rolled sheet, galvanized sheet	Shut down August 2000	1.5	1,600	
November 2000	Wheeling-Pittsburgh <i>Steubenville, OH</i>	Hot- and cold-rolled sheet, galvanized sheet, tinplate	Operating	3.0		Subsidiary of WHX Corp. Announced layoff of 50 salaried employees. Received \$400,000 from State of West Virginia contingency fund to complete construction of coil processing line (completed in early 2002). Emerged from bankruptcy in August 2003.
December 2000	LTV <i>Cleveland, OH Indiana Harbor, IN others</i>	Hot- and cold-rolled sheet, galvanized sheet, tinplate, pipe and tubing	Most flat steel facilities operating as ISG and U.S. Steel (see comments)	8.0		Permanently closed wholly-owned iron ore mine employing 1,100. Sold two tin mill facilities to U.S. Steel in March 2001 (one subsequently closed). Closed Cleveland-West operations in June 2001. Tubular products operations continued to operate. Flat steel operations shut down December 2001, acquired by International Steel Group and restarted in May and June 2002.
January 2001	Heartland Steel <i>Terre Haute, IN</i>	Cold-rolled sheet processor	Operating	None		Purchased by Brazilian steel company CSN in June 2001.
March 2001	Trico Steel <i>Decatur, AL</i>	Hot-rolled sheet	Operating as Nucor Decatur	2.2	320	Joint venture of LTV (50%) Corus (UK) (25%) and Sumitomo Metals (Japan) (25%). Shut down March 2001. Assets acquired by Nucor in July 2002. Restarted in September 2002.

Table continued. See footnote at end of table.

Table FLAT I-3--Continued

Flat steel: U.S. producers of subject products that have filed for bankruptcy protection, 1998-2003¹

Date of bankruptcy filing	Company and location(s)	Products	Status	Raw steel capability (million short tons)	Employees affected	Comments
April 2001	Great Lakes Metals <i>E. Chicago, IN</i>	Electrogalvanized steel	Shut down July 2001	None	40	
August 2001	GalvPro <i>Jeffersonville, IN</i>	Galvanized sheet	Shut down March 2001	None	60	Began production in December 1999 as joint venture between Weirton Steel and Corus Group. Bought by Steel Dynamics in February 2003.
October 2001	Bethlehem Steel <i>Baltimore, MD</i> <i>Portage, IN</i> <i>Steeltown, PA</i> <i>Coatesville, PA</i> <i>Conshohocken, PA</i>	Plate, hot- and cold-rolled sheet, galvanized sheet, tinplate, rail	Operating	11.3		Operating assets acquired by International Steel Group, Inc. in May 2003.
Jan 2002 and February 1999	Geneva Steel <i>Provo, UT</i>	Plate, hot-rolled sheet, pipe (primarily line pipe), slab	Shut down December 2001	2.5	1,800	Emerged from 1999 bankruptcy as Geneva Steel Holdings Corp., January 2001, with federally guaranteed loan of \$110 million. Permanent shutdown in December 2001. Filed for bankruptcy again on January 25, 2002.
March 2002	National Steel <i>Mishawaka, IN</i> <i>Ecorse, MI</i> <i>St. Louis, MO</i>	Hot- and cold-rolled sheet, galvanized sheet	Operating	7.0		Operating assets acquired by U.S. Steel in May 2003.
August 2002	Cold Metal Products <i>Youngstown, OH</i> <i>Ottawa, OH</i> <i>Indianapolis, IN</i> <i>Roseville, MI</i> <i>Canada</i>	Cold-rolled strip and sheet	2 U.S. plants closed, 2 U.S. plants operating	None		Ottawa, OH, Roseville, MI, and Canadian plants acquired and restarted by 3 separate companies. Indianapolis and Youngstown plants liquidated.
May 2003	Weirton Steel <i>Weirton, WV</i>	Hot- and cold-rolled sheet, corrosion resistant sheet and tinplate	Operating	3.0		
September 2003	WCI Steel <i>Warren, OH</i>	Hot- and cold-rolled sheet/coil, hot-dip galvanized sheet/coil	Operating	1.4		

¹ Additionally, two basic steel processors declared bankruptcy during this period. World Class Processing (Ambridge, PA) declared bankruptcy in December 1998 but has since emerged. In February 2002, Huntco Inc. (Town and Country, MO) declared bankruptcy and ceased operations. Reportedly, a former Huntco cold-rolled sheet mill has been purchased, dismantled, and is being re-assembled in China.

Source: Compiled from various public sources.

Table FLAT I-4
Flat steel: Significant steel company mergers and acquisitions, 1998-2003¹

Month and year	Company	Description and capabilities
		<i>Million short tons of raw steel</i>
January 1998	Co-Steel (Canada)	Co-Steel acquired New Jersey Steel Corp. (0.8 capability) and renamed it Co-Steel Sayreville. Operates as a single entity with Co-Steel Raritan, Perth Amboy, NJ. Co-Steel is a half-owner of Gallatin Steel, Gallatin, KY (1.2 capability), a flat-rolled steel producer, and operates a minimill and scrap operations in Canada.
May 1998	Bethlehem Steel	Bethlehem, a major integrated steel company with 11.3 capability, acquired Lukens, Inc. (0.9 capability), an electric furnace-based producer of carbon and alloy steel plate, and stainless steel flat-rolled products. The stainless steel operations were sold mostly to Allegheny Ludlum Steel.
July 1998	Ispat-Inland	Inland Steel, a major U.S. integrated producer (6.0 capability), was acquired by Ispat International, Inc., a London-based holding company of mostly minimill steel companies in Canada, Mexico, Trinidad, and the European Union.
November 1998	Jindal United Steel Corp.	Jindal, an Indian firm, acquired and restarted the closed Baytown, TX plate facility (with no raw steel capability) of U.S. Steel.
December 1998	Duferco Farrell	Duferco Group, a Swiss company, purchased former Sharon Steel and Caparo Steel companies, located in Farrell, PA; neither Sharon nor Caparo had raw steel capability when bought by Duferco.
September 1999	AK Steel	AK, a major integrated steel company (5.0 capability), acquired Armco, Inc. (1.0 capability), a major producer of stainless and silicon steel flat products and carbon steel pipe.
June 2000	IMSA	Grupo IMSA, a family of companies that includes Mexican steel producers, acquired the former BHP Coated Steel Corp. (with no raw steel capability) and renamed it Steelscape.
November 2000	U.S. Steel	U.S. Steel, the largest of the U.S. integrated companies (16.8 capability), acquired VSZ a.s., an integrated company located in Slovakia.
March 2001	U.S. Steel	U.S. Steel (16.8 capability) acquired the tin mill unit of LTV (with no raw steel capability), consisting of tin mill facilities at Aliquippa, PA and East Chicago, IN. Following the acquisition, U.S. Steel closed the Aliquippa facility.
June 2001	CSN (Brazil)	Acquired Heartland Steel, a cold-rolled sheet processor with no raw steel capability.
2nd quarter 2002	Gallatin Steel	Gallatin Steel (1.2 capability) acquired, through its purchase of Ghent Steel Industries, the steel processing assets of Huntco (with no raw steel capability), which formerly processed coils supplied by Gallatin. With the acquisition, Gallatin now processes its own coils.
April 2002	International Steel Group (ISG)	ISG, a newly formed corporation, acquired the steelmaking assets of LTV Steel Corp. (8.4 capability), a major integrated steel company.
May 2002	Steelscape	Steelscape (with no raw steel capability), a west-coast producer of galvanized and painted sheets, and a part of the Grupo IMSA family of companies that includes Mexican steel producing operations, acquired the Pinole Point (CA) steel processing facilities (with no raw steel capability) from MSC Corp. and shut down the galvanizing line.
June 2002	Bethlehem Steel	Bethlehem (11.3 capability) acquired LTV's 50% share of Columbus Coatings and Columbus Processing, giving Bethlehem 100% ownership of these hot-dip galvanized production and processing facilities with no raw steel capability.
July 2002	Nucor	Nucor (13.2 capability) acquired the assets of Trico Steel Co., LLC (2.2 capability) a minimill producer of flat-rolled products.
August 2002	AK Steel and ISG	AK Steel (6.0 capability) and International Steel Group (8.4 capability) formed a partnership to own a flat-rolled steel electrogalvanizing facility (with no raw steel capability) formerly owned by LTV Steel and Sumitomo Corp.
October 2002	ISG	ISG (8.4 capability) acquired the steelmaking assets of Acme Metals, Inc. (1.2 capability).
February 2003	Steel Dynamics	Steel Dynamics (2.8 capability) acquired GalvPro, a galvanizing facility in Jeffersonville, IN with no raw steel capability.
May 2003	ISG	ISG, a large, integrated steel producer (9.6 capability), purchased the assets of Bethlehem Steel Corp. (11.3 capability), a large, integrated producer of all flat-rolled products and rails.
May 2003	U.S. Steel	U.S. Steel (16.8 capability), the largest integrated steel producer in the United States, acquired the assets of National Steel Corp. (7.0 capability), another large, integrated producer of flat-rolled products.
¹ Additionally, in August 2003 U.S. Steel signed a letter of intent to swap its Gary plate operations for an ISG-owned pickle line.		
Source: Compiled from various public sources.		

Table FLAT I-5

Flat steel: Major capital investments of U.S. steel companies, as reported in public sources, 1998-2003

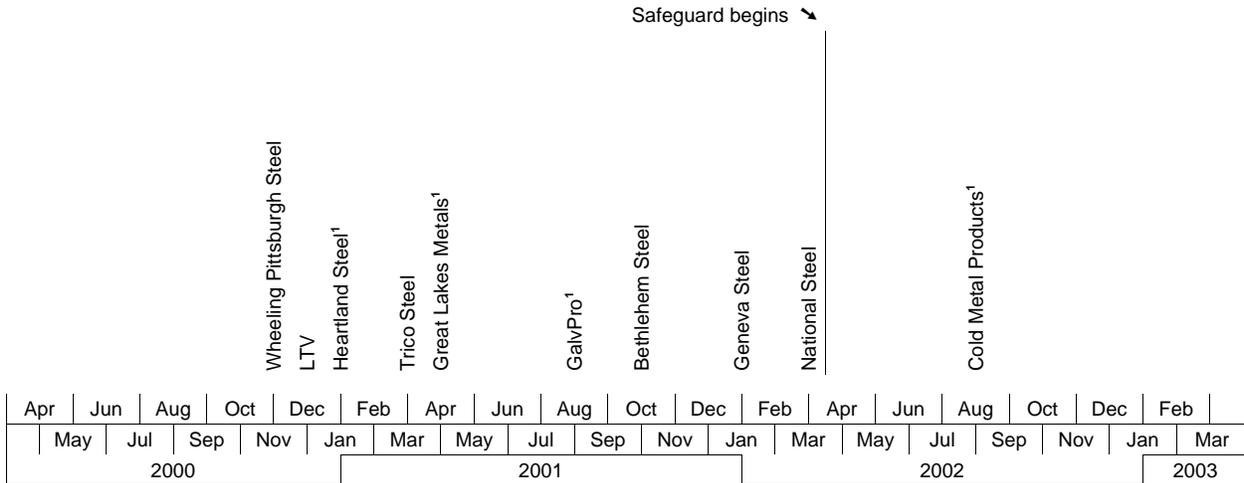
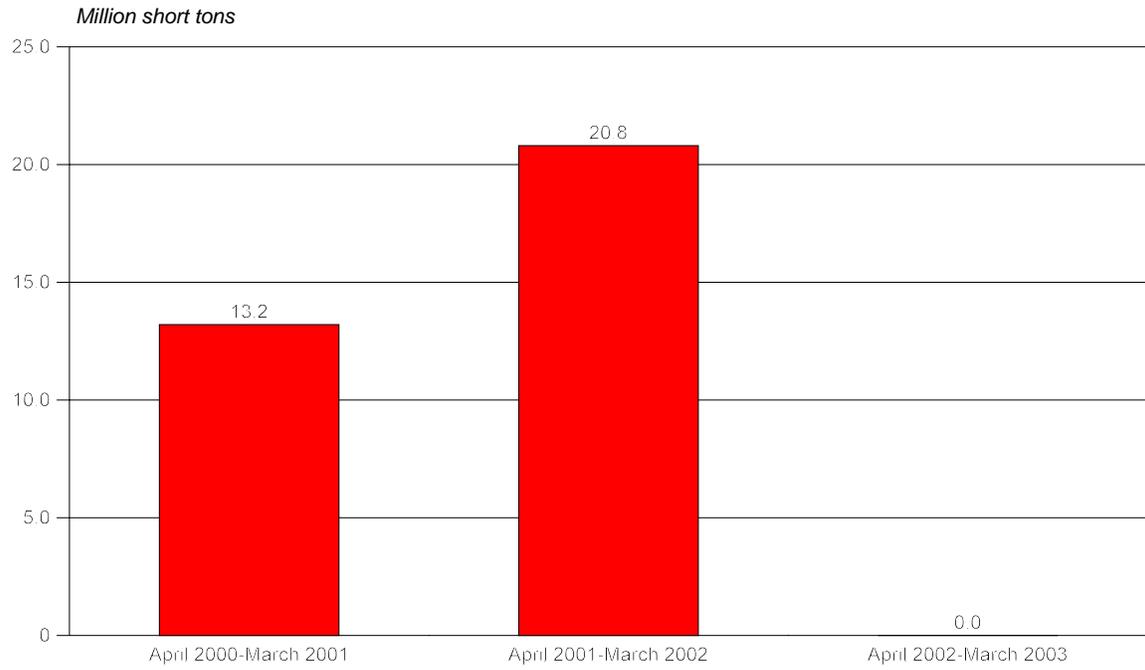
Year	Company and location	Facility	Reported investment ¹
			<i>Million dollars</i>
1998	Pro-Tec Coating <i>Leipsic, OH</i>	Installed galvanizing line increasing plant's total capacity by 400,000 tons to 1 million tons annually	100-150
1999	AK Steel <i>Rockport, IN</i>	Completed installation of 1.8 million tons per year carbon and stainless flat-rolled finishing facility.	1,100
1999	Columbus Coatings <i>Columbus, OH</i>	Joint venture of Bethlehem Steel and LTV Steel; 500,000 tons per year hot-dip galvanizing facility, replacing an electrolytic galvanizing facility. A second joint venture is a slitting and warehousing operation.	125 for both
1999	Heartland Steel <i>Terre Haute, IN</i>	1.1 million tons per year flat-rolled steel processing facility, including pickling line, reversing cold-rolling mill, batch annealing, hot-dip galvanizing line.	285
1999	National Steel <i>Ecorse, MI</i>	450,000 tons per year hot-dip galvanized and galvanneal line.	175
2000	Bethlehem Steel <i>Sparrows Point, MD</i>	Widened slab caster from 88 to 104 inches for production of wider plates.	60
2000	Bethlehem Steel <i>Sparrows Point, MD</i>	New cold mill complex, including a continuous coupled pickling line and tandem mill, hydrogen batch annealing, combination skin pass/tension leveling line, coil build-up, inspection, packaging and shipping facilities.	300
2000	Nucor <i>Berkeley, SC</i>	Second thin-slab caster installed, in October increasing capacity from 1.5 to 2.3 million tons.	40
2000	Nucor <i>Hertford County, NC</i>	Completion of new 1 million ton plate mill.	480
2001	Nucor <i>Berkeley, SC</i>	Second cold reversing mill to increase cold-rolling capacity from 750 thousand to 1.5 million tons of cold-rolled product to be completed in 2001.	40
2001	DSC Ltd. <i>Gibraltar, MI</i>	Revamp and restart cold-mill with capacity of 1.2 million tons. (The plant, formerly known as McLouth Steel, had gone into bankruptcy twice (the second bankruptcy in 1995) and closed in early 1996; sold in August 1996 to DSC (Detroit Steel Co.)).	60
2001	Nucor <i>Crawfordsville IN</i>	Began construction on demonstration strip casting facility. (Had agreed with IHI (Japan) to jointly develop, commercialize, and license direct strip casting.)	95 ²
2001	USS-Posco <i>Pittsburg, CA</i>	Line speed capability was increased for the continuous annealing line.	
2001	Ipsco Steel <i>Mobile, AL</i>	Construction of new steelworks completed; includes new melting and plate rolling capacity.	395
2002	USS-Posco <i>Pittsburg, CA</i>	Rebuilt and restarted of the continuous pickle line tandem cold mill that was damaged by fire in 2001.	115
2002	Bethlehem Steel <i>Sparrows Point, MD</i>	Fine-tuning of an in-line acrylic coater installed in 2001 was completed in early 2002.	
2002	Nucor <i>Crawfordsville, IN</i>	Construction (referred to above in 2000) completed of the Castrip facility with a new ladle metalurgy furnace installed; facility was successfully started up.	95 ²
2002	Wheeling-Pittsburgh <i>Beach Bottom, WV</i>	No. 2 paint line was purchased and installed	15
2003	Steel Dynamics <i>Butler, IN</i>	New coating line will be installed to provide further penetration into flat-rolled steel marketplace. Will have a capacity of 240,000 tons. Scheduled for startup in fall 2003.	25-30

¹ Where no value is given, data were not reported in source.

² Estimated by the Commission staff at 47.5 percent of \$400 million investment by Castrip LLC (which is 47.5 percent owned by Nucor) and then expended half in year ended March 2001 and half in year ended March 2002.

Source: Selected entries from annual reports titled "Developments in the North American Iron and Steel Industry," 1999, and *Iron and Steel Engineer*, 2000, 2001, 2002 *AISE Steel technology*.

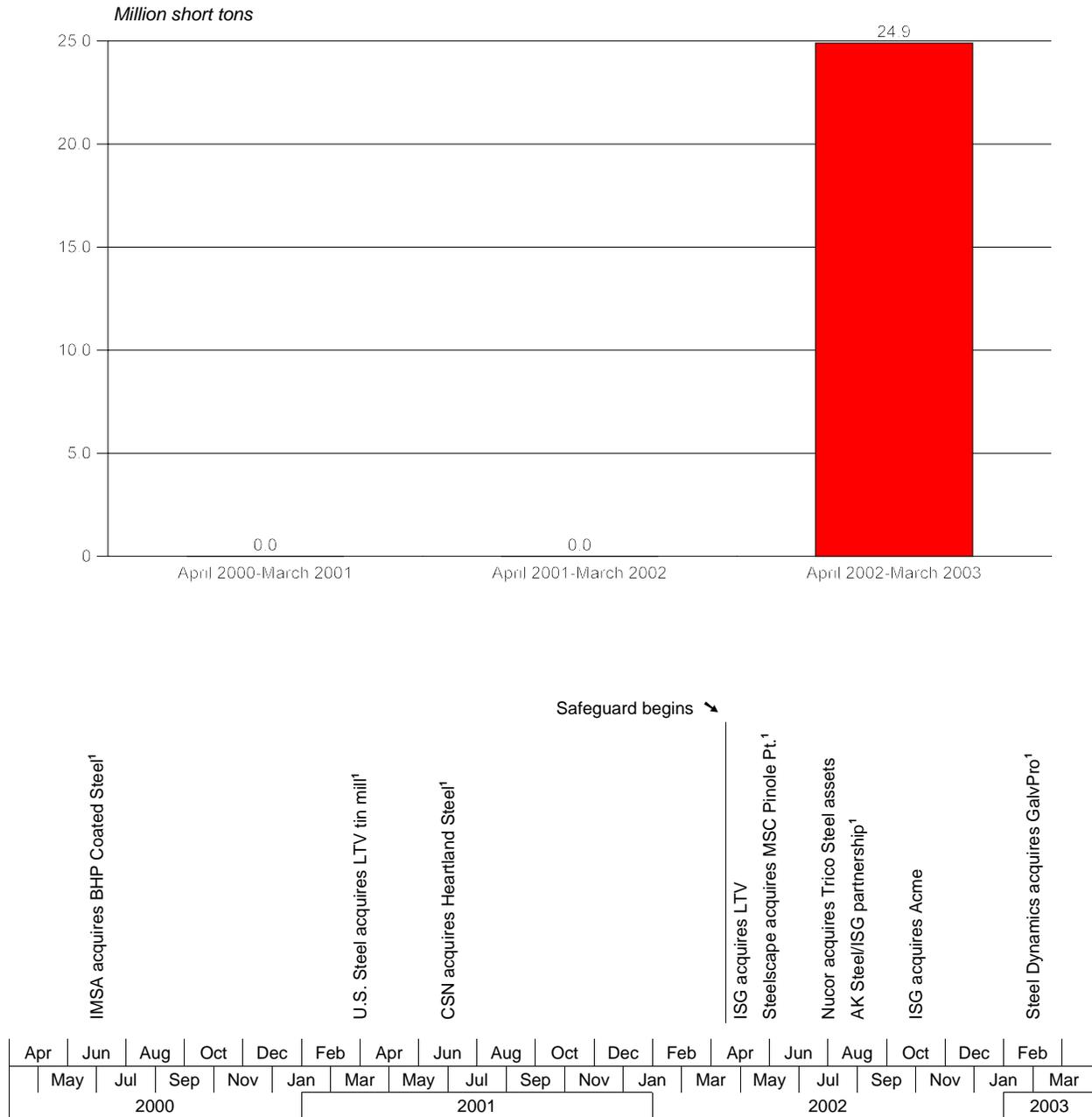
Figure FLAT I-1
Flat steel: Firms filing for bankruptcy protection and related raw steel capability, April 2000-March 2003



¹ Firm without raw steel capability.

Source: Table FLAT I-3 and other publicly available information.

Figure FLAT I-2
Flat steel: Mergers and acquisitions and related raw steel capability, April 2000-March 2003



¹ Acquired firm has no raw steel capability.

Source: Table FLAT I-4 and other publicly available information.

**PART II: INDUSTRY AND MARKET DATA
(CERTAIN CARBON AND ALLOY FLAT-ROLLED STEEL)**

DESCRIPTION AND USES

Slab

A slab is a semifinished steel product produced by continuous casting or by hot-rolling or forging.¹ Slabs of carbon steel have a rectangular cross-section with a width at least two times the thickness. Slabs of other alloy steel have a width at least four times the thickness. All slabs are considered semifinished steel products that are consumed by steel producers to make sheet, strip, plate, and other downstream steel products. All reporting U.S. slab-producing firms also produced one or more forms of downstream flat-rolled products during the period for which data were collected in this investigation. The vast majority of U.S.-produced slabs are internally consumed by the domestic slab producers in the production of finished flat-rolled steel, with a very minor portion being sold on the commercial market. Harmonized Tariff System (HTS) statistical reporting numbers for subject carbon and alloy steel slab (slab) are provided in table FLAT II-1.

**Table FLAT II-1
Slab: Subject HTS statistical reporting numbers**

Item	Statistical reporting numbers				
Slab ¹	7207.12.0010	7207.12.0050	7207.20.0025	7207.20.0045	7224.90.0055

¹ The temporary HTS subheadings for slab established by proclamation or delegated authority pursuant to trade legislation are:

- (1) 9903.72.30 for products outside the scope of the section 201 investigation and therefore excluded from the section 203 remedy, and 9903.72.31 for other products excluded from the section 203 remedy,
- (2) 9903.74.30 and 9903.74.31 for products entered in quantities up to stated limits (250,000 tons for each of the HTS subheadings) without additional tariffs,
- (3) 9903.72.38, 9903.72.42, 9903.72.46 for slab entered under country-specific quota levels without additional tariffs, and
- (4) 9903.72.40, 9903.72.44, and 9903.72.48 for products imported in excess of the tariff-rate quota trigger quantities and therefore incurring, respectively, 30 percent *ad valorem* additional tariffs through March 19, 2003, 24 percent additional tariffs through March 19, 2004, and 18 percent additional tariffs through March 20, 2005.

As indicated in (2), certain temporary subheadings specify particular types of slab which are excluded from the additional tariffs when entered up to certain quantitative limits, i.e., a particular number of tons; the individual quantity limit of each exemption and the time period(s) to which the exemption applies are stated or referenced in the article description of the temporary HTS subheading. Whenever imports of such a particular type of slab exceed the specified quantitative limit, then the quantity in excess of such limit would not be covered by the temporary HTS subheading identified in (2) and would instead be covered by the temporary HTS items identified in (3) and subject to the country-specific quotas, or if the applicable country-specific quota has already been filled then the quantity of imports in excess of the specified quantitative limits would be covered by the temporary HTS subheadings identified in (4) and subject to the additional section 203 tariffs.

Source: Harmonized Tariff Schedule of the United States (2003).

¹ Thin slab, which is typically produced in minimills, is immediately consumed in the hot-rolling process and are thus not available for the merchant market.

Plate

This category includes both cut-to-length (CTL) plate and clad plate (collectively referred to in this section as “plate”). CTL plate is flat-rolled steel of rectangular cross-section, having a thickness of 4.75 mm or more and a width that exceeds 150 mm and measures at least twice the thickness. It is flat, *i.e.*, not in coil,² and may be of any shape (rectangular, circular, or other). CTL plate is produced by rolling on a reversing mill, on a Steckel mill, or on a continuous hot-strip mill. If produced from a coiled form, plate is flattened and cut to length from the coiled plate at the mill or at a service center. It may have patterns-in-relief derived directly from rolling (floor plate). It may be perforated, corrugated, or polished. Plate may also have been subjected to heat-treatment and may have been descaled or pickled. Clad plate is flat-rolled steel of more than one metal layer, of which the predominating metal is non-alloy steel, and the layers are joined by molecular interpenetration of the surfaces in contact. The metal other than non-alloy steel used for clad plate may be stainless steel, titanium, or any other metal. The clad plate may be in the form of a flat plate or a coiled plate, may be of any thickness, and may be either hot- or cold-rolled. Made from slab, plate is used in welded load-bearing and structural applications, such as bridgework, machine parts (*e.g.*, the body of the machine or its frame), transmission towers and light poles, buildings, self-propelled machinery such as cranes and bulldozers, railway cars, tanks, oceangoing ships, and floor plate, or formed into pipe, oilwell rigs, and platforms. HTS statistical reporting numbers for subject carbon and alloy steel CTL plate are presented in table FLAT II-2.

Table FLAT II-2
Plate: Subject HTS statistical reporting numbers

Item	Statistical reporting numbers				
Plate ¹	7208.40.3030	7208.51.0045	7208.90.0000	7211.14.0030	7225.40.3050
	7208.40.3060	7208.51.0060	7210.90.1000	7211.14.0045	7225.50.6000
	7208.51.0030	7208.52.0000	7211.13.0000	7225.40.3005	7226.91.5000

¹ The temporary HTS subheadings for plate established by proclamation or delegated authority pursuant to trade legislation are:

- (1) 9903.72.50 through 9903.72.54, 9903.74.38 through 9903.74.42, 9903.74.45 through 9903.74.49, 9903.74.54, 9903.74.58 through 9903.74.60, 9903.74.70, and 9903.78.25 through 9903.78.28 for products excluded from the section 203 remedy,
- (2) 9903.74.43, 9903.74.44, 9903.74.50 through 9903.74.53, 9903.74.55 through 9903.74.57, 9903.74.69, 9903.74.73, and 9903.78.29 through 9903.78.32 for products entered in quantities up to stated limits (ranging from 180 tons to 6,500 tons) without additional tariffs, and
- (3) 9903.72.60, 9903.72.61, and 9903.72.62 for products entered in excess of quantities specified in (2), above, and products not covered by any exclusion; all of the foregoing therefore incurring, respectively, 30 percent *ad valorem* additional tariffs through March 19, 2003, 24 percent additional tariffs through March 19, 2004, and 18 percent additional tariffs through March 20, 2005.

As indicated in (2), certain temporary subheadings specify particular types of plate which are excluded from the additional tariffs when entered up to certain quantitative limits, *i.e.*, a particular number of tons; the individual quantity limit of each exemption and the time period(s) to which the exemption applies are stated or referenced in the article description of the temporary HTS subheading. Whenever imports of a particular type of plate exceed the specified quantitative limit, then the quantity in excess of such limit would not be covered by the temporary HTS subheading identified in (2) and would instead be covered by the temporary HTS items identified in (3) and subject to the additional section 203 tariffs.

With respect to 9903.74.69 and 9903.74.73, although these no-longer-existent temporary HTS subheadings were originally categorized as hot-rolled sheet and strip (including plate in coils) as described on the following page, it is believed that all imports entered under this subheading were indeed plate as described on this page.

Source: Harmonized Tariff Schedule of the United States (2003).

² Plate (other than clad plate) in coil is not included in the “plate” category for purposes of this report and is instead included in the hot-rolled category.

Hot-Rolled

This category includes hot-rolled sheet and strip, as well as non-clad plate in coils (collectively referred to in this section as “hot-rolled” steel). These are carbon and alloy flat-rolled steel of rectangular cross-section, produced by hot-rolling on hot-strip (continuous) mills, reversing mills, or Steckel mills. If the hot-rolled steel is in coils, it may be of any thickness. If it is in straight lengths, it must be of a thickness of less than 4.75 mm and a width measuring at least 10 times the thickness. It may have patterns-in-relief derived directly from rolling (floor plate). It may be perforated, corrugated, or polished. It may be either unpickled or pickled. It may have been subjected to various processing steps after hot reduction, including pickling or descaling, rewinding, flattening, temper rolling, or heat treatment, and it may have been cut into shapes other than rectangular. A substantial amount of hot-rolled steel is consumed internally or transferred to an affiliated company to make cold-rolled and/or galvanized or other coated forms of flat-rolled steel, formed and welded to make pipe, or cut to length to produce discrete sheet. Hot-rolled sheet and strip is also used in the manufacture of structural parts of automobiles and appliances. Hot-rolled plate that is cut-to-length is used in the same applications identified above for CTL plate. HTS statistical reporting numbers for subject carbon and alloy steel hot-rolled sheet and strip including plate in coils (hot-rolled) are presented in table FLAT II-3.

Table FLAT II-3
Hot-rolled: Subject HTS statistical reporting numbers

Item	Statistical reporting numbers				
Hot-rolled ¹	7208.10.1500	7208.27.0060	7208.39.0015	7211.19.1500	7225.30.3005
	7208.10.3000	7208.36.0030	7208.39.0030	7211.19.2000	7225.30.3050
	7208.10.6000	7208.36.0060	7208.39.0090	7211.19.3000	7225.30.7000
	7208.25.3000	7208.37.0030	7208.40.6030	7211.19.4500	7225.40.7000
	7208.25.6000	7208.37.0060	7208.40.6060	7211.19.6000	7226.91.7000
	7208.26.0030	7208.38.0015	7208.53.0000	7211.19.7530	7226.91.8000
	7208.26.0060	7208.38.0030	7208.54.0000	7211.19.7560	
	7208.27.0030	7208.38.0090	7211.14.0090	7211.19.7590	

¹ The temporary HTS subheadings for hot-rolled steel established by proclamation or delegated authority pursuant to trade legislation are:

- (1) 9903.72.65 through 9903.72.73, 9903.74.61, 9903.74.63, 9903.74.64, 9903.74.74 through 9903.74.76, 9903.74.78 through 9903.74.84, 9903.74.86 through 9903.74.88, 9903.74.94, 9903.74.95, 9903.74.97, 9903.74.98, 9903.75.02, 9903.75.03, 9903.75.09, 9903.75.12, 9903.78.40 through 9903.78.47, 9903.78.57, 9903.78.58, 9903.78.60, and 9903.78.63 for products excluded from the section 203 remedy,
- (2) 9903.72.74 through 9903.72.76, 9903.74.62, 9903.74.65, 9903.74.77, 9903.74.85, 9903.74.89 through 9903.74.91, 9903.74.96, 9903.74.99 through 9903.75.01, 9903.75.04 through 9903.75.08, 9903.75.10, 9903.75.13, 9903.75.14, 9903.78.48 through 9903.78.56, 9903.78.59, 9903.78.61, and 9903.78.62 for products entered in quantities up to stated limits (ranging from 250 tons to 750,000 tons) without additional tariffs, and
- (3) 9903.72.80, 9903.72.81, and 9903.72.82 for products entered in excess of quantities specified in (2), above, and products not covered by any exclusion; all of the foregoing incurring, respectively, 30 percent *ad valorem* additional tariffs through March 19, 2003, 24 percent additional tariffs through March 19, 2004, and 18 percent additional tariffs through March 20, 2005.

As indicated in (2), certain temporary subheadings specify particular types of hot-rolled steel which are excluded from the additional tariffs when entered up to certain quantitative limits, i.e., a particular number of tons; the individual quantity limit of each exemption and the time period(s) to which the exemption applies are stated or referenced in the article description of the temporary HTS subheading. Whenever imports of a particular type of hot-rolled steel exceed the specified quantitative limit, then the quantity in excess of such limit would not be covered by the temporary HTS subheading identified in (2) and would instead be covered by the temporary HTS items identified in (3) and subject to the additional section 203 tariffs.

Source: Harmonized Tariff Schedule of the United States (2003).

Cold-Rolled

This category includes cold-rolled sheet and strip, other than grain-oriented electrical steel (GOES), of rectangular cross-section, produced by cold-rolling (“cold-rolled”). If in coiled form, it may be of any thickness. If it is in straight lengths, it must be of a thickness of less than 4.75 mm and a width measuring at least 10 times the thickness. Cold-rolled steel may have patterns-in-relief derived directly from rolling. It may be perforated, corrugated, or polished. It may have been subjected to various processing steps after cold reduction, including flattening, temper rolling, or heat treatment, and it may have been cut into shapes other than rectangular. Much of the cold-rolled steel is used internally or transferred to affiliates for downstream production of corrosion-resistant steel, tin plate, and other products. Cold-rolled steel that is not further processed is used for such applications as panels in electrical equipment and appliances, or for body parts in automobiles, where surface finish or strength-to-weight ratio is important but resistance to corrosion is not important. Cold-rolled steel is also used for automotive transmission and seat belt components,³ and serves as a material for utensils, cutting tools, and cutlery. HTS statistical reporting numbers for subject carbon and alloy steel cold-rolled sheet and strip (cold-rolled) are presented in table FLAT II-4.

Table FLAT II-4
Cold-rolled: Subject HTS statistical reporting numbers

Item	Statistical reporting numbers				
Cold-rolled ¹	7209.15.0000	7209.18.2510	7211.23.2000	7211.29.4500	7226.19.1000
	7209.16.0030	7209.18.2550	7211.23.3000	7211.29.6030	7226.19.9000
	7209.16.0060	7209.18.6000	7211.23.4500	7211.29.6080	7226.92.5000
	7209.16.0090	7209.25.0000	7211.23.6030	7211.90.0000	7226.92.7005
	7209.17.0030	7209.26.0000	7211.23.6060	7225.19.0000	7226.92.7050
	7209.17.0060	7209.27.0000	7211.23.6075	7225.50.7000	7226.92.8005
	7209.17.0090	7209.28.0000	7211.23.6085	7225.50.8010	7226.92.8050
	7209.18.1530	7209.90.0000	7211.29.2030	7225.50.8015	
	7209.18.1560	7211.23.1500	7211.29.2090	7225.50.8085	

¹ The temporary HTS subheadings for cold-rolled steel established by proclamation or delegated authority pursuant to trade legislation are:

- (1) 9903.72.85 for products outside the scope of the section 201 investigation and therefore excluded from the remedy, and 9903.72.86 through 9903.72.90, 9903.72.92 through 9903.72.96, 9903.75.15 through 9903.75.19, 9903.75.27, 9903.75.30 through 9903.75.46, 9903.75.48, 9903.75.49, 9903.75.51, 9903.75.53, 9903.75.56, 9903.75.57, 9903.75.59, 9903.75.60, 9903.75.68 through 9903.75.72, and 9903.75.76 through 9903.75.97 for other products excluded from the section 203 remedy,
- (2) 9903.72.97 through 9903.73.00, 9903.75.20 through 9903.75.26, 9903.75.28, 9903.75.29, 9903.75.50, 9903.75.52, 9903.75.54, 9903.75.55, 9903.75.58, 9903.75.62 through 9903.75.67, and 9903.75.73 through 9903.75.75 for products entered in quantities up to stated limits (ranging from 3 tons to 20,000 tons) without additional tariffs, and
- (3) 9903.73.02, 9903.73.03, and 9903.73.04 for products entered in excess of quantities specified in (2), above, and products not covered by any exclusion; all of the foregoing incurring, respectively, 30 percent *ad valorem* additional tariffs through March 19, 2003, 24 percent additional tariffs through March 19, 2004, and 18 percent additional tariffs through March 20, 2005.

As indicated in (2), certain temporary subheadings specify particular types of cold-rolled steel which are excluded from the additional tariffs when entered up to certain quantitative limits, i.e., a particular number of tons; the individual quantity limit of each exemption and the time period(s) to which the exemption applies are stated or referenced in the article description of the temporary HTS subheading. Whenever imports of a particular type of cold-rolled steel exceed the specified quantitative limit, then the quantity in excess of such limit would not be covered by the temporary HTS subheading identified in (2) and would instead be covered by the temporary HTS items identified in (3) and subject to the additional section 203 tariffs.

Source: Harmonized Tariff Schedule of the United States (2003).

³ See *Certain Carbon Steel Products*, Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 322, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review), Pub. No. 3364, November 2000, pp. Cold-I-14-16 for discussion of seat belt retractor steel.

Coated

This category includes corrosion-resistant and other coated sheet and strip (collectively referred to in this section as “coated” steel). Coated steel is flat-rolled carbon or alloy steel with a metallic or nonmetallic coating, other than tin mill products, and other than clad. Corrosion resistance is used to prolong the useful life of end products in areas where the product is visible or exposed to weather or other corroding agents. The category includes steel that is galvanized (*i.e.*, coated with zinc), aluminized, coated with zinc-aluminum alloy, galvanized (heat-treated after coating), coated with a mixture of lead and tin (*i.e.*, terne plate and terne coated sheets), painted, and coated with plastic. Galvanized steel is used to provide corrosion resistance in automobile parts, garbage cans, storage tanks, and building products. Terne principally is used in the manufacture of gasoline tanks, although it also can be found in chemical containers, oil filters, television chassis, highway equipment (*e.g.*, guardrails, bridgedecks, and signs), and agricultural buildings and equipment. HTS statistical reporting numbers for subject carbon and alloy steel corrosion-resistant and other coated sheet and strip (coated) are presented in table FLAT II-5.

Table FLAT II-5
Coated: Subject HTS statistical reporting numbers

Item	Statistical reporting numbers				
Coated ¹	7210.20.0000	7210.61.0000	7210.90.6000	7212.30.5000	7225.92.0000
	7210.30.0030	7210.69.0000	7210.90.9000	7212.40.1000	7225.99.0010
	7210.30.0060	7210.70.3000	7212.20.0000	7212.40.5000	7225.99.0090
	7210.41.0000	7210.70.6030	7212.30.1030	7212.50.0000	7226.93.0000
	7210.49.0030	7210.70.6060	7212.30.1090	7212.60.0000	7226.94.0000
	7210.49.0090	7210.70.6090	7212.30.3000	7225.91.0000	7226.99.0000

¹ The temporary HTS subheadings for coated steel established by proclamation or delegated authority pursuant to trade legislation are:

- (1) 9903.73.07 and 9903.73.08 for products outside the scope of the section 201 investigation and therefore excluded from the section 203 remedy, and 9903.73.09 through 9903.73.14, 9903.76.00 through 9903.76.09, 9903.76.11 through 9903.76.13, 9903.76.17 through 9903.76.19, 9903.76.21 through 9903.76.25, 9903.79.60 through 9903.79.71, 9903.79.77, 9903.79.79, and 9903.79.80 for other products excluded from the section 203 remedy,
- (2) 9903.76.10, 9903.76.14 through 9903.76.16, 9903.76.20, 9903.79.72 through 9903.79.76, and 9903.79.78 for products entered in quantities up to stated limits (ranging from 500 tons to 80,000 tons) without additional tariffs, and
- (3) 9903.73.21, 9903.73.22, and 9903.73.23 for products entered in excess of quantities specified in (2), above, and products not covered by any exclusion; all of the foregoing incurring, respectively, 30 percent *ad valorem* additional tariffs through March 19, 2003, 24 percent additional tariffs through March 19, 2004, and 18 percent additional tariffs through March 20, 2005.

As indicated in (2), certain temporary subheadings specify particular types of coated steel which are excluded from the additional tariffs when entered up to certain quantitative limits, *i.e.*, a particular number of tons; the individual quantity limit of each exemption and the time period(s) to which the exemption applies are stated or referenced in the article description of the temporary HTS subheading. Whenever imports of a particular type of coated steel exceed the specified quantitative limit, then the quantity in excess of such limit would not be covered by the temporary HTS subheading identified in (2) and would instead be covered by the temporary HTS items identified in (3) and subject to the additional section 203 tariffs.

Source: Harmonized Tariff Schedule of the United States (2003).

MARKET ENVIRONMENT

Changes in U.S. Demand⁴

The overall demand for certain carbon and alloy flat-rolled steel depends on the demand for a variety of end use applications. Demand for slab is influenced by the demand for hot-rolled, cold-rolled, and coated steel. Demand for plate is influenced by the production of ships and barges, storage tanks, heavy machinery, bridges, railcars, machine parts, pressure vessels, and off-shore drilling platforms. Demand for hot-rolled sheet and strip is dependent on demand for further-processed steel, such as cold-rolled, as well as those products in which it is a direct raw material, such as construction or automobiles. Demand for cold-rolled sheet and strip depends on demand in the appliance, automotive, construction, container, and other industries in which it is used. Demand for coated steel is influenced by demand in the automotive and construction industries.

As shown in section OVERVIEW II, the value of U.S. manufacturers' shipments of transportation equipment increased slightly, by 0.7 percent, between the first quarter of 2002 and the first quarter of 2003 (table OVERVIEW II-1). The value of U.S. nonresidential construction put in place, however, decreased by 4.8 percent between the first quarter of 2002 and the first quarter of 2003.

The data collected by the Commission (which do not include 100 percent of U.S. production), indicate that apparent U.S. consumption of certain carbon and alloy flat-rolled steel increased by 0.6 percent from 200.8 million short tons in April 2000-March 2001 to 202.0 million short tons in April 2002-March 2003.

Twenty-three of 36 responding U.S. certain carbon and alloy flat-rolled steel producers reported that U.S. demand for steel has decreased, seven reported that demand has remained the same, and six reported that demand has increased since March 20, 2002. Fifty of 66 responding certain carbon and alloy flat-rolled steel importers reported that U.S. demand for steel has decreased, 11 reported that demand has stayed the same, and five reported that demand has increased since March 20, 2002. U.S. certain carbon and alloy flat-rolled steel producers that reported decreased demand generally cited the slowing U.S. economy, particularly weakness in the construction, automotive, office furniture, capital spending, and appliance market sectors. Certain carbon and alloy flat-rolled steel importers that reported decreased demand generally cited the slowing U.S. economy and the loss of manufacturing facilities to other countries. Declining market sectors cited by certain carbon and alloy flat-rolled steel importers include aerospace, power generation, capital goods, automotive, and construction. U.S. certain carbon and alloy flat-rolled steel producers and importers that reported increased demand cited factors such as the strong U.S. automotive market and a temporary spike in spending for homeland security and military requirements.⁵

⁴ For purposes of this section of the report, ISG is counted as one firm.

⁵ One domestic producer testified that demand in the auto and appliance sectors has been relatively strong. However, demand in construction and in many of the capital intensive types of industries, such as shipbuilding, railroad car building, and others has been weaker. He estimated that if GDP were to grow in the range of 2.5-3.5 percent annually, demand for steel would increase. Thomas Usher, Chairman and CEO, U.S. Steel Corp., transcript of Commission hearing (July 24, 2003) at 112. A second domestic producer counsel testified that the flat steel industry's recovery is occurring despite a very weak economy. He maintained that the first year of relief was a period of very weak industrial activity with the index of industrial production increasing by less than one percent. He also argued that weak demand has hampered profit recovery and the cash flow necessary to implement the planned adjustment measures and capital spending. Alan Wolff, counsel to Bethlehem Steel and U.S. Steel,

(continued...)

Thirty-five of 36 responding U.S. certain carbon and alloy flat-rolled steel producers and 60 of 67 responding certain carbon and alloy flat-rolled steel importers reported that there have been no changes in the types or prices of substitute products since March 20, 2002.

Changes in U.S. Supply⁶

Prior to the imposition of section 201 tariff relief, several U.S. flat steel producers filed for bankruptcy and shut down their operations. Most importantly, LTV, a producer of hot- and cold-rolled sheet, galvanized sheet, tinplate, pipe and tubing with raw steel capacity of 8 million short tons filed for bankruptcy in December 2000 and closed its operations in December 2001. Other U.S. flat steel producers that filed for bankruptcy and shut down their operations prior to section 201 tariff relief include: Gulf States Steel (a producer of plate, hot-rolled, cold-rolled, and galvanized sheet with raw steel capacity of 1.5 million short tons) which filed for bankruptcy in July 1999 and shut down its operations in August 2000; Trico Steel (a producer of hot-rolled sheet with raw steel capacity of 2.2 million short tons) which filed for bankruptcy in March 2001 and shut down its operations in March 2001; Acme Metals (a producer of hot- and cold-rolled sheet with raw steel capacity of 1.2 million short tons) which filed for bankruptcy in September 1998 and shut down in October 2001; Great Lakes Metals (an electro-galvanizing processor) which filed for bankruptcy in April 2001 and shut down its operations in July 2001; GalvPro (a producer of galvanized sheet) which shut down its operations in March 2001 and filed for bankruptcy in August 2001; and Geneva Steel (a producer of plate, hot-rolled sheet, pipe, and slabs with raw steel capacity of 2.5 million short tons) which filed for bankruptcy in February 1999, emerged from bankruptcy as Geneva Steel Holdings in January 2001, shut down its operations in December 2001, and filed for bankruptcy again in January 2002.

⁵ (...continued)

transcript of Commission hearing (July 22, 2003) at 126. A third domestic producer testified that the flat steel industry continues to operate in a market with weakened demand in critical sectors such as construction. He also testified that ISG cut back its capital spending by around \$50 million from what it planned on spending because the market was not evolving in the way that ISG would have liked. In addition, he characterized the economic environment as “horrible.” Wilbur Ross, Chairman of the Board of Director and Director, ISG, transcript of Commission hearing (July 22, 2003) at 147, 231 and 238. A second domestic producer counsel argued that the United States may emerge from safeguard relief with a new competitive steel industry, but little demand for the steel that the competitive industry will produce. He stated that for the first time in post-World War II history, steel demand has not rebounded after a recession ended. He also maintained that total steel demand was 132 million tons in 2000, fell to 116 million tons in 2001, remained at that level in 2002, and looks to be flat or declining in 2003. Roger Shagrin, counsel to members of the 201-Flat-Rolled Coalition, transcript of Commission hearing (July 22, 2003) at 184. A fourth domestic producer characterized demand for cold-rolled sheet as “weak.” Ed Puisis, CFO, Gallatin Steel Co., transcript of Commission hearing (July 22, 2003) at 187. A fifth domestic producer maintained that the manufacturing and residential construction sectors have not yet come out of the recession. Testimony of Daniel Dimicco, Vice-Chairman, President and CEO, Nucor Corp., transcript of Commission hearing (July 22, 2003) at 226. A sixth domestic producer stated that for industries that are more tightly related to consumer spending, such as automotive and appliance sectors, demand for flat steel has been “okay.” However, he maintained that demand in the construction sector and in any sectors tied to business investment has been very weak. Roy Dorrance, Vice-Chairman, U.S. Steel Corp., transcript of Commission hearing (July 22, 2003) at 268. A U.S. importer maintained that domestic demand is going to be soft through the balance of the year, and the domestic producers are going to continue to struggle. Jeff Hoye, President, Corus America Inc., transcript of Commission hearing (July 22, 2003) at 403-404. Counsel also testified that demand for slab is very weak. Joe Dorn, counsel to AK Steel Corp., California Steel Industries, Inc., and Duferco Farrell Corp., transcript of Commission hearing (July 22, 2003) at 489.

⁶ For purposes of this section of the report, ISG is counted as one firm.

Following imposition of the section 201 relief, three of these firms were acquired by other steel producing firms and were able to restart their operations. LTV's flat operations were acquired by ISG in April 2002 and were restarted in May and June 2002. Acme's flat rolling assets were acquired by ISG in October 2002 and restarted in December 2002. Trico Steel's flat operations were acquired by Nucor in July 2002 and restarted in September 2002. However, Cold Metal Products, a producer of cold-rolled sheet and strip, filed for bankruptcy and liquidated its Indianapolis, IN and Youngstown, OH plants in August 2002.^{7 8}

As shown in the table FLAT II-6, with the exception of efforts to increase product availability and decreasing order backlogs, the majority of certain carbon and alloy flat-rolled steel producers reported no changes in their marketing practices since March 20, 2002.

Table FLAT II-6
Certain carbon and alloy flat-rolled steel: U.S. producer responses to questions regarding firms' activities since March 20, 2002

Marketing practice	Number of producers		
	No	Yes	
Efforts to increase product availability	15	23	
Change in geographic market	34	3	
Change in channels of distribution	35	3	
Change in share of sales from inventory	29	3	
Change in average lead times from inventory	29	3	
Change in average lead times from production	18	17	
Change in product range	32	6	
Change in demand for or production of alternate products	32	5	
	Increased	Decreased	Stayed same
Change in order backlogs	11	12	9
Change in on-time shipping percentage	10	4	22

Source: Compiled from data submitted in response to Commission questionnaires.

⁷ See table FLAT I-3.

⁸ A domestic producer testified that ISG eliminated a significant amount of outdated or redundant capacity. He stated that, ISG closed and is dismantling a 40-year old hot strip mill in Cleveland; shut down Acme Steel's old and inefficient blast furnace; and have not restarted previously idled capacity such as the plate mills owned by Bethlehem. Wilbur Ross, Chairman of the Board of Directors and Director, ISG, transcript of Commission hearing (July 22, 2003) at 140. Another domestic producer stated that there are absolutely no quality or capacity constraints on U.S. steel producers in supplying new domestic demand. Steve Rogers, Vice-President of Sales and Marketing, Ispat Inland Inc, transcript of Commission hearing (July 22, 2003) at 174. However, a representative of flat steel consumers maintained that U.S. steel producers do not produce enough steel to satisfy domestic demand. He stated that the U.S. market needs 20 to 30 million tons of steel imports every year, and if the U.S. manufacturing sector recovers, it may need even more imports to keep up with demand, especially on a cost-effective basis. William Gaskin, President, Precision Metalforming Association, transcript of Commission hearing (July 22, 2003) at 472.

One hundred seventy-seven of 340 responding certain carbon flat-rolled product purchasers reported experiencing difficulties procuring steel in the quantities necessary to meet their needs since March 20, 2002. One hundred sixty-seven of 314 responding certain carbon and alloy flat-rolled steel purchasers reported increased average lead times for their purchases of domestic steel, 118 reported no change in domestic lead times, and 29 reported decreased domestic lead times. Certain carbon and alloy flat-rolled steel purchasers were asked to identify actions taken by domestic producers since March 20, 2002 to make a positive adjustment to import competition.⁹ Of 342 responding purchasers, 223 purchasers did not indicate that producers had taken any such actions. However, 27 of 342 responding purchasers reported that domestic producers had introduced new or innovative products, 35 reported that domestic producers had improved product quality, 42 reported that domestic producers had expanded marketing efforts, 38 reported that domestic producers had improved customer service, and 51 reported that domestic producers had made other positive adjustment efforts.¹⁰

Based on data compiled in this investigation, U.S. certain carbon and alloy flat-rolled steel producers' capacity utilization was 82.9 percent during April 2002-March 2003 and their inventories as a percentage of total shipments were 4.3 percent. Exports accounted for 1.4 percent of total shipments.

Changes in Import Supply

Imports of certain carbon and alloy flat-rolled steel from covered countries fell by 24.4 percent between the periods April 2001-March 2002 and April 2002-March 2003, whereas imports of certain flat-rolled steel from noncovered countries increased by 78.4 percent during the same period. Imports from all sources thus increased by 7.3 percent in the year since relief was imposed.¹¹

The U.S. market share accounted for by imports of certain carbon and alloy flat-rolled steel from covered countries fell from 5.8 percent in April 2001-March 2002 to 4.1 percent in April 2002-March 2003. The U.S. market share accounted for by imports of certain carbon and alloy flat-rolled steel from noncovered countries increased from 2.6 percent in April 2001-March 2002 to 4.4 percent in April 2002-March 2003. The U.S. market share of total imports thus increased from 8.4 percent to 8.5 percent in the year since relief was imposed.¹²

As shown in the table FLAT II-7, the majority of certain carbon and alloy flat-rolled steel importers reported no changes in their marketing practices since March 20, 2002.

Covered and noncovered country producers' capacity, capacity utilization, U.S. export shipments as a percentage of total shipments, and inventories as a percentage of total shipments during April 2002-March 2003 are shown in table FLAT II-8.

⁹ Purchasers were asked to indicate whether domestic producers had taken any of the following actions: introduction of new or innovative product, improved product quality, expansion of marketing efforts including e-commerce, improvements in customer service, and other efforts to make a positive adjustment to import competition.

¹⁰ Some purchasers reported more than one of these actions.

¹¹ See table FLAT II-16.

¹² See table FLAT II-19.

Table FLAT II-7

Certain carbon and alloy flat-rolled steel: U.S. importer responses to questions regarding firms' activities since March 20, 2002

Marketing practice	Number of importers reporting		
	No	Yes	
Efforts to increase product availability	61	28	
Change in geographic market	84	5	
Change in channels of distribution	74	7	
Change in share of sales from inventory	69	13	
Change in average lead times from inventory	52	4	
Change in average lead times from production	54	14	
Change in product range	88	5	
Change in demand for or production of alternate products	70	9	
Importing of steel from foreign producers from which previously have not imported	71	15	
	Increased	Decreased	Stayed same
Change in order backlogs	6	34	47
Change in on-time shipping percentage	6	13	70

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-8

Certain carbon and alloy flat-rolled steel: Covered and noncovered country producers' capacity, capacity utilization, export shipments to the United States as a percentage of total shipments, and inventories as a percentage of total shipments, April 2002-March 2003

Product	Capacity <i>Short tons</i>	Capacity utilization	Exports to the United States/ total shipments <i>Percent</i>	Inventories/ total shipments
Covered	513,733,149	94.0	1.2	2.4
Noncovered	70,342,368	90.2	7.8	3.8

Source: Compiled from data submitted in response to Commission questionnaires.

Timeline

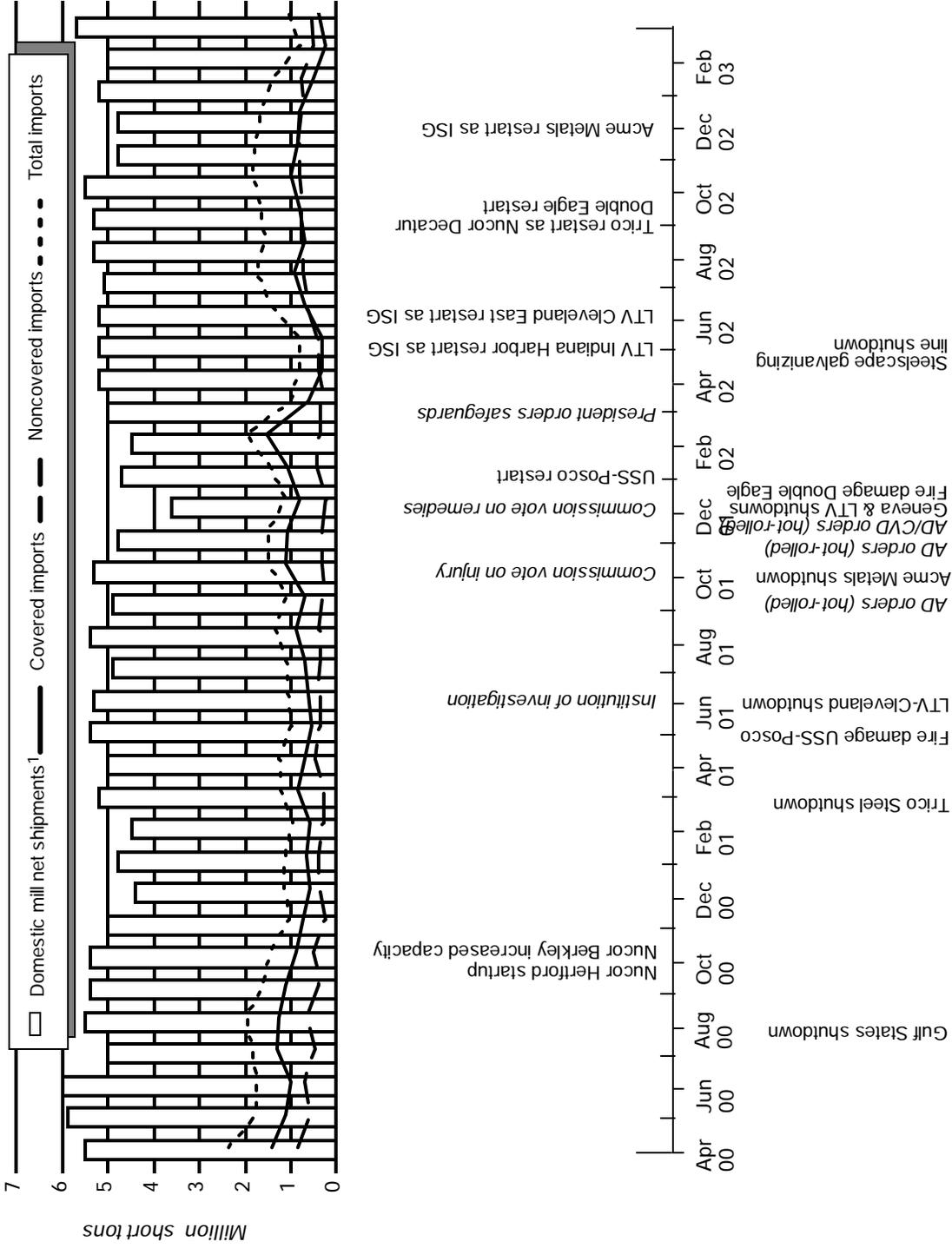
Figure FLAT-II-1 shows monthly shipments of certain flat products by U.S. producers, and total imports as well as imports separately from countries subject to the safeguard measures and countries exempt from the safeguard measures, along with a timeline of significant events that may have influenced the market environment. Shipment data for domestic producers depicted in the graph are from the American Iron and Steel Institute, and may differ somewhat from shipment data presented elsewhere in this report, which are based on questionnaire data (which do not include monthly data). Import data are consistent with those in other tables presented in this report. The timeline showing significant events includes significant supply changes due to shut downs (shown below the timeline),¹³ start ups and restarts of U.S. producing plants (shown above the line). Also shown above the line are significant safeguard dates, while antidumping and countervailing duty orders are shown below the line.¹⁴

The supply of flat products in the United States was affected significantly by the shutdowns of steel operations, particularly by those of Acme in October 2001, and both Geneva and LTV in December 2001. The restart of the LTV operations by their new owner, International Steel Group (ISG), in May and June 2002, along with the restart of the former Trico plant by its new owner, Nucor, in September 2002, and the restart of the Acme plant by ISG in December 2002, restored most of the idled capacity to the market.

¹³ Closures as a result of fire damages are shown below the line along with other shut downs. There were two such fires during the period examined. On May 31, 2001, a fire heavily damaged the cold-rolling operations at USS-POSCO's Pittsburg, CA facility. Finishing and shipment of products were halted after inventory in process was exhausted; however, the duration of the full interruption was limited. Finishing and shipping resumed, using product cold rolled in Korea or in U.S. Steel plants. The supply impact of the interruption was for a period of about 45 days, followed by a period of about 6 months during which imports from POSCO, the Korean parent company of USS-POSCO, were in the form of cold-rolled sheet rather than hot-rolled sheet. The fire damage was repaired and production resumed in January 2002. On December 15, 2001, a major fire damaged the Dearborn, MI coating line of Double Eagle Steel Co., jointly owned by U.S. Steel and Rouge Steel Co. Double Eagle is the world's largest electrogalvanizing facility. Repairs were made and production resumed in early September 2002. During the interruption, production was diverted to other coating lines and some customers may have opted to use hot-dip galvanized steel rather than electrogalvanized due to capacity restraints.

¹⁴ Commerce imposed antidumping duty orders on hot-rolled carbon flat steel on the following dates: September 19, 2001 (Argentina and South Africa, 66 FR 48242 for both orders in one notice), November 21, 2001 (Kazakhstan, 66 FR 58435), November 29, 2001 (China, the Netherlands, Romania, Taiwan, Thailand, and Ukraine 66 FR 59561, 59565, 59566, 59563, 59562, and 59559, respectively), and December 3, 2001 (India and Indonesia, 66 FR 60194 and 60192, respectively). Commerce also imposed countervailing duty orders on hot-rolled carbon flat steel on the following dates: September 11, 2001 (Argentina, 66 FR 47173) and December 3, 2001 (India and Indonesia, 66 FR 60198 (for both orders in one notice), South Africa and Thailand, 66 FR 60201 and 60197, respectively).

Figure FLAT II-1
Certain flat steel: Monthly imports and monthly domestic mill net shipments¹ and countervailing duty (CVD) orders, facility shutdowns and startups or restarts, and investigation milestones, April 2000-March 2003



¹ Domestic mill shipments, excluding shipments to reporting companies.

Source: Compiled from official statistics of the U.S. Department of Commerce; statistics of the American Iron and Steel Institute, AIS 10 (various months); and publicly available information.

U.S. INDUSTRY DATA

Information on U.S. producers' capacity, production, shipments, inventories, and employment are presented in tables FLAT II-9 through FLAT II-14, respectively.¹⁵ The Commission received usable questionnaire responses from 115 producers of certain carbon and alloy flat-rolled steel, many of which produced more than one form of the product (15 slab producers,¹⁶ 14 plate producers,¹⁷ 24 hot-rolled producers,¹⁸ 25 cold-rolled producers,¹⁹ and 21 coated producers).²⁰ Responding U.S. producers are believed to account for a substantial share of U.S. production capacity during the period April 2002-March 2003.

As presented in table FLAT II-9, reporting U.S. producers' aggregate output-related indicators were mixed in the period April 2002 to March 2003. In the first 12 months of the section 203 safeguard measure, the domestic industry's capacity (plate and hot-rolled only) increased from 83.0 million short tons to 87.1 million short tons, while its production increased from 66.7 million short tons to 71.2 million short tons.²¹ Capacity utilization increased from 80.4 percent to 81.7 percent. Overall, however, capacity and production in the period April 2002 to March 2003 were higher than in the period April 2000 to March 2001, while capacity utilization was comparable.

¹⁵ This analysis generally relies on combined data for the five types of certain carbon and alloy flat-rolled steel. However, some combined data—for production and capacity, for example—may involve double-counting, and therefore, additional data tables concerning slab, plate, hot-rolled, cold-rolled, and coated are presented separately in app. F.

¹⁶ The following firms reported calendar-year 2000 production capacity (in short tons) in the section 201 investigation but did not provide data in this investigation: ***.

¹⁷ The following firms reported calendar-year 2000 production capacity (in short tons) in the section 201 investigation but did not provide data in this investigation: ***.

¹⁸ The following firms reported calendar-year 2000 production capacity (in short tons) in the section 201 investigation but did not provide data in this investigation: ***.

¹⁹ The following firms reported calendar-year 2000 production capacity (in short tons) in the section 201 investigation but did not provide data in this investigation: ***.

²⁰ The following firms reported calendar-year 2000 production capacity (in short tons) in the section 201 investigation but did not provide data in this investigation: ***.

²¹ Because of the sequential nature of production and further processing of many of the forms of flat-rolled steel, the combined capacity and production of plate and hot-rolled steel provides a useful proxy for actual capacity and production and for derivative calculations, such as capacity utilization.

Table FLAT II-9

Certain carbon and alloy flat-rolled steel: U.S. producers' capacity, production, and capacity utilization, by form, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
	Quantity (short tons)		
Capacity:			
Slab	68,381,515	66,854,548	69,565,244
Plate	7,635,237	8,579,041	8,701,618
Hot-rolled	76,869,172	74,371,412	78,425,790
Cold-rolled	45,036,069	42,204,169	44,865,169
Coated	25,085,424	24,625,776	25,086,790
Total ¹	223,007,417	216,634,946	226,644,611
Plate and hot-rolled only ²	84,504,409	82,950,453	87,127,408
Production:			
Slab	59,277,687	57,019,459	60,393,082
Plate	5,177,644	5,837,256	5,861,837
Hot-rolled	63,673,426	60,888,386	65,354,890
Cold-rolled	35,934,790	32,953,278	35,860,330
Coated	19,739,355	19,159,340	20,425,629
Total ¹	183,802,902	175,857,719	187,895,768
Plate and hot-rolled only ²	68,851,070	66,725,642	71,216,727
	Ratio (percent)		
Capacity utilization:			
Slab	86.7	85.3	86.8
Plate	67.8	68.0	67.4
Hot-rolled	82.8	81.9	83.3
Cold-rolled	79.8	78.1	79.9
Coated	78.7	77.8	81.4
Average ¹	82.4	81.2	82.9
Average, plate and hot-rolled only ²	81.5	80.4	81.7
<p>¹ Caution should be used in interpreting the data presented in this table because of the potential for multiple counting (e.g., slabs are typically an upstream form of hot-rolled which in turn is typically an upstream form of most cold-rolled, etc.).</p> <p>² It is believed that double-counting of plate and hot-rolled is minimal. However, data will be understated by the amount of imported hot-rolled or cold-rolled steel that is processed by domestic producers into other downstream forms of certain carbon and alloy flat-rolled steel.</p>			
<p>Note—Because of rounding, figures may not add to totals shown.</p>			
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Table FLAT II-10

Certain carbon and alloy flat-rolled steel: U.S. producers' U.S. shipments, by form, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
Slab	59,008,980	57,301,971	60,930,250
Plate	4,956,588	5,572,296	5,627,293
Hot-rolled	63,565,030	60,636,492	64,155,454
Cold-rolled	35,504,481	32,419,080	34,835,165
Coated	18,936,144	18,474,872	19,332,808
Total ¹	181,971,223	174,404,711	184,880,970
		Value (\$1,000)	
Slab	13,150,655	12,280,452	13,520,450
Plate	1,960,014	2,041,490	2,106,885
Hot-rolled	17,844,679	15,335,694	19,775,888
Cold-rolled	14,251,059	11,794,652	14,064,455
Coated	10,091,493	9,016,238	10,294,174
Total ¹	57,297,900	50,468,526	59,761,852
		Unit value (per short ton)	
Slab	\$223	\$214	\$222
Plate	395	366	374
Hot-rolled	281	253	308
Cold-rolled	401	364	404
Coated	533	488	532
Average ¹	315	289	323

¹ Caution should be used in interpreting the data presented in this table because of the potential for multiple counting (e.g., slabs are typically an upstream form of hot-rolled which in turn is typically an upstream form of most cold-rolled, etc.)

Note—Because of rounding, figures may not add to totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-11

Certain carbon and alloy flat-rolled steel: U.S. producers' commercial U.S. shipments, by form, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
Slab	94,878	163,925	736,687
Plate	4,786,755	5,166,420	5,208,697
Hot-rolled	21,997,984	22,568,773	23,680,190
Cold-rolled	14,471,255	12,637,170	13,757,630
Coated	18,287,983	17,728,258	18,633,634
Total	59,638,855	58,264,546	62,016,838
		Value (\$1,000)	
Slab	19,717	37,138	170,612
Plate	1,888,004	1,874,652	1,924,736
Hot-rolled	6,494,970	5,673,347	7,500,956
Cold-rolled	6,208,491	4,806,921	5,926,559
Coated	9,771,035	8,711,741	9,985,617
Total	24,382,217	21,103,799	25,508,480
		Unit value (per short ton)	
Slab	\$208	\$227	\$232
Plate	394	363	370
Hot-rolled	295	251	317
Cold-rolled	429	380	431
Coated	534	491	536
Average	409	362	411
Note—Because of rounding, figures may not add to totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table FLAT II-12

Certain carbon and alloy flat-rolled steel: U.S. producers' export shipments, by form, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
Slab	12,023	37,308	57,167
Plate	222,868	187,956	266,202
Hot-rolled	489,273	382,833	914,969
Cold-rolled	530,057	529,550	609,972
Coated	785,038	771,022	753,597
Total	2,039,259	1,908,669	2,601,907
		Value (\$1,000)	
Slab	2,615	7,279	12,463
Plate	91,491	73,612	98,394
Hot-rolled	155,992	115,402	271,289
Cold-rolled	278,857	245,998	291,047
Coated	500,348	485,098	470,841
Total	1,029,303	927,389	1,144,034
		Unit value (per short ton)	
Slab	\$217	\$195	\$218
Plate	411	392	370
Hot-rolled	319	301	297
Cold-rolled	526	465	477
Coated	637	629	625
Average	505	486	440
Note—Because of rounding, figures may not add to totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table FLAT II-13

Certain carbon and alloy flat-rolled steel: U.S. producers' end-of-period inventories, by form, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
	Quantity (short tons)		
Slab	2,518,204	2,277,739	2,239,626
Plate	346,258	395,368	362,079
Hot-rolled	2,319,339	2,195,422	1,805,497
Cold-rolled	1,878,229	1,684,954	1,611,890
Coated	1,888,019	1,840,569	1,987,490
Total	8,950,049	8,394,052	8,006,582
	Ratio to total shipments (percent)		
Slab	4.3	4.0	3.7
Plate	6.7	6.9	6.1
Hot-rolled	3.6	3.6	2.8
Cold-rolled	5.2	5.1	4.5
Coated	9.6	9.6	9.9
Average ¹	4.9	4.8	4.3
<p>¹ May be understated to the extent that there is multiple counting of the denominator (e.g., slabs are typically an upstream form of hot-rolled which in turn is typically an upstream form of most cold-rolled, etc., and therefore total shipments can include shipments of slab and shipments of forms made from it in the same reporting period). There is no double counting of inventories since they are reported as of March 31 of each year.</p>			
<p>Note—Because of rounding, figures may not add to totals shown.</p>			
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Table FLAT II-14

Certain carbon and alloy flat-rolled steel: U.S. producers' production and related workers, hours worked, wages paid, hourly wages, productivity, and unit labor costs, by form, April 2000-March 2003¹

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
Production and related workers			
Slab	17,264	16,876	16,813
Plate	5,005	4,958	4,539
Hot-rolled	27,588	27,427	24,968
Cold-rolled	27,674	26,467	23,199
Coated	23,605	23,765	20,065
Total	101,136	99,494	89,584
Hours worked (1,000 hours)			
Slab	37,140	35,465	36,388
Plate	***	***	***
Hot-rolled	61,006	55,164	54,219
Cold-rolled	61,091	52,979	49,476
Coated	***	***	***
Total	219,046	197,482	189,006
Wages paid (\$1,000)			
Slab	970,827	948,109	998,839
Plate	***	***	***
Hot-rolled	1,577,142	1,453,680	1,476,556
Cold-rolled	1,629,793	1,453,709	1,406,946
Coated	***	***	***
Total	5,771,065	5,344,037	5,291,435
Hourly wages			
Slab	\$26.14	\$26.73	\$27.45
Plate	***	***	***
Hot-rolled	25.85	26.35	27.23
Cold-rolled	26.68	27.44	28.44
Coated	***	***	***
Average	26.38	27.09	28.04
Productivity (short tons per 1,000 hours)			
Slab	***	***	***
Plate	***	***	***
Hot-rolled	***	***	***
Cold-rolled	***	***	***
Coated	***	***	***
Average ²	***	***	***
Unit labor costs (per short ton)			
Slab	***	***	***
Plate	***	***	***
Hot-rolled	***	***	***
Cold-rolled	***	***	***
Coated	***	***	***
Average ²	***	***	***

¹ The following firms did not provide employment data for the specified products: slab (***); plate (***); hot-rolled (***), cold-rolled (***), and coated (***). Hourly wages, productivity, and unit labor costs are calculated from data of these firms providing both numerator and denominator information for the specified products.

² Caution should be used in interpreting the average productivity and unit labor cost data presented in this table because of the potential for multiple counting of the production component of the ratio (e.g., slabs are typically an upstream form of hot-rolled which in turn is typically an upstream form of most cold-rolled, etc. and forms produced in the same reporting period will be double counted in that period). Therefore, productivity will be overstated and unit labor costs understated to the extent of the multiple counting.

Note—Because of rounding, figures may not add to totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

As presented in table FLAT II-10, the domestic industry's aggregate U.S. shipment volume increased by 6.0 percent in the period April 2002 to March 2003. U.S. shipments of each of the subject constituent forms²² of flat-rolled steel also increased during this period, ranging from a low of 1.0 percent for plate to a high of 7.5 percent for cold-rolled steel. Aggregate U.S. shipments in the period April 2002 to March 2003, however, were only 1.6 percent higher than in the period April 2000 to March 2001. Indeed, while U.S. shipments of plate were as much as 13.5 percent higher in the period April 2002 to March 2003 than in the period April 2000 to March 2001, U.S. shipments of cold-rolled steel were actually 1.9 percent lower.

As noted in Table FLAT I-3, a number of flat-rolled steel mills closed over the period examined. The closure of mills such as Geneva Steel, Gulf States Steel, and Kentucky Electric Steel, and their corresponding absence from the data collected, would tend to overstate a trend of increasing capacity, shipments, and other performance indicators or understate a declining trend of such indicators over the period examined.

As presented in table FLAT II-14, the number of production and related workers employed declined by 10.0 percent in the period April 2002 to March 2003, and was 11.4 percent lower than in the period from April 2000 to March 2001. Productivity, while difficult to measure in the aggregate, increased by 12.5 percent; productivity gains, combined with a more modest increase in the hourly wage rate, resulted in declining unit labor costs in the period April 2002 to March 2003. These trends of declining workers employed, increasing productivity, and lower unit labor costs were observable across all subject forms of flat-rolled steel, though they were least pronounced in slab operations and most pronounced in cold-rolled and coated steel operations.

FINANCIAL DATA

Financial data concerning U.S. companies producing certain carbon and alloy flat-rolled steel are presented in table FLAT II-15. U.S. firms were requested to provide information on pension expenses, post-employment expenses other than pensions (OPEBs), and whether they received income under the Continued Dumping and Subsidy Offset Act (CDSOA funds, also known as "Byrd Amendment funds"). Twenty-nine of the 43 firms submitting data on certain carbon and alloy flat-rolled steel reported pension expenses. All but one firm (***) reported pension credits/expenses in their financials under "other factory costs" or "direct labor" (components of COGS), and 18 of those companies also indicated that some portion of pension expenses were reported under SG&A. *** reported pension expenses under "other expenses."

Twenty-three firms reported OPEBs for certain carbon and alloy flat-rolled steel. In nearly every case, OPEB expenses were reported in the same financial statement line items as pension expenses. The exceptions were ***, which reported OPEBs under other factory costs, and ***, which reported OPEBs under direct labor and SG&A rather than under other factory costs.

Eleven firms reported income from CDSOA funds for certain carbon and alloy flat-rolled steel. *** reported revenue from the funds under "other income." Six reported income from CDSOA funds under one or more COGS components, and the

²² Additional data for slab, plate, hot-rolled steel, cold-rolled steel, and coated steel appear in app. F.

Table FLAT II-15

Certain carbon and alloy flat-rolled steel: Results of operations of U.S. producers, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
Net commercial sales	61,453,780	59,906,344	64,554,417
		Value (\$1,000)	
Net commercial sales	25,337,838	21,937,717	26,636,230
COGS	25,257,242	23,095,171	24,532,799
Gross profit or (loss)	80,596	(1,157,454)	2,103,431
SG&A expenses	1,336,738	1,203,328	1,275,538
Operating income or (loss)	(1,256,142)	(2,360,782)	827,893
Interest expense	690,431	684,700	559,679
Other (income)/expenses, net	(130,870)	(54,426)	(137,788)
Net income or (loss)	(1,815,703)	(2,991,056)	406,002
Depreciation/amortization	1,537,225	1,525,738	1,333,808
Cash flow	(278,478)	(1,465,318)	1,739,810
CDSOA funds received	0	8,900	7,519
Pension (credit)/expense	179,425	422,377	856,743
Other post-employment benefits	426,928	436,279	732,709
Capital expenditures	1,405,380	766,287	511,097
R&D expenses	60,583	53,866	46,765
		Ratio to net commercial sales (percent)	
COGS	99.7	105.3	92.1
Gross profit or (loss)	0.3	(5.3)	7.9
SG&A expenses	5.3	5.5	4.8
Operating income or (loss)	(5.0)	(10.8)	3.1
Net income or (loss)	(7.2)	(13.6)	1.5
		Unit value (per short ton)	
Net commercial sales	\$412	\$366	\$413
COGS total	411	386	380
Raw materials	173	164	173
Direct labor	53	48	41
Other factory costs	185	173	166
Gross profit or (loss)	1	(19)	33
SG&A expenses	22	20	20
Operating income or (loss)	(20)	(39)	13
		Number of firms reporting	
Operating losses	25	29	14
Data	42	43	43

Source: Compiled from data submitted in response to Commission questionnaires.

remaining firm reported the income under SG&A.²³ Commission staff removed income from CDSOA funds from all line items above operating income and reported the revenue under other income for all companies. In every case, income from CDSOA funds was immaterial to a firm's financial statements.²⁴

As presented in Table FLAT II-15, reporting U.S. producers' net commercial sales increased on both a quantity and a value basis in the period April 2002 to March 2003, following declines in the previous 12-month period, and were higher than the levels reported in the period April 2000 to March 2001. In the first 12 months of the section 203 safeguard measure, the domestic industry's average unit values for commercial sales increased from \$366 to \$413, and were equivalent to the \$412 average unit value for the period from April 2000 to March 2001.

Cost of goods sold (COGS) declined on a unit basis, notwithstanding an increase in unit raw materials costs. Because unit revenues increased while unit costs declined, and sales volume increased, the industry's financial performance improved in the period April 2002 to March 2003. Its operating margin in the period April 2002 to March 2003 was 3.1 percent. By contrast, the certain carbon and alloy flat-rolled steel industry recorded operating losses of 10.8 percent in the period April 2001 to March 2002 and 5.0 percent in the period April 2000 to March 2001.

U.S. IMPORTS

Table FLAT II-16 presents data on U.S. imports of certain carbon and alloy flat-rolled steel, by sources, for the period April 2000-March 2003. Table FLAT II-17 presents data on U.S. imports from covered sources, by tariff categories during April 2002-March 2003. Table FLAT II-18 presents U.S. importers' U.S. shipments and end-of-period inventories for the April 2000-March 2003 period.

As presented in Table FLAT II-16, in the period April 2002 to March 2003, total imports increased, as the increase in imports from sources not covered by the safeguard measure was greater than the decline in imports from covered sources. The quantity of total imports increased from 15,998,677 short tons to 17,166,839 short tons. Imports from countries covered by the safeguard measure declined from 11,065,158 short tons to 8,366,746 short tons. The quantity of U.S. imports from countries not covered by the safeguard measure increased from 4,933,519 short tons to 8,800,093 short tons.²⁵ Imports from Canada and Mexico represent the largest portion of this increase.

²³ *** reported income from CDSOA funds under COGS (without specifying which COGS component), and *** reported the income under other factory costs. *** reported the income under SG&A.

²⁴ No firms reported income from CDSOA funds received for slab. Four firms reported receiving income from CDSOA funds for plate, and six firms reported income from CDSOA funds for hot-rolled. Nine firms reported receiving CDSOA funds for cold-rolled, and eight firms reported CDSOA funds for coated.

²⁵ The value of U.S. imports from covered sources declined less steeply than the quantity, as the average unit value of such imports increased by 13.3 percent in the first 12 months of the section 203 safeguard measure. Similarly, the value of U.S. imports from noncovered sources increased more steeply than the quantity, as the average unit value of such imports increased by 16.1 percent. The average unit values of all imports increased by 16.6 percent in the first 12 months of the section 203 safeguard measure, and was 0.2 percent higher than in the period April 2000 to March 2001. In terms of individual forms of flat-rolled steel, the average unit values for all imports of slab and coated steel increased most noticeably in the first 12 months of the section 203 safeguards measure, while the average unit value for all imports of plate increased the least.

Table FLAT II-16
Certain carbon and alloy flat-rolled steel: U.S. imports, by sources, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003	Period change from period 2 to period 3
				Percent
Quantity (short tons)				
Covered sources ¹	12,256,742	11,065,158	8,366,746	-24.4
Noncovered sources: ²				
Canada	1,595,880	1,575,367	2,469,492	56.8
Mexico	2,287,981	1,801,422	3,191,891	77.2
Subtotal	3,883,861	3,376,789	5,661,383	67.7
All others	2,697,920	1,556,730	3,138,710	101.6
Subtotal (noncovered)	6,581,781	4,933,519	8,800,093	78.4
Total (all imports)	18,838,524	15,998,677	17,166,839	7.3
Landed, duty paid value (\$1,000)				
Covered sources ¹	4,125,068	3,091,312	2,649,396	-14.3
Noncovered sources: ²				
Canada	683,132	646,157	1,079,589	67.1
Mexico	650,306	450,048	928,766	106.4
Subtotal	1,333,438	1,096,205	2,008,355	83.2
All others	818,507	393,476	1,075,691	173.4
Subtotal (noncovered)	2,151,945	1,489,681	3,084,046	107.0
Total (all imports)	6,277,014	4,580,993	5,733,442	25.2
Unit value (per short ton)				
Covered sources ¹	\$337	\$279	\$317	13.3
Noncovered sources: ²				
Canada	428	410	437	6.6
Mexico	284	250	291	16.5
Average	343	325	355	9.3
All others	303	253	343	35.6
Average (noncovered)	327	302	350	16.1
Average (all imports)	333	286	334	16.6
Share of total imports based on quantity (percent)				
Covered sources ¹	65.1	69.2	48.7	-20.4
Noncovered sources: ²				
Canada	8.5	9.8	14.4	4.5
Mexico	12.1	11.3	18.6	7.3
Subtotal	20.6	21.1	33.0	11.9
All others	14.3	9.7	18.3	8.6
Subtotal (noncovered)	34.9	30.8	51.3	20.4
Total (all imports)	100.0	100.0	100.0	0.0
Ratio of imports to production (percent)				
Covered sources ¹	6.7	6.3	4.5	-1.8
Noncovered sources	3.6	2.8	4.7	1.9
Total	10.2	9.1	9.1	0.0

¹ Although Brazil is generally exempt from the section 203 relief, it is a covered source with respect to imports of certain carbon and alloy flat-rolled steel.

² For the following forms of flat-rolled steel, 8 countries had imports accounting for 3 percent or more of the quantity of total U.S. imports during April 2002-March 2003: plate (Bulgaria (3.9 percent), Czech Republic (9.9 percent), and Romania (14.6 percent)); hot-rolled (Egypt (5.8 percent), Thailand (3.5 percent), and Turkey (6.9 percent)); cold-rolled (Chile (4.4 percent) and Turkey (4.4 percent)); and coated (India (16.7 percent)).

Note—Because of rounding, figures may not add to totals shown.

Source: Compiled from official statistics of Commerce.

Table FLAT II-17

Certain carbon and alloy flat-rolled steel: U.S. imports from covered sources, by tariff categories, April 2002-March 2003

* * * * *

Table FLAT II-18

Certain carbon and alloy flat-rolled steel: U.S. importers' U.S. shipments and end-of-period inventories, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
	Quantity (short tons)		
Covered sources:			
U.S. shipments of imports	9,561,148	9,290,754	9,256,765
End-of-period inventories	1,194,852	1,393,758	1,223,357
Noncovered sources:			
U.S. shipments of imports	5,360,708	5,203,511	6,918,989
End-of-period inventories	480,134	425,938	562,748
Total:			
U.S. shipments of imports	14,921,856	14,494,265	16,175,754
End-of-period inventories	1,674,986	1,819,696	1,786,105
	Ratio of inventories to U.S. shipments of imports (percent)		
Covered sources	12.5	15.0	13.2
Noncovered sources	9.0	8.2	8.1
Average	11.2	12.6	11.0
Note—Because of rounding, figures may not add to totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

As shown in Table FLAT II-17, imports excluded from additional tariffs accounted for most (***) percent by quantity) imports from covered sources in the period April 2002 to March 2003. The vast majority of these imports excluded from additional tariffs consisted of slab imports below the applicable TRQ threshold. Virtually all slab imports in the period April 2002 to March 2003 were not subject to additional tariffs (see Table OVERVIEW I-6). The total quantity of slab imports (***) short tons) was well below the overall TRQ threshold applicable to the First Relief Year (5.40 million short tons) set out in the Presidents proclamation imposing relief.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Data on apparent U.S. consumption and market shares of certain carbon and alloy flat-rolled steel are presented in table FLAT II-19 and figure FLAT II-2.

As discussed in the section of this chapter entitled *Market Environment*, in the period April 2002 to March 2003, demand in the primary market sectors for flat-rolled steel either rose very modestly or declined, and most of the responding U.S. flat-rolled steel producers and importers agreed that demand for steel has decreased since March 2002. As presented in Table FLAT II-19, the data gathered by the Commission in this investigation indicate that the quantity of apparent U.S. consumption of flat-rolled steel increased by 6.1 percent in the period April 2002 to March 2003, and at the conclusion of this period was 0.6 percent above the level of the period from April 2000 to March 2001.²⁶ Calculated individually for the constituent subject forms of flat-rolled steel, apparent U.S. consumption increased by as much as 8.4 percent hot-rolled steel but decreased by 4.1 percent for plate in the period April 2002 to March 2003.

In the period April 2002 to March 2003, the domestic industry's share of the U.S. market decreased modestly from 91.6 percent to 91.5 percent. Imports from covered countries saw their market share decrease from 5.8 percent to 4.1 percent, while imports from noncovered countries saw their market share increase from 2.6 percent to 4.4 percent. Among the constituent forms of flat-rolled steel, the largest increases in the domestic industry's share of the U.S. market was for plate (increasing by 4.4 percentage points) and the largest decrease was for hot-rolled steel (decreasing by 2.3 percentage points). The latter form of flat-rolled steel was the only one for which imports from covered countries increased their share of the U.S. market in the period April 2002 to March 2003.

²⁶ As noted in Table FLAT I-3, a number of flat-rolled steel mills closed over the period examined. The closure of mills such as Geneva Steel, Gulf States Steel, and Kentucky Electric Steel, and the corresponding absence of their data from the data collected, would tend to overstate a trend of increasing apparent U.S. consumption, or understate a trend of declining consumption, over the period examined.

Table FLAT II-19

Certain carbon and alloy flat-rolled steel: U.S. producers' U.S. shipments, U.S. imports, by source, apparent U.S. consumption, and market shares, by form, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
	Quantity (<i>short tons</i>)		
Producers' U.S. shipments:			
Slab	59,008,980	57,301,971	60,930,250
Plate	4,956,588	5,572,296	5,627,293
Hot-rolled	63,565,030	60,636,492	64,155,454
Cold-rolled	35,504,481	32,419,080	34,835,165
Coated	18,936,144	18,474,872	19,332,808
Total ¹	181,971,223	174,404,711	184,880,970
U.S. imports from covered sources:			
Slab	4,526,237	5,075,704	4,539,802
Plate	652,347	652,737	195,241
Hot-rolled	3,708,787	1,839,439	2,240,618
Cold-rolled	2,079,737	2,276,229	548,229
Coated	1,289,633	1,221,049	842,857
Total	12,256,742	11,065,158	8,366,746
U.S. imports from noncovered sources:			
Slab	1,897,202	1,509,273	2,482,769
Plate	312,251	358,046	493,828
Hot-rolled	2,578,556	1,338,168	2,760,986
Cold-rolled	800,566	694,073	1,156,511
Coated	993,207	1,033,959	1,906,000
Total	6,581,781	4,933,519	8,800,093
Total imports	18,838,524	15,998,677	17,166,839
Apparent U.S. consumption ¹	200,809,747	190,403,388	202,047,809
Value (\$1,000)			
Producers' U.S. shipments:			
Slab	13,150,655	12,280,452	13,520,450
Plate	1,960,014	2,041,490	2,106,885
Hot-rolled	17,844,679	15,335,694	19,775,888
Cold-rolled	14,251,059	11,794,652	14,064,455
Coated	10,091,493	9,016,238	10,294,174
Total ¹	57,297,900	50,468,526	59,761,852
U.S. imports from covered sources:			
Slab	962,734	837,269	939,733
Plate	272,760	267,483	100,955
Hot-rolled	1,151,042	516,360	758,461
Cold-rolled	1,006,054	859,332	338,442
Coated	732,479	610,867	511,805
Total	4,125,068	3,091,312	2,649,396
U.S. imports from noncovered sources:			
Slab	422,348	284,778	557,394
Plate	110,466	120,801	172,075
Hot-rolled	769,845	341,369	868,007
Cold-rolled	310,108	221,186	460,847
Coated	539,179	521,548	1,025,723
Total	2,151,945	1,489,681	3,084,046
Total imports	6,277,014	4,580,993	5,733,442
Apparent U.S. consumption	63,574,914	55,049,519	65,495,294

Table continued. See footnotes at end of table.

Table FLAT II-19—Continued

Certain carbon and alloy flat-rolled steel: U.S. producers' U.S. shipments, U.S. imports, by source, apparent U.S. consumption, and market shares, by form, April 2000-March 2003

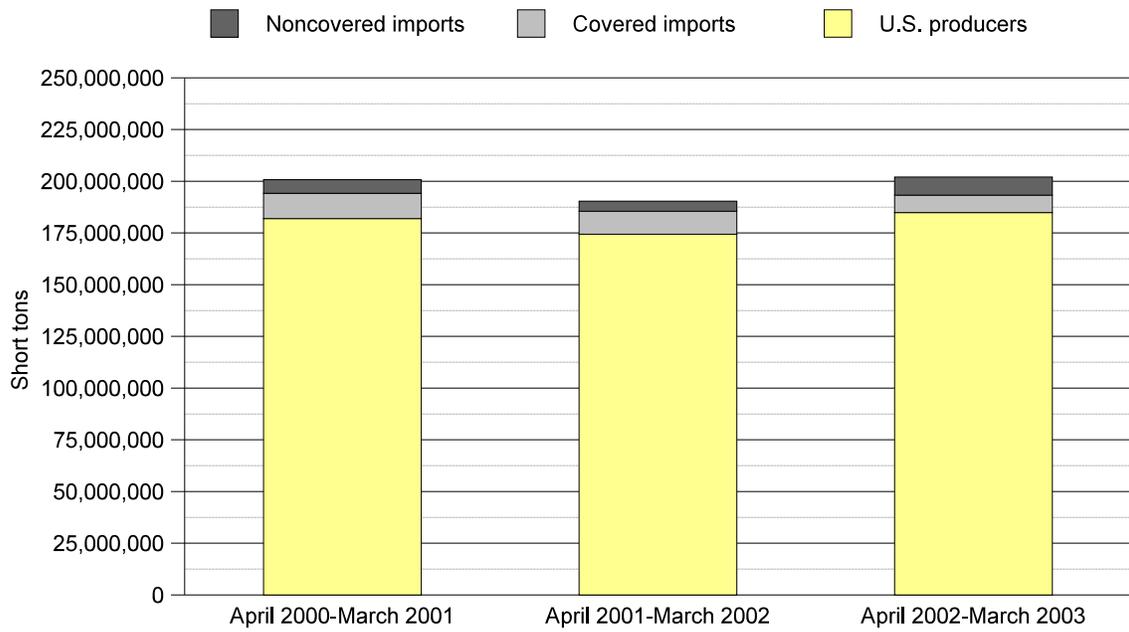
Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
	Share of quantity (percent)		
Producers' U.S. shipments:			
Slab	29.4	30.1	30.2
Plate	2.5	2.9	2.8
Hot-rolled	31.7	31.8	31.8
Cold-rolled	17.7	17.0	17.2
Coated	9.4	9.7	9.6
Total ¹	90.6	91.6	91.5
U.S. imports from covered sources:			
Slab	2.3	2.7	2.2
Plate	0.3	0.3	0.1
Hot-rolled	1.8	1.0	1.1
Cold-rolled	1.0	1.2	0.3
Coated	0.6	0.6	0.4
Total	6.1	5.8	4.1
U.S. imports from noncovered sources:			
Slab	0.9	0.8	1.2
Plate	0.2	0.2	0.2
Hot-rolled	1.3	0.7	1.4
Cold-rolled	0.4	0.4	0.6
Coated	0.5	0.5	0.9
Total	3.3	2.6	4.4
Total imports	9.4	8.4	8.5
	Share of value (percent)		
Producers' U.S. shipments:			
Slab	20.7	22.3	20.6
Plate	3.1	3.7	3.2
Hot-rolled	28.1	27.9	30.2
Cold-rolled	22.4	21.4	21.5
Coated	15.9	16.4	15.7
Total ¹	90.1	91.7	91.2
U.S. imports from covered sources:			
Slab	1.5	1.5	1.4
Plate	0.4	0.5	0.2
Hot-rolled	1.8	0.9	1.2
Cold-rolled	1.6	1.6	0.5
Coated	1.2	1.1	0.8
Total	6.5	5.6	4.0
U.S. imports from noncovered sources:			
Slab	0.7	0.5	0.9
Plate	0.2	0.2	0.3
Hot-rolled	1.2	0.6	1.3
Cold-rolled	0.5	0.4	0.7
Coated	0.8	0.9	1.6
Total	3.4	2.7	4.7
Total imports	9.9	8.3	8.8

¹ Caution should be used in interpreting the data presented in this table because of the potential for multiple counting of producers U.S. shipments (e.g., slabs are typically an upstream form of hot-rolled which in turn is typically an upstream form of most cold-rolled, etc.)

Note—Because of rounding, figures may not add to totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure FLAT II-2
Certain carbon and alloy flat-rolled steel: Apparent U.S. consumption, by sources, April 2000-March 2003



Note—Caution should be used in interpreting the data presented in this figure because of the potential for multiple counting of producers' U.S. shipments (e.g., slabs are typically an upstream form of hot-rolled which in turn is typically an upstream form of most cold-rolled, etc.)

Source: Table FLAT II-19.

PRICING AND RELATED INFORMATION

Factors Affecting Prices

Producer, Importer, and Purchaser Responses²⁷

U.S. certain carbon and alloy flat-rolled steel producers and importers were asked to report the importance of certain factors that have influenced the price of steel in the U.S. market, and to indicate whether these factors have tended to increase, decrease, or have no effect on the price of steel since March 20, 2002 (table FLAT II-20 and FLAT II-21). U.S. certain carbon and alloy flat-rolled steel purchasers were also asked to report the importance of these factors that have influenced the price of steel in the U.S. market, and to indicate whether they have tended to increase, decrease, or have no effect on the price of steel since March 20, 2002 (table FLAT II-22).

The three factors rated most important by U.S. certain carbon and alloy flat-rolled steel producers were: changes in demand for steel within the United States; changes in the level of competition from imports from excluded countries; and changes in competition between U.S. producers. The three factors rated most important by certain carbon and alloy flat-rolled steel importers were: changes in demand for steel; changes in competition between U.S. producers; and changes in U.S. production capacity. The three factors rated most important by certain carbon and alloy flat-rolled steel purchasers were: changes in U.S. production capacity; changes in demand for steel within the United States; and changes in the cost of raw materials.²⁸

²⁷ For purposes of this section of the report, ISG is counted as one firm.

²⁸ Available information concerning changes in U.S. demand for certain carbon and alloy flat-rolled steel products is mixed. Most U.S. producers and importers reported that U.S. demand for certain carbon and alloy flat-rolled steel products decreased since March 20, 2002. However, apparent consumption of certain carbon and alloy flat-rolled steel products increased by 6.1 percent between April 2001-March 2002 and April 2002-March 2003 (table FLAT II-19). The industrial production index showed little change since April 2002, whereas the durable goods production index increased by 3.2 percent during the same time frame (figure OVERVIEW II-2). As previously mentioned, manufacturers' shipments of transportation equipment increased by 0.7 percent between the first quarter of 2002 and the first quarter of 2003, while non-residential construction put in place decreased by 4.8 percent during the same time frame (table OVERVIEW II-1).

Imports of certain carbon and alloy flat-rolled products from noncovered sources increased sharply, by 78.4 percent between April 2001-March 2002 and April 2002-March 2003 (table FLAT II-16). The changes in domestic capacity cited by importers and purchasers likely refer to major events such as the shutdown of LTV's steelmaking operations in December 2001, and the subsequent ISG startup of selected steelmaking facilities in May of 2002. Available information suggests that raw material costs increased significantly since March 20, 2002. Unit raw materials costs for slab, plate, hot-rolled sheet, cold-rolled sheet, and coated sheet all increased between April 2001-March 2002 and April 2002-March 2003 (table FLAT II-15). Prices for steel scrap as of March 2003 had increased by 30.8 percent since April 2002 (figure OVERVIEW II-12).

Table FLAT II-20

Certain carbon and alloy flat-rolled steel: As reported by *producers*, the relative contribution of factors to the price of steel, and the influence of these factors on the price of steel since March 20, 2002

Item	Importance ¹	Influence of factors ²		
	Ranking	I	N	D
Changes in demand for steel within the United States	1.6	1	8	26
Changes in the level of competition from imports from excluded countries	1.7	9	12	16
Changes in competition between U.S. producers	1.7	10	17	10
Changes in U.S. production capacity	1.8	7	10	17
Changes in the level of competition from imports from non-excluded countries	1.9	15	11	11
Changes in demand for steel outside the United States	2.1	12	14	6
Changes in energy costs	2.2	23	15	0
Changes in the cost of raw materials	2.2	20	16	1
Changes in transportation/delivery cost changes	2.6	20	17	1
Changes in labor agreements, contracts, etc.	2.7	2	27	9
Changes in the productivity of domestic producers	2.7	5	26	7
Changing market patterns	3.2	0	31	4
Changes in the level of competition from substitute products	3.3	0	38	0
Changes in the allocation of production capacity to alternate products	3.4	1	35	1

¹ The numbers in this column represents the average ranking of each factor by responding producers, on a scale from 1 to 4 where 1 = very important, 2 = important, 3 = somewhat important, and 4 = not important. The factors have been sorted by importance with the most important at the top.

² The numbers in these columns represent the number of responding producers that reported that changes in a factor have tended to increase prices (I), have had no effect (N), or have tended to decrease prices (D) for steel since March 20, 2002.

Note—Not all producers answered for all of the factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-21

Certain carbon and alloy flat-rolled steel: As reported by *importers*, the relative contribution of factors to the price of steel, and the influence of these factors on the price of steel since March 20, 2002

Item	Importance ¹	Influence of factors ²		
	Ranking	I	N	D
Changes in demand for steel	1.7	13	23	52
Changes in competition between U.S. producers	1.9	32	35	20
Changes in U.S. production capacity	2.0	31	27	25
Changes in the level of competition by imports	2.0	24	39	25
Changes in the cost of raw materials	2.2	52	32	3
Changes in the productivity of domestic producers	2.5	14	56	16
Changes in energy costs	2.6	53	34	0
Changing market patterns	2.7	13	63	12
Changes in transportation/delivery cost changes	2.7	45	43	1
Changes in labor agreements, contracts, etc.	2.8	15	60	11
Changes in the level of competition from substitute products	3.2	6	79	3
Changes in the allocation of production capacity to alternate products	3.3	8	75	1

¹ The numbers in this column represents the average ranking of each factor by responding importers, on a scale from 1 to 4 where 1 = very important, 2 = important, 3 = somewhat important, and 4 = not important. The factors have been sorted by importance with the most important at the top.

² The numbers in these columns represent the number of responding importers that reported that changes in a factor have tended to increase prices (I), have had no effect (N), or have tended to decrease prices (D) for steel since March 20, 2002.

Note—Not all importers answered for all of the factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-22

Certain carbon and alloy flat-rolled steel: As reported by purchasers, the relative contribution of factors to the price of steel, and the influence of these factors on the price of steel since March 20, 2002

Item	Importance ¹	Influence of factors ²		
	Ranking	I	N	D
Changes in U.S. production capacity	1.8	126	99	85
Changes in demand for steel within the United States	1.8	55	97	160
Changes in the cost of raw materials	1.9	181	113	7
Changes in competition between U.S. producers	1.9	125	135	58
Changes in the level of competition from imports from non-excluded countries	2.1	99	107	93
Changes in energy costs	2.2	205	107	3
Changes in demand for steel outside the United States	2.3	136	108	36
Changes in transportation/delivery cost changes	2.4	178	134	3
Changing market patterns	2.5	67	179	42
Changes in the productivity of domestic producers	2.5	54	186	64
Changes in the level of competition from imports from excluded countries	2.5	73	175	62
Changes in labor agreements, contracts, etc.	2.6	44	203	48
Changes in the allocation of production capacity to alternate products	3.1	46	240	8
Changes in the level of competition from substitute products	3.3	26	269	14

¹ The numbers in this column represent the average ranking of each factor by responding purchasers, on a scale from 1 to 4 where 1 = very important, 2 = important, 3 = somewhat important, and 4 = not important. The factors have been sorted by importance with the most important at the top.

² The numbers in these columns represent the number of responding purchasers that reported that changes in a factor have tended to increase prices (I), have had no effect (N), or have tended to decrease prices (D) for steel since March 20, 2002.

Note—Not all purchasers answered for all of the factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Pricing Practices

Nearly all responding U.S. certain carbon and alloy flat-rolled steel producers and importers reported making no changes in the way they determine the price they charge or discounts allowed for sales of steel since March 20, 2002. Twenty-eight of 37 responding U.S. certain carbon and alloy flat-rolled steel producers and 65 of 77 responding certain carbon and alloy flat-rolled steel importers reported that there has not been a change in the share of their sales that are made pursuant to contracts versus spot sales. Twenty-two of 32 responding U.S. certain carbon and alloy flat-rolled steel producers and 35 of 60 certain carbon and alloy flat-rolled steel importers reported that contract prices tend to follow a similar trend as spot prices, although several noted that contract prices tended to lag behind spot prices and are not as volatile.

Price Data

The Commission asked for quarterly sales value and quantity data for U.S. producers' and importers' sales of the following eight certain carbon and alloy flat-rolled pricing products during April 2000-March 2003:

Product 1—Low carbon slab with chemistries of up to 0.15 max carbon and 0.60 max manganese exclusive of IF or specialty chemistries. This commodity product is used by steel mills as a material input to produce hot-rolled sheet or plate. The hot-rolled sheet may be further processed to produce cold-rolled steel, corrosion-resistant products, tin mill products, and welded pipe and tubular products.

Product 2—Hot-rolled carbon steel plate, ASTM A-36 or equivalent as rolled, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, over 72" through 96" in width, 1.00" through 2.00" in thickness. Not including high-strength or mill proprietary products, or products tested to other specifications, unless otherwise noted. This commodity product is used in riveted, bolted, or welded construction of buildings, bridges, work platforms, and for general structural purposes.

Product 3A—Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high-strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A-36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width. This commodity product is used for the manufacture of pipe and tube, plumbing equipment, framing and related products, vehicles, parts and accessories, construction and materials handling equipment, agricultural machinery, and cut-to-length plate.

Product 3B—Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A-569 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 60" in width. This commodity product is used in automotive/truck frames, shelving, automotive wheels, manufacture of pipe and tube, agricultural equipment, and strapping.

Product 4A—Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-366), not IF, box annealed and temper rolled, 36" to 72" in width, 0.022" to less than 0.028" in thickness. This commodity product is used in hardware and miscellaneous building components, major home appliances, general purpose furniture, shelving, steel barrels and drums, and shipping pails.

Product 4B—Cold-rolled carbon steel sheet in coils, commercial quality (ASTM A-366), not IF, box annealed and temper-rolled, 36" to 72" in width, 0.028" to less than 0.090" in thickness. This commodity product is used in sheet and strip for painting, the manufacture of pipe and tube, hardware and miscellaneous building components, doors and windows, vehicle parts and accessories, agricultural machinery, industrial equipment, electric lighting equipment and fixtures, major home appliances, general purpose furniture, and steel barrels and drums.

Product 5A—Aluminum-zinc alloy coated carbon steel sheet, in coils, hot dipped, structural quality, ASTM A-792, grade 50, AZ50, 40" to 49" in width, 0.019" to 0.0219" in thickness. This product has a coating of 55 percent aluminum, 43.5 percent zinc, and 1.5 percent silicon, and has a variety of product names worldwide including "Galvalume," "Zincalume," "Aluzink," "Zinkalit," and "Zalutite." This product is not pre-painted, has no organic coating, and is not high-strength. This commodity product is used in pre-engineered metal buildings, industrial roofing and siding, building panels, electrical boxes, home laundry appliances, walk-in coolers, small appliances, vending machines, and wall panels.

Product 5B—Electrolytically zinc coated carbon steel sheet, in coils, ASTM A-879, 50-90 grams/square meter per side coating, without organic coating, forming steel, 40" to under 60" in width, 0.022" to under 0.044" in thickness. This product is not prepainted, is not high-strength, and is not mill proprietary. This commodity product is used essentially all exposed automotive body parts (fenders, hoods, deck lids, doors). It is typically used when the application requires a very smooth surface.

Table FLAT II-23 shows the share of the quantity of U.S. producers' and importers' U.S. commercial shipments of certain carbon and alloy flat-rolled steel accounted for by the reported pricing data during April 2000-March 2003.

Table FLAT II-23

Flat steel: Share of quantity accounted for by price data, by form of flat steel, April 2000-March 2003

Form	U.S. producers' U.S. commercial shipments	Covered imports	Noncovered imports	Total imports
Slabs	56.1	11.2	4.9	9.4
Plate	14.0	21.1	4.4	13.8
Hot-rolled	25.7	4.1	12.2	7.9
Cold-rolled	22.6	2.3	18.5	7.9
Coated	4.8	32.4	5.7	18.0

Source: Compiled from data submitted in response to Commission questionnaires and official statistics of the Department of Commerce.

Weighted-average prices, margins of underselling/overselling, and quantities sold of U.S.-produced, covered imported, and noncovered imported certain carbon and alloy flat-rolled steel are shown in tables FLAT II-24 through FLAT II-31. Weighted average prices of U.S.-produced, covered imported, and noncovered imported certain carbon and alloy flat-rolled steel are also shown in figures FLAT II-3-FLAT II-10.²⁹ A summary of the price data, by form, is shown in table FLAT II-32 and summaries of the margins of underselling/overselling of imports from covered and noncovered sources are shown in tables FLAT II-33 and FLAT II-34, respectively.

The Commission collected quarterly pricing data for 8 certain carbon and alloy flat-rolled steel items. For each of the items, prices for the domestically-produced item were higher in the first quarter of 2003 than in the first quarter of 2002, ranging from an increase of 2.3 percent for a slab pricing item to an increase of 29.8 percent for a cold-rolled pricing item. For all but 1 of the 8 domestically-produced items, however, the first quarter 2003 price was below that of the second quarter of 2000.³⁰ Prices increased from the first quarter of 2002 to the first quarter of 2003 for imports from sources covered by the safeguard measure for 6 of the 8 items, declining by *** percent for a plate pricing item and by 20.7 percent for a hot-rolled steel pricing item, but increasing by as much as 58.0 percent for a coated steel pricing item. In this period, prices for imports from sources not covered by the safeguard measure increased for 6 of the 7 items for which observations were available, ranging from a decline of 0.4 percent for a coated steel pricing item to an increase of 51.0 percent for a cold-rolled pricing item. In the period April 2002 to March 2003, imports from sources covered by the safeguard measure undersold the domestically-produced item in 11 of 31 quarterly comparisons, with underselling occurring in all forms of flat-rolled steel except coated steel. Imports from sources not covered by the safeguard measure undersold the domestically-produced item in 21 of 28 quarterly comparisons during the period April 2002 to March 2003, with underselling occurring in all forms of flat-rolled steel.

Table FLAT II-24

Slabs: Weighted-average price and quantity data for U.S.-produced and imported product 1 from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

* * * * *

²⁹ Public price data for certain flat products are shown in figures H-1 through H-4 of app. H.

³⁰ The domestic prices of one of two coated steel items increased by *** percent over the longer period. Domestic prices for the remainder of the pricing items decreased, with declines ranging from 0.5 percent for one of the cold-rolled pricing items to 42.8 percent for a slab pricing item; the remainder of the declines ranged from *** percent to 11.3 percent.

Table FLAT II-25

Plate: Weighted-average price and quantity data for U.S.-produced and imported product 2¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$391.93	194,080	\$317.55	39,754	19.0	\$***	***	***
July-September	359.60	165,191	317.33	41,998	11.8	***	***	***
October-December	314.73	190,713	***	***	***	***	***	***
2001:								
January-March	297.63	188,640	270.06	13,044	9.3	***	***	***
April-June	321.14	178,880	***	***	***	***	***	***
July-September	332.68	150,668	338.71	40,070	(1.8)	***	***	***
October-December	310.98	161,197	377.93	34,418	(21.5)	***	***	***
2002:								
January-March	305.63	190,720	456.08	15,416	(49.2)	***	***	***
April-June	314.63	189,409	434.30	22,764	(38.0)	***	***	***
July-September	338.82	184,727	470.20	21,904	(38.8)	***	***	***
October-December	347.18	165,282	477.19	17,196	(37.4)	316.62	10,734	8.8
2003:								
January-March	347.80	159,997	***	***	***	***	***	***

¹ Hot-rolled carbon steel plate, ASTM A-36 or equivalent as rolled, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, over 72" through 96" in width, 1.00" through 2.00" in thickness. Not including high-strength or mill proprietary products, or products tested to other specifications, unless otherwise noted.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-26

Hot-rolled: Weighted-average price and quantity data for U.S.-produced and imported product 3A¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$317.11	815,917	\$307.56	23,055	3.0	\$270.38	110,625	14.7
July-September	285.15	730,465	332.56	27,653	(16.6)	***	***	***
October-December	248.39	651,170	293.11	11,856	(18.0)	260.87	25,849	(5.0)
2001:								
January-March	230.87	752,726	281.16	10,332	(21.8)	212.28	26,611	8.1
April-June	234.07	887,611	***	***	***	214.86	26,807	8.2
July-September	236.68	736,133	***	***	***	222.47	8,240	6.0
October-December	223.00	666,352	***	***	***	***	***	***
2002:								
January-March	234.60	772,415	***	***	***	***	***	***
April-June	283.79	925,546	***	***	***	263.79	59,188	7.0
July-September	329.74	1,193,025	***	***	***	268.76	42,452	18.5
October-December	324.61	721,673	308.69	17,222	4.9	303.91	164,586	6.4
2003:								
January-March	290.36	850,340	***	***	***	293.28	28,805	(1.0)

¹ Hot-rolled carbon steel sheet and plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high-strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A-36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-27

Hot-rolled: Weighted-average price and quantity data for U.S.-produced and imported product 3B¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$318.75	651,260	\$290.79	55,748	8.8	\$301.26	9,832	5.5
July-September	287.92	593,483	383.73	41,328	(33.3)	300.29	22,640	(4.3)
October-December	241.68	607,792	316.06	41,294	(30.8)	284.70	9,912	(17.8)
2001:								
January-March	232.99	657,390	304.71	21,244	(30.8)	217.94	10,617	6.5
April-June	235.40	641,267	272.39	18,413	(15.7)	228.24	4,256	3.0
July-September	235.47	563,766	***	***	***	***	***	***
October-December	222.35	541,575	335.88	4,721	(51.1)	241.99	9,145	(8.8)
2002:								
January-March	230.15	643,627	***	***	***	***	***	***
April-June	281.43	737,139	***	***	***	***	***	***
July-September	331.78	865,618	***	***	***	221.10	15,029	33.4
October-December	329.96	625,099	439.07	734	(33.1)	289.71	21,556	12.2
2003:								
January-March	292.31	713,312	***	***	***	316.32	6,906	(8.2)

¹ Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A-569 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 60" in width.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-28

Cold-rolled: Weighted-average price and quantity data for U.S.-produced and imported product 4A¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$443.79	117,115	\$425.28	10,579	4.2	\$408.02	8,438	8.1
July-September	441.53	98,463	442.16	23,341	(0.1)	409.27	9,062	7.3
October-December	421.45	90,604	447.87	9,500	(6.3)	458.56	1,170	(8.8)
2001:								
January-March	395.85	103,153	362.89	4,155	8.3	375.11	2,370	5.2
April-June	389.89	94,062	344.58	10,165	11.6	351.89	5,305	9.7
July-September	363.95	85,514	306.09	14,347	15.9	334.54	7,034	8.1
October-December	354.69	85,367	304.55	16,364	14.1	309.06	5,035	12.9
2002:								
January-March	339.22	107,314	283.72	9,810	16.4	319.38	4,704	5.8
April-June	377.38	113,254	321.38	8,685	14.8	350.97	5,232	7.0
July-September	436.91	114,416	***	***	***	***	***	***
October-December	445.66	102,958	***	***	***	405.31	35,662	9.1
2003:								
January-March	422.64	121,130	***	***	***	445.00	11,007	(5.3)

¹ Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-366), not IF, box annealed and temper rolled, 36" to 72" in width, 0.022" to less than 0.028" in thickness.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-29

Cold-rolled: Weighted-average price and quantity data for U.S.-produced and imported product 4B¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$426.50	767,200	\$457.61	114,136	(7.3)	\$374.78	14,311	12.1
July-September	415.78	679,367	442.77	103,708	(6.5)	407.34	21,916	2.0
October-December	374.10	717,144	448.80	71,569	(20.0)	366.15	19,644	2.1
2001:								
January-March	364.49	651,789	388.74	68,236	(6.7)	305.80	18,128	16.1
April-June	350.23	597,417	346.03	128,123	1.2	300.02	21,273	14.3
July-September	340.83	514,093	326.51	140,172	4.2	281.71	25,579	17.3
October-December	326.59	518,032	349.90	165,858	(7.1)	283.22	22,755	13.3
2002:								
January-March	326.98	599,961	308.35	99,311	5.7	283.57	10,791	13.3
April-June	360.22	638,405	***	***	***	298.89	24,343	17.0
July-September	428.46	873,804	455.31	28,927	(6.3)	340.84	57,485	20.5
October-December	438.12	725,073	391.05	24,413	10.7	413.31	91,507	5.7
2003:								
January-March	424.41	723,079	454.25	33,087	(7.0)	428.33	40,951	(0.9)

¹ Cold-rolled carbon steel sheet in coils, commercial quality (ASTM A-366), not IF, box annealed and temper-rolled, 36" to 72" in width, 0.028" to less than 0.090" in thickness.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-30

Coated: Weighted-average price and quantity data for U.S.-produced and imported product 5A¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$***	***	\$***	***	***	\$***	***	***
July-September	551.80	2,487	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***	***
2001:								
January-March	528.55	1,333	***	***	***	***	***	***
April-June	524.53	2,265	***	***	***	***	***	***
July-September	514.46	3,682	***	***	***	***	***	***
October-December	513.64	3,486	***	***	***	***	***	***
2002:								
January-March	515.77	1,628	***	***	***	***	***	***
April-June	528.09	2,507	***	***	***	***	***	***
July-September	***	***	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***	***
2003:								
January-March	***	***	***	***	***	***	***	***

¹ Aluminum-zinc alloy coated carbon steel sheet, in coils, hot-dipped, structural quality, ASTM A-792, grade 50, AZ50, 40" to 49" in width, 0.019" to 0.0219" in thickness. This product has a coating of 55 percent aluminum, 43.5 percent zinc, and 1.5 percent silicon, and has a variety of product names worldwide including "Galvalume," "Zincalume," "Aluzink," "Zinkalit," and "Zalutite." This product is not pre-painted, has no organic coating, and is not high-strength.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-31

Coated: Weighted-average price and quantity data for U.S.-produced and imported product 5B¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$547.16	257,894	\$***	***	***	\$552.96	3,057	(1.1)
July-September	532.07	236,532	***	***	***	***	***	***
October-December	518.48	193,093	***	***	***	***	***	***
2001:								
January-March	494.85	202,312	***	***	***	***	***	***
April-June	475.27	216,560	***	***	***	***	***	***
July-September	442.16	220,602	***	***	***	***	***	***
October-December	462.09	226,626	***	***	***	***	***	***
2002:								
January-March	448.83	231,226	***	***	***	***	***	***
April-June	458.86	217,671	***	***	***	***	***	***
July-September	***	***	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***	***
2003:								
January-March	***	***	***	***	***	***	***	***

¹ Electrolytically zinc coated carbon steel sheet, in coils, ASTM A-879, 50-90 grams/square meter per side coating, without organic coating, forming steel, 40" to under 60" in width, 0.022" to under 0.044" in thickness. This product is not prepainted, is not high-strength, and is not mill proprietary.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure FLAT II-3

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 1, April 2000-March 2003

* * * * *

Figure FLAT II-4

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 2, April 2000-March 2003

* * * * *

Figure FLAT II-5

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 3A, April 2000-March 2003

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Figure FLAT II-6

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 3B, April 2000-March 2003

* * * * *

Figure FLAT II-7

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 4A, April 2000-March 2003

* * * * *

Figure FLAT II-8

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 4B, April 2000-March 2003

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Figure FLAT II-9

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 5A, April 2000-March 2003

* * * * *

Figure FLAT II-10

Certain carbon and alloy flat-rolled steel: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 5B, April 2000-March 2003

* * * * *

Table FLAT II-32

Certain carbon and alloy flat-rolled steel: Change in quarterly prices of U.S. product, imports from covered sources and imports from noncovered sources, by product

Product	United States		Imports from covered sources		Imports from noncovered sources	
	Change in price from Q2 2000 to Q1 2003	Change in price from Q1 2002 to Q1 2003	Change in price from Q2 2000 to Q1 2003	Change in price from Q1 2002 to Q1 2003	Change in price from Q2 2000 to Q1 2003	Change in price from Q1 2002 to Q1 2003
	<i>Percent</i>					
1	-42.8	2.3	14.8	53.4	(¹)	(¹)
2	-11.3	13.8	***	***	39.6	8.1
3A	-8.4	23.8	***	***	8.5	31.1
3B	-8.3	27.0	***	-20.7	5.0	***
4A	-4.8	24.6	***	***	9.1	39.3
4B	-0.5	29.8	-0.7	47.3	14.3	51.0
5A	***	***	85.2	58.0	-5.2	-0.4
5B	***	***	10.0	10.0	***	36.5

¹ Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-33

Certain carbon and alloy flat-rolled steel: Summary of quarters of underselling and overselling, and the range of margins of underselling and overselling of imports from covered sources, by product, April 2000-March 2003

Product	Underselling			Overselling		
	Number of margins of underselling	High margin of underselling	Low margin of underselling	Number of margins of overselling	High margin of overselling	Low margin of overselling
		Percent	Percent		Percent	Percent
1	7	32.8	5.9	3	71.5	11.3
2	5	19.0	4.4	7	49.2	1.8
3A	4	18.4	3.0	8	33.0	3.9
3B	1	8.8	8.8	11	72.9	8.0
4A	10	16.4	4.2	2	6.3	0.1
4B	4	10.7	1.2	8	22.5	6.3
5A	6	24.5	2.7	5	42.7	2.2
5B	0	(¹)	(¹)	12	58.4	26.5

¹ Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT II-34

Certain carbon and alloy flat-rolled steel: Summary of quarters of underselling and overselling, and the range of margins of underselling and overselling of imports from noncovered sources, by product, April 2000-March 2003.

Product	Number of margins of underselling	Underselling		Number of margins of overselling	Overselling	
		High margin of underselling	Low margin of underselling		High margin of overselling	Low margin of overselling
		<i>Percent</i>	<i>Percent</i>		<i>Percent</i>	<i>Percent</i>
1	2	32.1	11.3	2	45.5	6.1
2	8	33.4	6.7	4	13.8	2.1
3A	9	18.5	0.6	3	5.0	1.0
3B	7	33.4	2.4	5	17.8	4.3
4A	10	12.9	5.2	2	8.8	5.3
4B	11	20.5	2.0	1	0.9	0.9
5A	5	5.9	1.1	7	7.6	0.6
5B	5	8.8	0.1	6	15.8	0.6

Source: Compiled from data submitted in response to Commission questionnaires.

PART III: INDUSTRY AND MARKET DATA (TIN)

DESCRIPTION AND USES

Tin mill products (tin) are flat-rolled products of carbon or alloy steel, plated or coated with tin or with chromium oxides or with chromium and chromium oxides (tin-free steel). The products may be either in coils or in straight lengths. Tin products are made by electrolytically coating flat-rolled steel with tin or chromium. Major end uses of tin plate are in the manufacture of welded cans used to contain food, beverages, aerosols, and paint. Chromium-coated steel sheet is used primarily for beer and soft drink two-piece cans and ends, as well as ends for food cans and caps and crowns for glass containers. HTS statistical reporting numbers for subject tin are presented in table FLAT III-1.

Table FLAT III-1

Tin: Subject HTS statistical reporting numbers

Item	Statistical reporting numbers			
	7210.11.00	7210.12.00	7210.50.00	7212.10.00
Tin ¹				

¹ The temporary HTS subheadings for tin established by proclamation or delegated authority pursuant to trade legislation are:

- (1) 9903.73.26 for products outside the scope of the 201 investigation and therefore excluded from the section 203 remedy, and 9903.73.27 through 9903.73.31, 9903.76.26 through 9903.76.28, 9903.76.30, 9903.76.31, 9903.76.35, 9903.76.37, and 9903.76.38 for other products excluded from the section 203 remedy,
- (2) 9903.73.32, 9903.73.33, 9903.76.29, 9903.76.32 through 9903.76.34, 9903.76.36, 9903.76.39, and 9903.76.40 for products entered in quantities up to stated limits (ranging from 760 tons to 40,000 tons) without additional tariffs, and
- (3) 9903.73.37, 9903.73.38, and 9903.73.39 for products entered in excess of quantities specified in (2), above, and products not covered by any exclusion; all of the foregoing incurring, respectively, 30 percent *ad valorem* additional tariffs through March 19, 2003, 24 percent additional tariffs through March 19, 2004, and 18 percent additional tariffs through March 20, 2005.

As indicated in (2), certain temporary subheadings specify particular types of tin which are excluded from the additional tariffs when entered up to certain quantitative limits, i.e., a particular number of tons; the individual quantity limit of each exemption and the time period(s) to which the exemption applies are stated or referenced in the article description of the temporary HTS subheading. Whenever imports of a particular type of tin exceed the specified quantitative limit, then the quantity in excess of such limit would not be covered by the temporary HTS subheading identified in (2) and would instead be covered by the temporary HTS items identified in (3) and subject to the additional section 203 tariffs.

Source: Harmonized Tariff Schedule of the United States (2003).

MARKET ENVIRONMENT

Changes in U.S. Demand

Tin mill products are primarily used in the manufacture of welded cans used to contain food, beverages, aerosols, and paint. As shown in section OVERVIEW II, the quantity of U.S. manufacturers' shipments of steel cans for food decreased by 3.8 percent between the first quarter of 2002 and the first quarter of 2003 (table OVERVIEW II-1).

The data collected by the Commission (which do not include 100 percent of U.S. production) indicate that apparent U.S. consumption of tin mill products decreased by 5.0 percent from 3.6 million short tons in April 2000-March 2001 to 3.4 million short tons in April 2002-March 2003.

Three of five responding U.S. tin mill producers reported that U.S. demand for steel has increased and two reported that demand has decreased since March 20, 2002. Fifteen of 17 responding tin mill importers reported that U.S. demand for steel has decreased and two reported that demand has stayed the same since March 20, 2002. One tin mill producer that reported increased demand cited the

weakened dollar as a demand factor. Tin mill importers that reported decreased demand generally cited the slowing U.S. economy.¹

All seven responding U.S. tin mill producers and all 13 responding tin mill importers reported that there have been no changes in the types or prices of substitute products since March 20, 2002.

Changes in U.S. Supply

U.S. Steel acquired the tin mill unit of LTV, consisting of tin mill facilities at Aliquippa, PA and East Chicago, IN, in March 2001. Following the acquisition, U.S. Steel closed the Aliquippa facility.^{2 3}

As shown in table FLAT III-2, with the exceptions of efforts to increase product availability, changes in average lead times from production, and increasing order backlogs, the majority of tin mill producers reported no changes in their marketing practices since March 20, 2002.

Table FLAT III-2

Tin: U.S. producer responses to questions regarding firms' activities since March 20, 2002

Marketing practice	Number of producers reporting		
	No	Yes	
Efforts to increase product availability	3		4
Change in geographic market	5		1
Change in channels of distribution	7		0
Change in share of sales from inventory	6		1
Change in average lead times from inventory	6		0
Change in average lead times from production	0		3
Change in product range	5		2
Change in demand for or production of alternate products	7		0
	Increased	Decreased	Stayed same
Change in order backlogs	3	1	1
Change in on-time shipping percentage	2	2	3

Source: Compiled from data submitted in response to Commission questionnaires.

¹ A domestic producer testified that U.S. demand for tin mill products has been weak. He maintained that U.S. demand for tin mill products was down in 2002 compared to 2001, and he anticipates that it will be down again in 2003 compared to 2002. Roy Dorrance, Vice-Chairman, U.S. Steel, transcript of Commission hearing (July 22, 2003) at 250. A respondent importer counsel testified that the U.S. market for tin mill products is not an attractive market to put money into, as opposed to the European market which is a growing market for tin mill products. Richard Cunningham, counsel to Corus Group, transcript of Commission hearing (July 22, 2003) at 349.

² See table FLAT I-4.

³ A domestic producer testified that U.S. Steel is investing in tin mill production facilities in Slovakia and Serbia. However, tin mill production from these facilities is destined for European markets and not the U.S. market. Roy Dorrance, Vice-Chairman, U.S. Steel, transcript of Commission hearing (July 22, 2003) at 251-252. A respondent importer counsel argued that the domestic tin mill industry has not closed down any of its inefficient or outdated facilities. He further maintained that the domestic tin mill industry has not invested in new facilities or upgraded any existing facilities. Christopher Dunn, counsel to Japanese and Brazilian respondents, transcript of Commission hearing (July 22, 2003) at 350-351.

Twenty-five of 34 responding tin mill product purchasers reported experiencing difficulties procuring steel in the quantities necessary to meet their needs since March 20, 2002. Twenty-five of 33 responding purchasers reported increased average lead times for their purchases of domestic steel, seven reported no change in domestic lead times, and one reported decreased domestic lead times. Purchasers were asked to identify actions taken by domestic producers since March 20, 2002 to make a positive adjustment to import competition.⁴ Of 34 responding tin mill product purchasers, 25 purchasers did not indicate that producers had taken any such actions. However, five of 34 responding tin mill product purchasers reported that domestic producers had introduced new or innovative products, four reported that domestic producers had improved product quality, five reported that domestic producers had expanded marketing efforts, five reported that domestic producers had improved customer service, and three reported that domestic producers had made other positive adjustment efforts.⁵

Based on data compiled in this investigation, U.S. tin mill producers' capacity utilization was 88.0 percent during April 2002-March 2003, and their inventories as a percentage of total shipments were 11.1 percent. Exports accounted for 3.6 percent of total shipments.

Changes in Import Supply

Imports of tin mill products from covered countries fell by 62.2 percent between the periods April 2001-March 2002 and April 2002-March 2003, whereas imports of tin mill products from noncovered countries increased by 11.6 percent during the same period. Imports from all sources declined by 43.9 percent over the same period.⁶

The U.S. market share accounted for by imports of tin mill products from covered countries fell from 12.6 percent in April 2001-March 2002 to 4.9 percent in April 2002-March 2003. The U.S. market share accounted for by imports of tin mill products from noncovered countries increased from 4.2 percent in April 2001-March 2002 to 4.7 percent in April 2002-March 2003. The U.S. market share accounted for by total imports declined from 16.8 percent to 9.6 percent over the same period.⁷

As shown in table FLAT III-3, the majority of tin mill importers reported no changes in their marketing practices since March 20, 2002.

⁴ Purchasers were asked to indicate whether domestic producers had taken any of the following actions: introduction of new or innovative product, improved product quality, expansion of marketing efforts including e-commerce, improvements in customer service, and other efforts to make a positive adjustment to import competition.

⁵ Some purchasers reported more than one of these actions.

⁶ See table FLAT III-7.

⁷ See table FLAT III-10.

Table FLAT III-3

Tin: U.S. importer responses to questions regarding firms' activities since March 20, 2002

Marketing practice	Number of importers reporting		
	No	Yes	
Efforts to increase product availability	13	8	
Change in geographic market	20	1	
Change in channels of distribution	17	2	
Change in share of sales from inventory	19	1	
Change in average lead times from inventory	10	0	
Change in average lead times from production	16	2	
Change in product range	17	5	
Change in demand for or production of alternate products	16	2	
Importing of steel from foreign producers from which previously have not imported	15	4	
	Increased	Decreased	Stayed same
Change in order backlogs	0	8	14
Change in on-time shipping percentage	1	4	17

Source: Compiled from data submitted in response to Commission questionnaires.

Covered and noncovered country producers' capacity, capacity utilization, U.S. export shipments as a percentage of total shipments, and inventories as a percentage of total shipments during April 2002-March 2003 are shown in table FLAT III-4.

Table FLAT III-4

Tin: Covered and noncovered country producers' capacity, capacity utilization, export shipments to the United States as a percentage of total shipments, and inventories as a percentage of total shipments, April 2002-March 2003

Source	Capacity <i>Short tons</i>	Capacity utilization	Exports to the United States/total shipments <i>Percent</i>	Inventories/total shipments
Covered	7,953,954	90.6	2.5	6.5
Noncovered	2,274,535	81.9	***	***

Source: Compiled from data submitted in response to Commission questionnaires

Timeline

Figure FLAT-III-1 shows monthly shipments of tin mill products by U.S. producers, and total imports as well as imports separately from countries subject to the safeguard measures and countries exempt from the safeguard measures, along with a timeline of significant events that may have influenced the market environment. Shipment data for domestic producers depicted in the graph are from the American Iron and Steel Institute, and differ somewhat from shipment data presented elsewhere in this report, which are based on questionnaire data (which do not include monthly data). Import data are consistent with those in other tables presented in this report. The timeline showing significant events includes significant supply changes due to shut downs (shown below the timeline) and restarts (shown above the line). Also shown above the line are significant safeguard events and an antidumping duty order is shown below the line.⁸

U.S. INDUSTRY DATA

Table FLAT III-5 presents information on U.S. tin producers' capacity, production, shipments, inventories, and employment. The Commission received usable questionnaire responses from 7 tin producers that are believed to represent virtually all U.S. production of tin in the period April 2000-March 2003.⁹

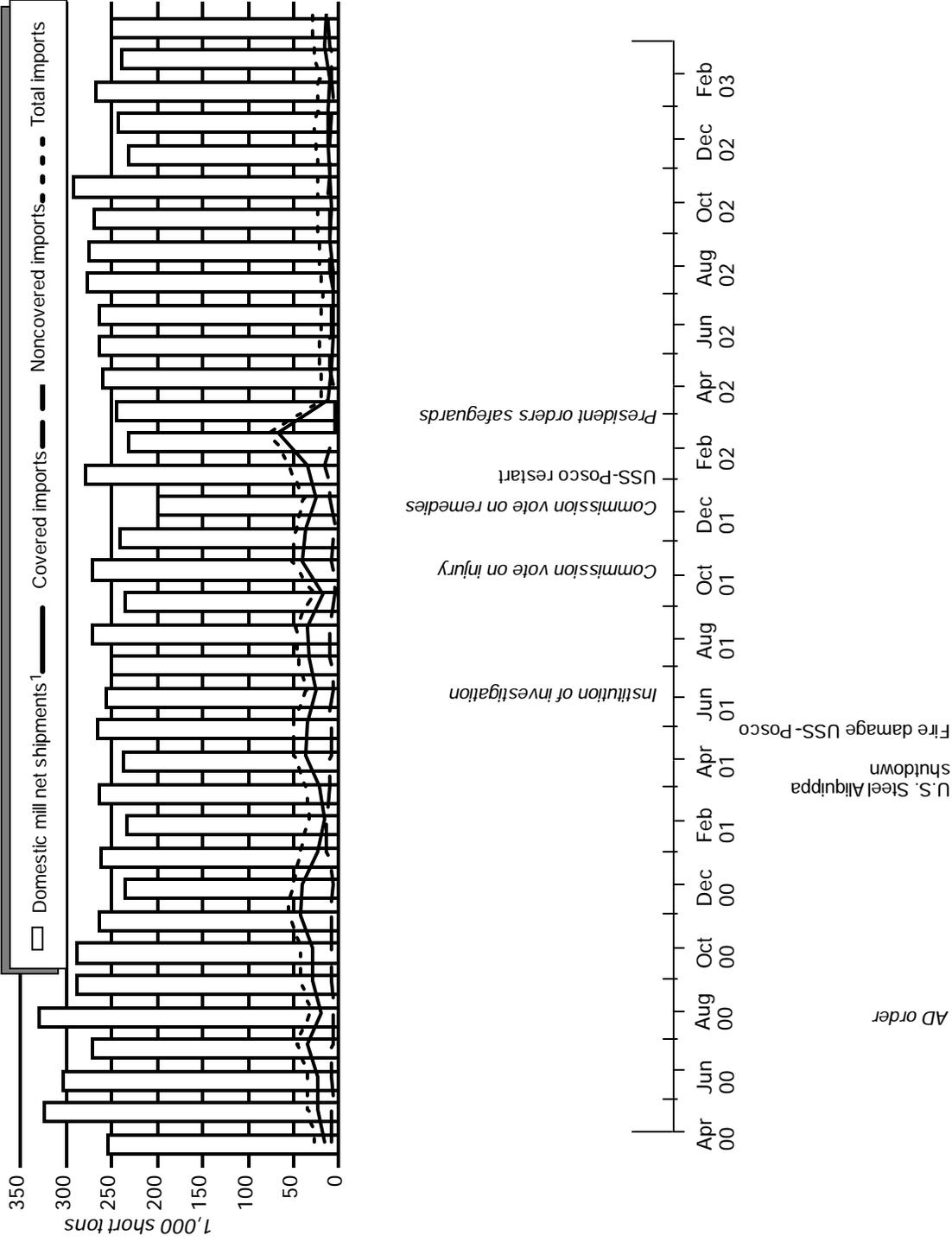
As presented in table FLAT III-5, reporting U.S. producers' aggregate output-related indicators were mixed in the period April 2002 to March 2003. In the first 12 months of the section 203 safeguard measure, the domestic industry's capacity decreased by 2.3 percent, while production increased by 10.0 percent, and U.S. shipments increased by 6.9 percent.¹⁰ Capacity was lower than in the period from April 2000 to March 2001, while production and U.S. shipments increased modestly. Capacity utilization increased from 78.1 percent to 88.0 percent in the period April 2002 to March 2003, and was above the 79.4 percent level of the period from April 2000 to March 2001. The number of production and related workers employed declined by 9.3 percent in the period April 2002 to March 2003, and was 19.4 percent lower than in the period from April 2000 to March 2001. Productivity, however, increased by 16.9 percent; productivity gains, combined with a relatively stable hourly wage rate, resulted in declining unit labor costs in the period April 2002 to March 2003.

⁸ Commerce imposed an antidumping duty order on certain tin mill products from Japan on August 28, 2000 (65 FR 52067).

⁹ ***.

¹⁰ The value of the domestic industry's U.S. shipments increased by 7.74 percent, reflecting an increase in the average unit value of such shipments. Both the value and the average unit value of such shipments were higher than in the period April 2000 to March 2001.

Figure FLAT III-1
Tin mill products: Monthly imports and monthly domestic mill net shipments, antidumping duty (AD) order, facility shutdowns and restarts, and investigation milestones, April 2000-March 2003



¹ Domestic mill shipments, excluding shipments to reporting companies.

Source: Compiled from official statistics of the U.S. Department of Commerce; statistics of the American Iron and Steel Institute, AIS-10 (various months); and publicly available information.

Table FLAT III-5

Tin: U.S. producers' capacity, production, shipments, inventories, and employment data, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
Capacity	4,041,845	3,741,545	3,654,045
Production	3,209,607	2,920,670	3,213,758
Internal consumption/transfers	0	0	0
U.S. commercial shipments	3,065,157	2,873,558	3,071,392
U.S. shipments	3,065,157	2,873,558	3,071,392
Export shipments	158,882	98,131	114,020
Total shipments	3,224,039	2,971,689	3,185,412
Ending inventories	406,004	327,735	354,081
		Value (\$1,000)	
Internal consumption/transfers	0	0	0
U.S. commercial shipments	1,807,862	1,701,138	1,832,225
U.S. shipments	1,807,862	1,701,138	1,832,225
Export shipments	87,585	56,600	66,869
Total shipments	1,895,447	1,757,738	1,899,094
		Unit value (per short ton)	
Internal consumption/transfers	(1)	(1)	(1)
U.S. commercial shipments	590	592	597
U.S. shipments	590	592	597
Export shipments	551	577	586
Total shipments	588	591	596
		Ratios and shares (percent)	
Capacity utilization	79.4	78.1	88.0
U.S. shipments to distributors	22.1	17.7	19.7
U.S. shipments to end users	77.9	82.3	80.3
Inventories/total shipments	12.6	11.0	11.1
		Employment data	
PRWs ² (number)	6,268	5,572	5,055
Hours worked (1,000)	13,601	11,661	10,977
Wages paid (\$1,000)	349,985	303,352	288,975
Hourly wages	\$25.73	\$26.01	\$26.33
Productivity (short tons/1,000 hours)	236.0	250.5	292.8
Unit labor costs (per short ton)	\$109.04	\$103.86	\$89.92

¹ Not applicable.

² Production and related workers.

Note—Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

FINANCIAL DATA

Financial data concerning U.S. companies producing tin are presented in table FLAT III-6. U.S. firms were requested to provide information on pension expenses, post-employment expenses other than pensions (OPEBs), and whether they received CDSOA funds. All seven firms submitting data on tin reported pension expenses, and accounted for those expenses under a COGS component (direct labor and/or other factory costs), SG&A, other income, or a combination of those line items. No firm producing tin reported receiving CDSOA funds. Six firms (all except ***) reported OPEB expenses. These costs were normally reported in the same financial statement line items as pension expenses, under direct labor, other factory costs, SG&A, or a combination of those line items.

As presented in table FLAT III-6, reporting U.S. producers' net commercial sales increased on both a quantity and a value basis in the period April 2002 to March 2003, following declines in the previous 12-month period, to approximately the levels reported in the period April 2000 to March 2001. In the first 12 months of the section 203 safeguard measure, the domestic industry's average unit values for commercial sales increased from \$589 to \$596, 1.4 percent higher than the average unit value of \$588 for the period from April 2000 to March 2001.

COGS declined on a unit basis, notwithstanding an increase in unit raw materials costs. Because unit revenues increased while unit costs declined, and sales volume increased, the industry's financial performance improved in the period April 2002 to March 2003, although it still operated unprofitably. Its operating margin improved from negative 9.7 percent to negative 4.4 percent. The latter margin, was an improvement from the industry's negative 9.9 percent operating margin in the period from April 2000 to March 2001.

U.S. IMPORTS

Table FLAT III-7 presents data on U.S. imports of tin by sources for the period April 2000-March 2003. Table FLAT III-8 presents data on U.S. imports from covered sources, by tariff categories during April 2002-March 2003. Table FLAT III-9 presents U.S. importers' U.S. shipments and end-of-period inventories for the April 2000-March 2003 period.

As presented in table FLAT III-7, in the period April 2002 to March 2003, total imports, as well as imports from covered sources, declined sharply, while imports from sources not covered by the safeguard measure increased. The quantity of total imports declined from 581,523 short tons to 326,280 short tons. Imports from countries covered by the safeguard measure declined from 437,045 short tons to 165,059 short tons. The quantity of U.S. imports from countries not covered by the safeguard measure increased from 144,497 short tons to 161,221 short tons.¹¹

¹¹ The value of U.S. imports from covered sources declined less steeply than the quantity, as the average unit value of such imports increased by 4.8 percent in the first 12 months of the section 203 safeguard measure. Similarly, the value of U.S. imports from noncovered sources increased more steeply than the quantity, as the average unit value of such imports increased by 1.4 percent. The average unit values of all imports increased by 2.3 percent in the first 12 months of the section 203 safeguard measure, and was 0.9 percent higher than in the period April 2000 to March 2001.

Table FLAT III-6

Tin: Results of operations of U.S. producers, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
Net commercial sales	3,225,789	2,978,789	3,186,112
		Value (\$1,000)	
Net commercial sales	1,895,193	1,754,623	1,897,573
COGS	1,977,613	1,838,505	1,895,883
Gross profit or (loss)	(82,420)	(83,882)	1,690
SG&A expenses	105,834	85,536	85,187
Operating income or (loss)	(188,254)	(169,418)	(83,497)
Interest expense	42,166	44,782	29,141
Other (income)/expenses, net	(9,799)	(25,658)	(21,080)
Net income or (loss)	(220,621)	(188,542)	(91,558)
Depreciation/amortization	109,837	113,992	95,707
Cash flow	(110,784)	(74,550)	4,149
CDSOA funds received	0	0	0
Pension (credit)/expense	11,751	31,486	43,330
Other post-employment benefits	37,367	43,194	49,897
Capital expenditures	62,655	40,400	17,513
R&D expenses	3,973	2,561	2,272
		Ratio to net commercial sales (percent)	
COGS	104.3	104.8	99.9
Gross profit or (loss)	(4.3)	(4.8)	0.1
SG&A expenses	5.6	4.9	4.5
Operating income or (loss)	(9.9)	(9.7)	(4.4)
Net income or (loss)	(11.6)	(10.7)	(4.8)
		Unit value (per short ton)	
Net commercial sales	\$588	\$589	\$596
COGS total	613	617	595
Raw materials	233	235	237
Direct labor	104	112	108
Other factory costs	276	271	250
Gross profit or (loss)	(26)	(28)	1
SG&A expenses	33	29	27
Operating income or (loss)	(58)	(57)	(26)
		Number of firms reporting	
Operating Losses	5	5	3
Data	7	7	6

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT III-7
Tin: U.S. imports, by sources, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003	Period change from period 2 to period 3 <i>Percent</i>
	Quantity (short tons)			
Covered sources	360,372	437,045	165,059	-62.2
Noncovered sources: ¹				
Brazil	51,349	47,569	20,452	-57.0
Canada	96,167	96,443	137,979	43.1
Subtotal	147,516	144,012	158,431	10.0
All others	2,295	467	2,790	497.8
Subtotal (noncovered)	149,811	144,479	161,221	11.6
Total (all imports)	510,182	581,523	326,280	-43.9
	Landed, duty paid value (\$1,000)			
Covered sources	219,140	257,013	101,756	-60.4
Noncovered sources: ¹				
Brazil	24,136	22,128	12,358	-44.2
Canada	62,848	59,783	79,106	32.3
Subtotal	86,984	81,911	91,464	11.7
All others	1,106	194	1,472	657.6
Subtotal (noncovered)	88,090	82,105	92,936	13.2
Total (all imports)	307,230	339,118	194,692	-42.6
	Unit value (per short ton)			
Covered sources	\$608	\$588	\$616	4.8
Noncovered sources: ¹				
Brazil	470	465	604	29.9
Canada	654	620	573	-7.5
Average	590	569	577	1.5
All others	482	416	528	26.7
Average (noncovered)	588	568	576	1.4
Average (all imports)	602	583	597	2.3
	Share of total imports based on quantity (percent)			Percentage point
Covered sources	70.6	75.2	50.6	-24.6
Noncovered sources: ¹				
Brazil	10.1	8.2	6.3	-1.9
Canada	18.9	16.6	42.3	25.7
Subtotal	28.9	24.8	48.6	23.8
All others	0.5	0.1	0.9	0.8
Subtotal (noncovered)	29.4	24.8	49.4	24.6
Total (all imports)	100.0	100.0	100.0	0.0
	Ratio of imports to production (percent)			
Covered sources	11.2	15.0	5.1	-9.8
Noncovered sources ¹	4.7	4.9	5.0	0.1
Total	15.9	19.9	10.2	-9.8

¹ Noncovered sources accounting for 3 percent or more of total U.S. imports (based on quantity) in April 2002-March 2003 are itemized.

Note—Because of rounding, figures may not add to totals shown.

Source: Compiled from official statistics of Commerce.

Table FLAT III-8

Tin: U.S. imports from covered sources, by tariff categories, April 2002-March 2003

* * * * *

Table FLAT III-9

Tin: U.S. importers' U.S. shipments and end-of-period inventories, April 2000-March 2003

Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
	Quantity (short tons)		
Covered sources:			
U.S. shipments of imports	263,157	336,624	175,327
End-of-period inventories	81,057	98,239	72,881
Noncovered sources:			
U.S. shipments of imports	68,323	80,925	101,726
End-of-period inventories	2,200	2,100	1,500
Total:			
U.S. shipments of imports	331,480	417,549	277,053
End-of-period inventories	83,257	100,339	74,381
	Ratio of inventories to U.S. shipments of imports (percent)		
Covered sources	30.8	29.2	41.6
Noncovered sources	3.2	2.6	1.5
Average	25.1	24.0	26.8
Note—Because of rounding, figures may not add to totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Data on apparent U.S. consumption and market shares of tin are presented in table FLAT III-10 and figure FLAT III-2.

As discussed in the section of this chapter entitled *Market Environment*, in the period April 2002 to March 2003, demand in the primary market sectors for tin mill products declined. U.S. tin mill producers provided mixed responses to the question whether demand for steel products has increased since imposition of the safeguard measure, while most importers stated that demand had declined. As presented in table FLAT III-10, the data gathered by the Commission in this investigation indicate that the quantity of apparent U.S. consumption of tin mill products decreased by 1.7 percent in the period April 2002 to March 2003, and at the conclusion of this period was 5.0 percent below the level of the period from April 2000 to March 2001.

In the period April 2002 to March 2003, the domestic industry increased its share of the U.S. market from 83.2 percent to 90.4 percent. Imports from covered countries saw their market share decrease from 12.6 percent to 4.9 percent, while imports from noncovered countries saw their market share increase from 4.2 percent to 4.7 percent.

Table FLAT III-10

Tin: U.S. shipments of domestic product, U.S. imports, by sources, apparent U.S. consumption, and market shares, April 2000-March 2003

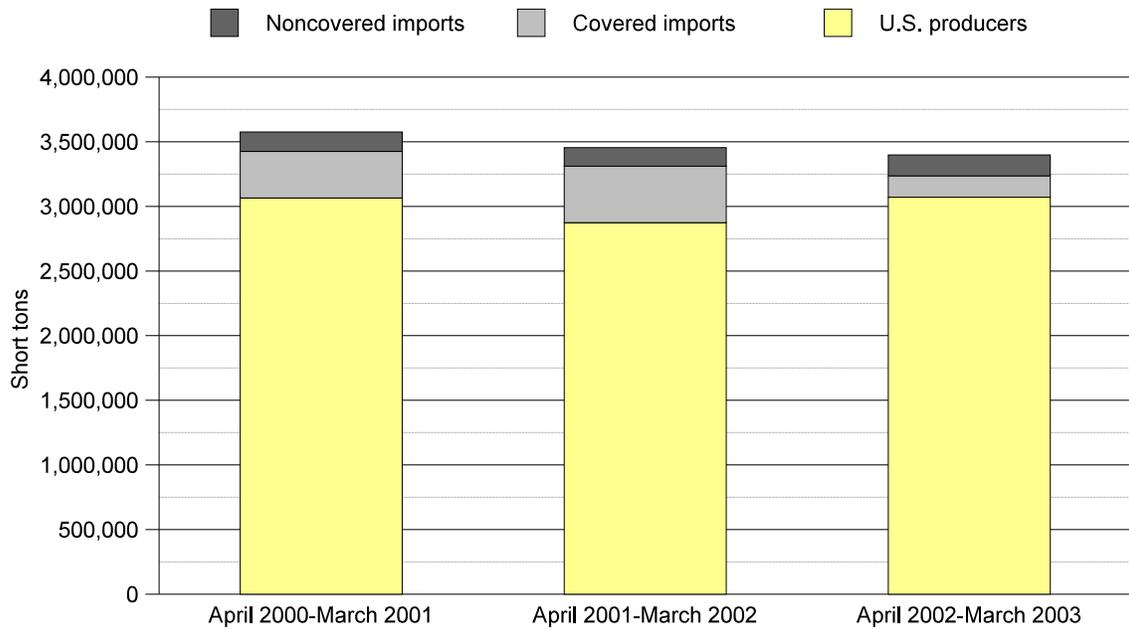
Item	April 2000- March 2001	April 2001- March 2002	April 2002- March 2003
		Quantity (short tons)	
U.S. producers' U.S. shipments	3,065,157	2,873,558	3,071,392
U.S. imports from:			
Covered sources	360,372	437,045	165,059
Noncovered sources	149,811	144,479	161,221
Total U.S. imports	510,182	581,523	326,280
Apparent U.S. consumption	3,575,339	3,455,081	3,397,672
		Value (\$1,000)	
U.S. producers' U.S. shipments	1,807,862	1,701,138	1,832,225
U.S. imports from:			
Covered sources	219,140	257,013	101,756
Noncovered sources	88,090	82,105	92,936
Total U.S. imports	307,230	339,118	194,692
Apparent U.S. consumption	2,115,092	2,040,256	2,026,917
		U.S. market share based on quantity (percent)	
U.S. producers' U.S. shipments	85.7	83.2	90.4
U.S. imports from:			
Covered sources	10.1	12.6	4.9
Noncovered sources	4.2	4.2	4.7
Total U.S. imports	14.3	16.8	9.6
		U.S. market share based on value (percent)	
U.S. producers' U.S. shipments	85.5	83.4	90.4
U.S. imports from:			
Covered sources	10.4	12.6	5.0
Noncovered sources	4.2	4.0	4.6
Total U.S. imports	14.5	16.6	9.6

Note—Because of rounding, figures may not add to totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and official statistics of Commerce.

Figure FLAT III-2

Tin: Apparent U.S. consumption, by sources, April 2000-March 2003



Source: Table FLAT III-10.

PRICING AND RELATED INFORMATION

Factors Affecting Prices

Producer, Importer, and Purchaser Responses

U.S. tin mill producers and importers were asked to report the importance of certain factors that have influenced the price of steel in the U.S. market, and to indicate whether these factors have tended to increase, decrease, or have no effect on the price of steel since March 20, 2002 (table FLAT III-11 and table FLAT III-12). U.S. tin mill purchasers were also asked to report the importance of these factors that have influenced the price of steel in the U.S. market, and to indicate whether they have tended to increase, decrease, or have no effect on the price of steel since March 20, 2002 (table FLAT III-13).

The three factors rated most important by U.S. tin mill products producers were: changes in the level of competition from imports from non-excluded countries; changes in the level of competition from imports from excluded countries; and changes in demand for steel within the United States. The three factors rated most important by tin mill products importers were: changes in demand for steel; changes in competition between U.S. producers; and changes in U.S. production capacity. The three factors rated most important by tin mill products purchasers were: changes in U.S. production capacity; changes in the cost of raw materials; and changes in demand for steel within the United States.¹²

¹² Most available information suggests that U.S. demand for tin mill products has declined since March 20, 2002. Three of five responding U.S. producers reported that U.S. demand for tin mill products increased since March 20, 2002, whereas 15 of 17 responding importers reported that demand has decreased. Apparent consumption of tin mill products decreased by 1.7 percent between April 2001-March 2002 and April 2002-March 2003. As previously mentioned, U.S. manufacturers' shipments of steel cans for food, a primary end product for tin mill products, decreased by 3.8 percent between the first quarter of 2002 and the first quarter of 2003.

Imports of tin mill products from covered sources fell sharply, by 62.2 percent between April 2001-March 2002 and April 2002-March 2003 (table FLAT III-7). Imports of tin mill products from noncovered sources increased by 11.6 percent between April 2001-March 2002 and April 2002-March 2003. U.S. tin mill producers' capacity utilization increased significantly from 78.1 percent in April 2001-March 2002 to 88.0 percent in April 2002-March 2003. Unit raw materials costs for tin mill products increased slightly between April 2001-March 2002 and April 2002-March 2003 (table FLAT III-6). Cold-rolled sheet products are the primary raw material input for tin mill products; prices for products 4A and 4B, the two cold-rolled products for which the Commission collected quarterly price data, increased substantially between the first quarter of 2002 and the first quarter of 2003 (table FLAT II-30). However, ***.

Table FLAT III-11

Tin: As reported by *producers*, the relative contribution of factors to the price of steel, and the influence of these factors on the price of steel since March 20, 2002

Item	Importance ¹ Ranking	Influence of factors ²		
		I	N	D
Changes in the level of competition from imports from non-excluded countries	1.6	4	0	3
Changes in the level of competition from imports from excluded countries	1.7	2	1	4
Changes in demand for steel within the United States	1.9	1	1	5
Changes in competition between U.S. producers	1.9	2	2	3
Changes in U.S. production capacity	2.0	2	2	2
Changes in energy costs	2.1	4	3	0
Changes in demand for steel outside the United States	2.1	3	2	1
Changes in the cost of raw materials	2.4	3	3	1
Changes in labor agreements, contracts, etc.	2.6	1	3	3
Changes in the productivity of domestic producers	3.0	0	6	1
Changes in transportation/delivery cost changes	3.1	2	5	0
Changing market patterns	3.5	0	6	0
Changes in the level of competition from substitute products	3.7	0	7	0
Changes in the allocation of production capacity to alternate products	3.9	0	7	0

¹ The numbers in this column represent the average ranking of each factor by responding producers, on a scale from 1 to 4 where 1 = very important, 2 = important, 3 = somewhat important, and 4 = not important. The factors have been sorted by importance with the most important at the top.

² The numbers in these columns represent the number of responding producers that reported that changes in a factor have tended to increase prices (I), have had no effect (N), or have tended to decrease prices (D) for steel since March 20, 2002.

Note—Not all producers answered for all of the factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT III-12

Tin: As reported by importers, the relative contribution of factors to the price of steel, and the influence of these factors on the price of steel since March 20, 2002

Item	Importance ¹	Influence of factors ²		
	Ranking	I	N	D
Changes in demand for steel	1.6	1	4	16
Changes in competition between U.S. producers	1.8	9	6	6
Changes in U.S. production capacity	1.8	9	6	5
Changes in the level of competition by imports	2.2	4	11	6
Changes in the cost of raw materials	2.5	13	7	1
Changes in the productivity of domestic producers	2.7	1	14	5
Changes in energy costs	2.7	13	8	0
Changing market patterns	2.8	1	16	4
Changes in labor agreements, contracts, etc.	2.9	4	13	4
Changes in transportation/delivery cost changes	3.0	9	12	0
Changes in the level of competition from substitute products	3.3	1	18	2
Changes in the allocation of production capacity to alternate products	3.4	0	20	1

¹ The numbers in this column represent the average ranking of each factor by responding importers, on a scale from 1 to 4 where 1 = very important, 2 = important, 3 = somewhat important, and 4 = not important. The factors have been sorted by importance with the most important at the top.

² The numbers in these columns represent the number of responding importers that reported that changes in a factor have tended to increase prices (I), have had no effect (N), or have tended to decrease prices (D) for steel since March 20, 2002.

Note—Not all importers answered for all of the factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT III-13

Tin: As reported by purchasers, the relative contribution of factors to the price of steel, and the influence of these factors on the price of steel since March 20, 2002

Item	Importance ¹	Influence of factors ²		
	Ranking	I	N	D
Changes in U.S. production capacity	1.5	15	7	10
Changes in the cost of raw materials	1.7	20	10	1
Changes in demand for steel within the United States	1.7	7	9	15
Changes in competition between U.S. producers	1.7	19	10	3
Changes in the level of competition from imports from non-excluded countries	2.0	14	7	11
Changing market patterns	2.2	9	15	4
Changes in demand for steel outside the United States	2.2	16	8	5
Changes in energy costs	2.3	20	12	0
Changes in labor agreements, contracts, etc.	2.4	3	20	6
Changes in the productivity of domestic producers	2.4	5	21	5
Changes in transportation/delivery cost changes	2.5	19	14	0
Changes in the allocation of production capacity to alternate products	2.6	10	18	2
Changes in the level of competition from imports from excluded countries	2.7	6	20	6
Changes in the level of competition from substitute products	3.2	4	28	0

¹ The numbers in this column represent the average ranking of each factor by responding purchasers, on a scale from 1 to 4 where 1 = very important, 2 = important, 3 = somewhat important, and 4 = not important. The factors have been sorted by importance with the most important at the top.

² The numbers in these columns represent the number of responding purchasers that reported that changes in a factor have tended to increase prices (I), have had no effect (N), or have tended to decrease prices (D) for steel since March 20, 2002.

Note—Not all purchasers answered for all of the factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Pricing Practices

Nearly all responding U.S. tin mill producers and importers reported making no changes in the way they determine the price they charge or discounts allowed for sales of steel since March 20, 2002. Five of seven responding U.S. tin mill producers and 14 of 16 responding tin mill importers reported that there has not been a change in the share of their sales made on a contract versus a spot basis. Four of six U.S. tin mill producers and six of 11 tin mill importers reported that contract prices tend to follow a similar trend as spot prices, although several noted that contract prices tended to lag behind spot prices and are not as volatile.

Price Data

The Commission asked for quarterly sales value and quantity data for U.S. producers' and importers' sales of the following tin mill product during April 2000-March 2003:

Product 6—Base price for single-reduced, electrolytic tin plate (1CRETP), 70-75 pound per base box. This commodity product is used primarily for end closures for food cans. It is also used in compact disc bases.

Reported pricing data accounted for 16.7 percent of the quantity of U.S. producers' U.S. commercial shipments of tin mill products, 9.3 percent of the quantity of total imports, and 10.0 percent and 7.9 percent, respectively, of the quantity of imports of covered and noncovered U.S. imports of tin mill products during April 2000-March 2003.

Weighted-average prices, margins of underselling/overselling, and quantities sold of U.S.-produced, covered imported, and noncovered imported tin mill product 6 are shown in table FLAT III-14. Weighted-average prices of U.S.-produced, covered imported, and noncovered imported tin mill product 6 are also shown in figure FLAT III-3.¹³ A summary of the price data is shown in table FLAT III-15 and summaries of the margins of underselling/overselling of imports from covered and noncovered sources are shown in tables FLAT III-16 and FLAT III-17, respectively.

Quarterly prices for the domestically produced tin mill product for which the Commission collected pricing data rose by 1.8 percent from the first quarter of 2002 to the first quarter of 2003; the first quarter 2003 price was only 0.1 percent higher than the price in the second quarter of 2000. Prices declined by *** percent for imports of this product from sources covered by the safeguard measure and by 4.7 percent for product from sources not covered from the first quarter of 2002 to the first quarter of 2003. In the period April 2002 to March 2003, imports from sources covered by the safeguard measure undersold the domestically produced product in 2 of 4 quarterly comparisons, and imports from sources not covered by the measure undersold the domestically produced product in all 4 quarterly comparisons.

¹³ Public price data for tin mill products are shown in figure H-5 of app. H.

Table FLAT III-14

Tin: Weighted-average price and quantity data for U.S.-produced and imported product 6¹ from covered sources and noncovered sources, and margins of underselling/(overselling), by quarters, April 2000-March 2003

Period	United States		Imports from covered sources			Imports from noncovered sources		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	<i>Per ton</i>	<i>Short tons</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>	<i>Per ton</i>	<i>Short tons</i>	<i>Percent</i>
2000:								
April-June	\$607.85	141,487	\$508.58	2,409	16.3	\$***	***	***
July-September	609.23	126,058	535.12	3,041	12.2	***	***	***
October-December	613.59	87,233	511.33	3,369	16.7	***	***	***
2001:								
January-March	604.64	101,021	508.60	2,850	15.9	***	***	***
April-June	600.70	113,462	516.15	7,237	14.1	***	***	***
July-September	596.64	130,937	***	***	***	***	***	***
October-December	597.67	123,216	622.20	22,528	(4.1)	***	***	***
2002:								
January-March	597.98	122,350	574.37	26,588	3.9	***	***	***
April-June	596.04	135,426	***	***	***	***	***	***
July-September	597.65	141,452	***	***	***	***	***	***
October-December	599.80	143,415	***	***	***	***	***	***
2003:								
January-March	608.68	139,980	***	***	***	***	***	***

¹ Base price for single-reduced, electrolytic tin plate (1CRETP), 70-75 pound per base box.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure FLAT III-3

Tin: Weighted-average f.o.b. prices of domestic, covered imported, and noncovered imported product 6, April 2000-March 2003

* * * * *

Table FLAT III-15

Tin: Change in quarterly prices of U.S.-produced and imported product 6, by source

Product	United States		Imports from covered sources		Imports from noncovered sources	
	Change in price from Q2 2000 to Q1 2003	Change in price from Q1 2002 to Q1 2003	Change in price from Q2 2000 to Q1 2003	Change in price from Q1 2002 to Q1 2003	Change in price from Q2 2000 to Q1 2003	Change in price from Q1 2002 to Q1 2003
	<i>Percent</i>					
6	0.1	1.8	***	***	-12.2	-4.7

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT III-16

Tin: Summary of quarters of underselling and overselling, and the range of margins of underselling and overselling of imports from covered sources, of product 6, April 2000-March 2003

Product	Number of margins of underselling	Underselling		Number of margins of overselling	Overselling	
		High margin of underselling <i>Percent</i>	Low margin of underselling <i>Percent</i>		High margin of overselling <i>Percent</i>	Low margin of overselling <i>Percent</i>
6	8	20.7	3.9	4	20.8	4.1

¹ Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

Table FLAT III-17

Tin: Summary of quarters of underselling and overselling, and the range of margins of underselling and overselling of imports from noncovered sources, of product 6, April 2000-March 2003

Product	Number of margins of underselling	Underselling		Number of margins of overselling	Overselling	
		High margin of underselling <i>Percent</i>	Low margin of underselling <i>Percent</i>		High margin of overselling <i>Percent</i>	Low margin of overselling <i>Percent</i>
6	11	15.0	1.9	1	6.3	6.3

¹ Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: ADJUSTMENT EFFORTS

Section 204 requires the Commission to monitor and report on the progress and specific efforts made by workers and firms to adjust to import competition. In doing so the Commission examines whether the industry has satisfied its previous commitments, comparing the actions taken by workers and firms to the actions that were anticipated if relief were granted. The report considers these efforts in the context of the prevailing economic circumstances during the period of relief.

PROPOSED ADJUSTMENT PLANS

In the section 201 investigation, the individual companies' adjustment plans reviewed by the Commission were designed to improve the domestic flat-rolled industry's ability to meet import competition and largely fell into four general categories: restoring financial stability, investing in more efficient facilities and equipment, developing new products and markets, and pursuing market-based consolidation and rationalization. The domestic producers also argued that the domestic industry would be assisted by public policy measures such as: legacy costs relief, including expanded access to federal health programs/plans for retirees; tax incentives to spur consolidation/rationalization/liquidation of capacity; and improved unfair trade law enforcement. The individual producers who provided information make some or all of the products included in the category "certain carbon and alloy flat-rolled steel" (i.e., slabs, plate, hot-rolled, cold-rolled, and coated) and certain of these producers make tin mill products as well. A summary of the types of actions contained in U.S. producers' proposed adjustment plans in the section 201 investigation is presented in table FLAT IV-1.¹

Several integrated companies (Bethlehem, LTV, National, and U.S. Steel) estimated that the industry needed to invest \$7 to \$9 billion over three years to maintain competitiveness. In particular, the integrated steel companies described the following types of major investments as being required: rebuilding existing coke plants and building one or two new "non-recovery" plants; relining or refitting blast furnaces; modifying some blast furnaces to provide for coal injection or oxygen injection; replacing older furnaces with COREX units; developing alternatives to scrap so minimills could produce higher quality steel; acquiring ladle refining and degassing equipment at some mills; rebuilding or converting continuous casters at some mills; upgrading hot-rolling mills with walking beam reheat furnaces, hydraulic coilers, and coil bending equipment; and upgrading cold-rolling mills with annealing furnaces and new pickle lines so they could produce higher quality steel and environmental investments such as waste oxide treatment facilities. The industry also stated that it would continue to invest in developing new products and markets.

¹ Also included in the table is the number of firms that stated they had no planned adjustments.

Table FLAT IV-1

Flat steel: Number of U.S. producers affirmatively reporting proposed adjustments in the section 201 investigation, by product group

Certain flat products					Tin
Slab	Plate	Hot-rolled	Cold-rolled	Coated	
Number of reporting U.S. producers					
20	19	28	28	22	8
Additional capital investment					
11	11	18	14	14	7
Further cost reductions					
11	7	15	12	10	6
Improve product quality					
7	7	11	9	8	3
Increase capacity and/or production					
6	8	9	11	6	3
Develop new or innovative product lines					
3	7	8	7	7	4
Increase productivity/speed in manufacturing process					
1	2	6	5	6	3
Reduction in work force					
3	3	4	4	4	3
Improved customer service					
2	4	4	4	5	1
No planned adjustments					
2	4	3	0	0	0
Utilization of e-commerce to reduce transaction costs or increase sales					
1	1	1	1	1	1
Increase employee training					
1	0	1	0	1	0
Increase employment					
0	1	1	1	0	0
Relocation or closing of facility					
1	0	1	0	1	0
Research & development					
0	0	0	0	2	0
Expand geographic reach of current customer base					
1	0	0	0	0	0

Source: *Steel: Investigation No. TA-201-73*, USITC Pub. 3479, December 2001, table FLAT-80, p. FLAT-78, compiled from data submitted in response to Commission questionnaires in that investigation.

The minimill 201 Coalition described investment plans of \$2.3-\$2.6 billion over four years to increase efficiency and productivity by, for example, upgrading existing equipment and installing new equipment; developing new product grades; expanding capacity in certain product lines; adding marketing personnel and production workers; and installing new information processing systems to improve customer service. Ispat Inland's adjustment plan contained a commitment to improving competitiveness through rationalization of resources. Proposed adjustment efforts by 16 other producers of certain carbon and alloy flat-rolled steel were mainly directed at acquisition of new equipment and upgrades to existing equipment, but also included organizational marketing and labor-related and other changes. The proposed expenditures of those sixteen firms would total approximately \$1.9 billion.

In the current monitoring proceeding, the Commission asked U.S. producers whether they indicated to the Commission or USTR since the initiation of the original section 201 investigation that if relief were granted as a result of that investigation, their firms would make adjustments in their subject steel products operations that would permit them to compete more effectively with imports of subject steel products after relief expires.² The firms' responses are presented at the end of this chapter in table FLAT IV-4.

SIGNIFICANCE OF RELIEF AND ECONOMIC CONDITIONS DURING ADJUSTMENT EFFORTS

The Commission asked U.S. producers to describe the significance of the tariffs and/or tariff-rate quotas imposed by the President effective on or after March 20, 2002, in terms of their effect on the domestic firms' operations in the following categories:

- (a) Production capacity, production, shipments, inventories, and employment.
- (b) Return on investment, ability to generate capital to finance the modernization of domestic plant(s) and equipment, or ability to maintain existing levels of expenditures for research and development.
- (c) Changes in collective bargaining agreements.

Firms were asked to compare their operations before and after the imposition of the relief. Additionally, firms were asked to explain how they have separated the effects of section 203 relief from the effects of other factors, such as closure or re-opening of domestic production facilities, changes in demand, exchange rate changes, or antidumping and countervailing duties. The responses of firms are presented at the end of this chapter in table FLAT IV-4 (Part B).

Firms responding affirmatively were specifically asked whether there were any reported planned adjustment actions that they had not implemented and, if so, the reason(s) why specific adjustment actions have not been implemented. The firms' responses are presented at the end of this chapter in table FLAT IV-4 (Part A).

Domestic producers described several factors that have hindered their adjustment efforts and caused them to defer some capital expenditures: weakened demand in the domestic economy in 2003;³

² Firms were also asked to attach copies of their specific adjustment plans as reported to the Commission during Inv. No. TA-201-73 or to USTR since the initiation of the original section 201 investigation.

³ Posthearing brief of Nucor at 7.

an increase in imports of steel products from non-covered countries;⁴ downward pressure on domestic prices resulting from the weakened economy and increased imports from excluded countries;⁵ and certain product exclusions which depressed domestic prices, allowed imports to remain high, and have hampered the industry's efforts to develop new product lines.⁶ Tin mill product producers noted particularly weak market conditions and minimal price increases but also a dramatic rise in productivity and additional price increases in 2003 contracts.⁷ Examples of adjustment efforts that domestic flat-rolled producers indicated have been put in abeyance by these adverse conditions include replacement of a vintage blast furnace with an electric arc furnace (Ispat Inland), installation of a new polymer coating line for tin mill products (Weirton), and higher levels of capital spending (ISG, U.S. Steel).⁸

Certain domestic producers that are rerollers (who do not produce but must purchase slab), stated that the slab TRQ adversely affected the rolling capacity of the domestic industry and that the slab deficit in the U.S. market had continued to increase after the section 201 relief was imposed.⁹ Other domestic producers disagreed with this contention and stated that the slab TRQ was not hurting the industry's adjustment efforts. They pointed out that the quota has not been fully utilized, that domestic sales of slabs increased after the section 203 relief was imposed, and that the rerollers profited from the section 203 relief because the price of finished steel rose more than the price of slab.¹⁰

Despite some setbacks and delays, the domestic industry described its adjustment efforts as ongoing and requiring the full period of section 203 relief, with consolidations and the integration of acquired assets to continue;¹¹ new labor agreements and worker training programs to be implemented and additional agreements to be negotiated; additional capital investment and upgrades to be undertaken; and reduction of inefficient capacity to continue.¹²

Representatives of domestic steel-producing firms and workers, including ISG, Nucor, U.S. Steel, as well as the USWA, testified before the Commission that the industry's adjustment efforts would not have taken place without the section 203 relief.¹³

⁴ Prehearing brief of the 201 Flat-Rolled Coalition at 4.

⁵ Testimony of Daniel DiMicco, Vice Chairman, President and CEO, Nucor Corp., transcript of Commission hearing (July 22, 2003) at 262.

⁶ Posthearing brief of Nucor at 8.

⁷ Posthearing brief of Weirton at 1-3.

⁸ Testimony of Rogers, Scott, Ross, Dorrance, transcript of Commission hearing (July 22, 2003) at 173, 189, 137, 160 .

⁹ Posthearing brief of AK Steel Corp., California Steel Industries, and Duferco Farrell Corp. at 11-15 and 19-22.

¹⁰ Posthearing brief of U.S. Steel at 35-44.

¹¹ Testimony of Roy Dorrance, Vice Chairman, United States Steel Corp., transcript of Commission hearing (July 22, 2003) at 222-225.

¹² Posthearing brief of U.S. Steel at 50-62.

¹³ Testimony of Mr. Ross, Mr. DiMicco, Mr. Dorrance, and Mr. Gerard, transcript of Commission hearing (July 22, 2003) at 145-152, 160, and 163.

Parties opposed to the section 203 relief, including foreign producers, foreign governments, and steel-consuming industries, stated that while consolidation and restructuring had occurred, and new labor agreements had been negotiated, they were not the result of the section 203 relief;¹⁴ that continued section 203 relief would hamper further rationalization and removal of inefficient capacity; and that the relief was having a harmful effect on steel consumers.¹⁵ Parties opposed to section 203 relief on tin mill products questioned whether the domestic industry had made substantial adjustment efforts since relief was imposed.¹⁶

POST-RELIEF EFFORTS

The Commission asked U.S. producers to indicate whether they had undertaken any efforts to compete more effectively in the U.S. market for the subject steel products. Firms responding affirmatively were asked to identify:¹⁷

1. Any efforts that have been made by firms and/or their workers since March 20, 2002, to compete more effectively,
2. The period (month(s) and year(s)) in which the efforts were made,
3. The expenditure or savings involved, as applicable, and
4. The effectiveness of efforts, including any competitive advantage acquired (i.e., increased production, cost reduction, quality improvement, increased market share or sales, etc.).

In addition, if firms felt that any of these efforts were made primarily to compete with sales of imported subject steel products, they were instructed to so indicate and to give the reasons in support of their beliefs. To the extent possible, firms were asked to furnish the Commission with memoranda, studies, or other documentation that indicate that such competitive efforts were undertaken primarily against imports of subject steel. A summary of the types of U.S. producers' reported actual adjustment efforts are presented in table FLAT IV-2 and the responses of firms are presented at the end of this chapter in table FLAT IV-4 (Part C).

Since March 2002, several trends have emerged from the domestic flat-rolled steel industry. First, there has been a wave of consolidation in which four of the largest U.S. mills-- LTV, U.S. Steel, National and Bethlehem--have been consolidated into two giant mills. Second, a number of companies have invested in new technologies and made capital improvements. Third, groundbreaking flexible collective bargaining agreements have been negotiated between several producers and their unions. Finally, a number of companies have invested in new technologies and made capital improvements.

¹⁴ As noted in the Overview chapter, the statute does not call for the Commission or the President to determine whether the adjustment efforts would not have been undertaken in the absence of the safeguard measures.

¹⁵ Posthearing brief of Joint Respondents at 1-12.

¹⁶ Posthearing brief of Joint Respondents on Tin Mill Products at 6-12.

¹⁷ Categories on which producers were asked to comment were: Investments made; Capacity reductions; Cost reductions with existing equipment; Diversifications/expansions; Mergers and consolidations; New products developed or new applications for existing products; Organizational changes; Changes in production practices; Marketing changes in U.S. and foreign markets; Employee reductions; Changes in pension liabilities, healthcare, and union contracts; and All other efforts made by firm or workers to compete.

Table FLAT IV-2

Flat steel: Number of U.S. producers affirmatively reporting actual adjustments in the section 204 investigation, by product group

Certain flat products					Tin
Slab	Plate	Hot-rolled	Cold-rolled	Coated	
Number of U.S. producers reporting adjustments					
11	9	18	15	12	5
Investments made					
9	7	14	12	11	3
Capacity reductions					
3	1	3	2	1	1
Cost reductions with existing equipment					
8	7	11	8	9	5
Diversifications/expansions					
2	2	2	2	3	0
Mergers and consolidations					
3	2	4	2	3	2
New products developed or new applications for existing equipment					
7	7	9	5	7	2
Organizational changes					
2	3	2	3	1	1
Changes in production practices					
6	6	8	6	4	1
Marketing changes (U.S. and foreign markets)					
5	5	6	5	6	1
Employee reductions					
8	7	10	9	8	3
Changes in pension liabilities, healthcare, and union contracts					
5	5	6	4	4	3
All other efforts made by firm or workers					
5	4	4	6	4	2

Source: Compiled from data submitted in response to Commission questionnaires.

There are approximately a dozen fewer steel companies operating in the United States today compared to the period examined in the section 201 investigation.¹⁸ U.S. Steel, ISG, and Nucor have invested \$3 billion to restructure and consolidate the flat-rolled industry.¹⁹ In March 2002, ISG was formed and quickly expanded. In April 2002, ISG acquired LTV's assets for \$80 million, plus assumption of \$200 million in environmental liability. In September 2002, ISG purchased the assets of Acme for \$65 million. And in May 2003, ISG purchased the assets of Bethlehem for \$1.6 billion. ISG will now produce nearly one-quarter of the nation's flat-rolled steel. ISG reports that its transformation of LTV's facilities has reduced manhours per ton from 2.5 to less than one, and has cut the cost of hot-rolled production in half. In July 2002, Nucor purchased the assets of Trico Steel Company, a bankrupt producer of hot-rolled products, for \$166.7 million. Trico has 1.9 million tons of capacity, which increases Nucor's capacity to produce flat-rolled products by about 30 percent.²⁰ The restarted Trico mill successfully produced its first slabs in September 2002 and produced its first coil in October 2002. Nucor expects the Trico mill to operate at full capacity by the fourth quarter of 2003. In May 2003, U. S. Steel finalized its \$1.05 billion acquisition of the assets of National Steel, which is expected to result in cost savings of at least \$200 million per year and a 20-percent gain in productivity.²¹ Gallatin purchased the assets of Ghent Steel Industries, a cut-to-length finishing operation.²²

Of the 20 million tons of domestic capacity that was closed from the fourth quarter of 2000 to the second quarter of 2002, about 10 million tons of capacity remains closed. Gulf States shut down in August 2000 and Geneva shut down in December 2001. Together these two firms account for 4 million net tons of steel capacity. ISG has 2.7 million tons of closed iron-making capacity and 3.3 million tons of closed rolling capacity at the companies it acquired.²³ In 2003, ISG completed the sale of idled assets to a steel producer in China. The assets sold included the 80-inch hot-strip mill from ISG's Cleveland West operations and an old cold mill from the Sparrows Point, MD, mill that ISG acquired when it purchased Bethlehem.²⁴ Weirton filed for bankruptcy in May 2003.²⁵ WCI filed for bankruptcy in September 2003. Domestic producers indicated that the Commission's data understate capacity reductions because the data do not include companies such as Gulf States or Geneva that shut down during the period examined by the Commission.²⁶

Several domestic producers have made or authorized a number of capital investments in order to upgrade existing facilities and invest in new technologies to reduce costs and improve product quality and productivity. The cost of U.S. Steel's investments amount to \$200 million aimed at reducing costs and improving the quality of steel-making along the entire process, through finishing and coating

¹⁸ Testimony of Wilbur L. Ross, Jr., Chairman of the Board of Directors and Director, ISG, transcript of Commission hearing (July 22, 2003) at 138.

¹⁹ Posthearing brief of U.S. Steel at 17.

²⁰ Posthearing brief of Nucor at exh. 7, 4.

²¹ Testimony of Thomas J. Usher, Chairman and Chief Executive Officer, United States Steel Corp., transcript of Commission hearing (July 24, 2003) at 86-88.

²² Testimony of Edward Puisis, Chief Financial Officer, Gallatin Steel Company, transcript of Commission hearing (July 22, 2003) at 186.

²³ Testimony of Wilbur L. Ross, Jr., Chairman of the Board of Directors and Director, ISG, transcript of Commission hearing (July 22, 2003) at 137.

²⁴ Posthearing brief of U.S. Steel at app. 7.

²⁵ Testimony of Michael Scott, Vice President of Marketing and Sales, Weirton Steel Corp., transcript of Commission hearing (July 22, 2003) at 189.

²⁶ Posthearing brief of U.S. Steel at 29-31.

operations.²⁷ One half of the spending has been dedicated to steelmaking (i.e., blast furnace and basic oxygen furnace) operations, which will reduce costs and improve quality for all flat-rolled products. Roughly one fifth of the investments will be made at U.S. Steel's hot-strip mill operations, while about one-sixth will be made at its cold-reduction mill operations. These improvements are intended to benefit hot-rolled and cold-rolled steels, as well as downstream products such as corrosion-resistant and tin mill steels. The remaining expenditures reflect investments specifically relating to U.S. Steel's galvanizing and tin mill operations.²⁸

ISG made an aggregate capital investment of \$53 million to start up the idled facilities at LTV and Acme and to begin the process of modernizing the rolling facilities. ISG recently announced that it is investing \$272 million in its Burns Harbor facility: 30 percent is to be invested in primary operations, mostly iron and steel production; 30 percent is earmarked for environmental expenditures; 15 percent will be used to upgrade or replace the plant's existing pickling lines; another 15 percent is expected to be used to upgrade computer technology; and 10 percent is earmarked for miscellaneous projects.²⁹ The Burns Harbor upgrade is predicted to save 3,430 jobs.³⁰ ISG has a capital budget for 2004 of approximately \$300 million.³¹

Nucor indicated plans to install vacuum degassing equipment at its flat-rolled facility in Berkeley, S.C. to improve its production of automobile grade steel.³² Ispat Inland has made a multi-million dollar investment in relining its number 7 blast furnace, with plans to close one of its less efficient blast furnaces at the completion of that project.³³ Gallatin has committed nearly \$10 million to a variety of smaller investments to reduce costs, improve quality, and open up new product applications.³⁴ Gallatin also reported that caster improvements and upgrading of its rolling mill operation were awaiting funding.³⁵ Weirton reported that the installation of a polymer coating line, caster improvements, and galvanized line work were in the pipeline.³⁶

In addition to industry and firm specific adjustment efforts, there have been important developments in the collective bargaining process. In September 2002, at its Basic Steel Industry Conference (BISC), the USWA adopted a new set of principles to secure labor agreements that, according to the USWA, would save jobs in the steel industry and maintain or enhance living standards of its members and retirees while aiding U.S. steel producers to recover from bankruptcy and become

²⁷ Testimony of Roy G. Dorrance, Vice Chairman, U.S. Steel Corp, transcript of Commission hearing (July 22, 2003) at 160.

²⁸ Posthearing brief of U.S. Steel at A-1-A-2.

²⁹ Posthearing brief of ISG at 6.

³⁰ Posthearing brief of U.S. Steel at exh. 23.

³¹ Posthearing brief of ISG at A-3.

³² Testimony of Daniel DiMicco, Vice Chairman, President and CEO, Nucor Corp., transcript of Commission hearing (July 22, 2003) at 155.

³³ Testimony of Stephen Rogers, Vice President, Sales and Marketing, Ispat Inland, Inc., transcript of Commission hearing (July 22, 2003) at 173.

³⁴ Testimony of Mr. Edward Puisis, Chief Financial Officer, Gallatin Steel Company, transcript of Commission hearing (July 22, 2003) at 186.

³⁵ *Ibid.* at 229.

³⁶ Testimony of Michael Scott, Vice President of Marketing and Sales, Weirton Steel Corp., transcript of Commission hearing (July 22, 2003) at 228-229.

successful.³⁷ The BISC bargaining principles include: (1) company pursuit of financial viability; (2) streamlined and simplified operating procedures, with fewer supervisors, protected worker seniority, safety, and with USWA workers; (3) preservation of existing levels of wages and benefits; (4) preservation of pension benefits; (5) a greater role by the USWA in company activities; (6) profit sharing; (7) obligations by the companies to make appropriate capital expenditures and restrictions on company owner and executive compensation at the expense of workers; and, (8) medical care for retirees to the extent possible.³⁸

Because the USWA pursues a “pattern bargaining” approach,³⁹ the BISC principles were the basis of recent agreements that were concluded in 2003 with ISG, U.S. Steel, and Wheeling-Pittsburgh Steel.⁴⁰ In January 2003, an agreement was reached between USWA workers and ISG, which had purchased the assets of LTV and proposed buying other steel companies in bankruptcy. The agreement includes a benefit trust to provide for funding of health-care for retirees of predecessor companies.⁴¹ That agreement allows for a significant reduction in employee and retiree healthcare expenses through a variable cost sharing mechanism, and provides for early retirement incentives. The contract also provides for profit sharing from significant productivity gains. A similar labor contract was ratified in May 2003 between USWA workers and U.S. Steel.⁴² When ratified, the contract would expire in September 2008. In June 2003, the USWA ratified an agreement with ISG for steelworkers at the former Bethlehem Steel facilities. The agreement, which expires in September 2008, includes provisions for pension benefits under a defined benefit plan and a fund to provide health care for retirees of Bethlehem Steel, together with profit-sharing and labor productivity arrangements.⁴³ In July 2003, the USWA approved a 5-year agreement with Wheeling-Pittsburgh Steel.⁴⁴ The agreement satisfied one of several conditions set by the Emergency Loan Guarantee Board for a U.S. government loan guarantee for the company, and was one reason that Wheeling-Pittsburgh Steel successfully emerged from bankruptcy in August 2003. The agreement includes provisions to allow workers with 30 years of service to retire with full pensions before age 62 and employ profit sharing.⁴⁵

³⁷ See posthearing brief of USWA, 3. See also USWA, press release, “USWA Launches New Bargaining Initiatives Aimed At Saving Steel Jobs and Securing Member and Retiree Living Standards,” September 20, 2002, found at <http://www.uswa.com>, retrieved August 27, 2003.

³⁸ Posthearing brief of USWA at exh. 2.

³⁹ Pattern bargaining is used by unions to obtain similar labor agreements covering its members within an industry.

⁴⁰ The USWA is not represented at Nucor, Rouge Steel, or Weirton Steel. See posthearing brief of USWA at 17.

⁴¹ USWA, press release, “Steelworkers’ Tentative Agreement with ISG Will Fund Health-Care Relief for LTV, Acme Retirees,” January 29, 2003, found at <http://www.uswa.com>, retrieved August 27, 2003.

⁴² U.S. Steel Corp., press release, “USWA: Ratification of USS-National Agreement ‘Another Milestone in Industry Consolidation’, ” May 19, 2003, found at <http://www.ussteel.com>, retrieved September 19, 2003.

⁴³ USWA, press release, “Steelworkers at Former Bethlehem Facilities Overwhelmingly Ratify Agreement with New Owners, International Steel Group (ISG),” June 16, 2003, found at <http://www.uswa.com>, retrieved August 27, 2003.

⁴⁴ USWA, press release, “Steelworkers at Wheeling-Pitt Approve 5-year Agreement,” July 30, 2002, found at <http://www.uswa.com>, retrieved August 27, 2003.

⁴⁵ USWA, press release, “USWA Tentative Agreement “First Step” Toward Saving Wheeling-Pittsburgh Steel,” September 13, 2001, found at <http://www.uswa.com>, retrieved August 27, 2003.

In general, these recent labor agreements represent a significant change to prior agreements and include the following features:⁴⁶

- The steel company is obligated to make reasonable and necessary capital expenditures in order to maintain a competitive facility.
- A transition assistance program aims to aide employees leaving steel companies. Currently, the program consists of payments of \$40,000 to \$50,000 for the purchase of healthcare after separation from the steel company, particularly for former employees of Bethlehem Steel, ISG, Acme Metals, and National Steel.
- The steel company creates a benefit trust to provide some health-care relief to retirees of its predecessor companies. The trust is a Voluntary Employees' Beneficiary Association and is funded from company profits.⁴⁷
- Workplace changes are made including:
 - Job structure (reduced job descriptions from 34 to 6 or 5, and consolidated wage grades).
 - Innovative training agreements with the company, where USWA members play a role in developing and delivering the training.
 - Worker control over their own schedules to give workers flexibility.
 - Profit sharing based on the company's profits before EBITDA (earnings before interest, taxes, depreciation, and amortization). Profit sharing agreements include simplification and increase transparency of company incentive structures.
 - Restrictions on executive compensation, including procedures on how executives would receive stock options and how they would participate in profit sharing (access to profits after profit sharing proceeds were given to USWA members and retirees).
 - Wage structure maintained (protected).
- The company may have to obtain raw materials, such as iron ore or coke, from North American suppliers,⁴⁸ and there are limitations on contracting out services and production.⁴⁹

⁴⁶ See testimony of Leo W. Gerard, International President, United Steelworkers of America, transcript of Commission hearing (July 22, 2003) at 165-170, and transcript of Commission hearing (July 17, 2003) at 80. For a brief summary of the USWA-ISG agreement, see prehearing brief of USWA, 28-31. See also written testimony of Leo W. Gerard, International President, United Steelworkers of America, transcript of Commission hearing (July 22, 2003) at 13.

⁴⁷ The trust is created under IRS Code section 501(c)(9) and contributions to the fund the trust are tax deductible under IRS Code section 419A.

⁴⁸ See testimony of Leo W. Gerard, International President, United Steelworkers of America, transcript of Commission hearing (July 17, 2003) at 81.

⁴⁹ USWA, Proposed Agreement Between U.S. Steel and the United Steelworkers of America, May 2003, found at http://www.uswa.org/pdf/051903_USWAUSSummary.pdf, retrieved September 16, 2003.

The effect of such agreements is expected to be significant. For example, an executive of U.S. Steel stated that the recent labor agreement with the USWA marks the first time in recent history that “U.S. Steel and the steelworkers union have truly gotten together as partners.”⁵⁰ The effects at U.S. Steel are perceived as a “dramatic” restructuring of the workplace for union and non-union employees. Job classes declined from 34 to 5. Worker self-supervision has increased, and will rise in the future. The restructuring of job classes, performance of work activities, and a shift in supervisory responsibilities to workers, are expected to lead to a 20 percent improvement in productivity and a portion of the estimated \$200 million in savings U.S. Steel expects to realize in its acquisition of National Steel.⁵¹ The new agreements may result in a new corporate culture at steel plants with USWA representation. For example, an ISG official highlighted worker suggestions on how to improve production processes and that workers will immediately see rewards in their paychecks.⁵²

The union representing steelworkers at Weirton Steel Corp. is the Independent Steelworkers Union (ISU). In March 2001, Weirton’s previous four and a half year agreement with the ISU expired, but the agreement was renewed in August 2001.⁵³ In 2001, the ISU recognized that Weirton was in a weakened state and agreed to work with the company to restructure the labor agreement between the company and the union to change work rules and reduce the labor force by 550, including 450 positions represented by the ISU and 100 persons from the management staff.⁵⁴ In late 2001, Weirton and Wheeling-Pittsburgh Steel, with the backing of the ISU and USWA, combined to purchase healthcare coverage for employees, retirees, and their dependents. Agreement was reached with local healthcare providers, effective January 1, 2002, to reduce claims processing costs and implement a regional pricing system for healthcare providers.⁵⁵ In late 2002, the ISU and Weirton began negotiating modifications to their labor agreement. In February 2003, new labor agreement was ratified by the ISU. The agreement, affecting 3,200 unionized employees, and resulting in a potential annual operating cost savings of \$38 million, provided for (1) a 5-percent pay decrease; (2) a pension plan freeze (about 17 percent of wages and benefit costs); (3) cancellation of a planned \$1.00 per hour wage increase set to begin April 1, 2003; (4) vacation pay paid in two installments, February and July of 2003, rather than in February, resulting in immediate savings of \$6 million; and (5) future discussions on healthcare coverage changes for

⁵⁰ See testimony of Roy G. Dorrance, Vice Chairman, U.S. Steel Corp., transcript of Commission hearing (July 22, 2003) at 205.

⁵¹ *Ibid.*, 206-207.

⁵² See testimony of Wilbur L. Ross, Jr., Chairman of the Board of Directors and Director, ISG, transcript of Commission hearing (July 22, 2003) at 208-209.

⁵³ Weirton Steel Corp., press releases, “Weirton Steel , Independent Steelworkers Union Reach Tentative Labor Agreement,” May 18, 2001, and “Plan to Ensure Weirton Steel’s Future Announced,” August 24, 2001, both found at <http://www.weirtonsteel.com/company/invest/press/index.html>, retrieved September 5, 2003.

⁵⁴ See testimony of Mark Glyptis, President, Independent Steelworkers Union, transcript of Commission hearing (July 22, 2003) at 190, and Weirton Steel Corp., press release, “Additional Details of Restructuring Plan Released; Job Reductions Forthcoming Including Executive Staff; CEO Says Company Will Be ‘Very Different’,” September 7, 2001, found at <http://www.weirtonsteel.com/company/invest/press/index.html>, retrieved September 5, 2003.

⁵⁵ Weirton Steel Corp., press release, “‘Steel Coalition’ To Reduce Health Care Costs for Weirton Steel and Wheeling-Pittsburgh Steel,” October 11, 2001, found at <http://www.weirtonsteel.com/company/invest/press/index.html>, retrieved September 5, 2003.

employees and retirees.⁵⁶ During the past two years, under labor agreement provisions, job restructuring has occurred. Where applicable, the number of workers performing a job was reduced, operating workers took up maintenance duties, and workers were empowered to work in self-directed teams, with the goal of achieving a production rate of less than two man hours per ton of steel produced.⁵⁷

Other labor agreements between steelworkers and steel producers will likely come up for renegotiation in the next few years, and may incorporate the provisions of contracts concluded in 2003. In mid-2003, the USWA was in discussions with WCI Steel, Inc. to assist in the company's restructuring outside of bankruptcy, and the possible implementation of self-directed work teams to help reduce production costs and avoid bankruptcy.⁵⁸ Other agreements up for renewal in the future include those that went into effect in 1999 and 2000 with a duration of 5 to 6 years. For example, Ispat Inland signed a labor agreement with the USWA in 1999; and by the end of 2000, AK Steel had 7,500 of its 11,500 employees covered by labor contracts with international and domestic unions with expiration dates extending through 2006.⁵⁹ In August 2000, the UAW workers at Rouge Steel Company ratified a 4-year labor agreement covering 2,400 UAW workers. The agreement at Rouge Steel provided for wage and benefit increases, as well as greater employee participation in company operations and greater flexibility for the company to efficiently utilize its workforce.⁶⁰

Representatives of several foreign steel producers or trade associations acknowledge that recent labor agreements have resulted in reduced costs and increased productivity.⁶¹ However, other parties to this investigation have stated that recent labor agreements have provisions that are potentially harmful to the competitiveness of the U.S. steel industry. Such provisions include restrictions on the ability of companies to close facilities, to supplement or substitute imported feedstock for internally produced feedstock, or to shift to electric arc furnace technology from integrated production.⁶² A USWA representative disputed the claim that the agreements hinder companies from undertaking these types of actions.⁶³

⁵⁶ Testimony of Mark Glyptis, President, Independent Steelworkers Union, transcript of Commission hearing (July 22, 2003) at 190-191, and Weirton Steel Corp., press releases, "Tentative Contract Agreement Details At Weirton Steel Released," February 13, 2003, and "Weirton Steel's Competitiveness Boosted By New Labor Accords," February 19, 2003, found at <http://www.weirtonsteel.com/company/invest/press/index.html>, retrieved September 5, 2003.

⁵⁷ See testimony of Mark Glyptis, President, Independent Steelworkers Union, transcript of Commission hearing (July 22, 2003) at 272-273.

⁵⁸ Prehearing brief of USWA at 18.

⁵⁹ Ispat International, N.V., *Annual Report 1999*, 45; and AK Steel Holding Corp., Form 10-K, filed with the SEC on February 20, 2001, found at <http://www.sec.gov>, retrieved August 27, 2003.

⁶⁰ Rouge Steel Co., press release, "Rouge Steel Workers Approve New Four-Year Labor Contract," August 10, 2000, found at <http://www.rougesteel.com>, retrieved September 5, 2003.

⁶¹ See testimony of Richard O. Cunningham, counsel to Corus Group, transcript of Commission hearing (July 22, 2003) at 422. Prehearing brief of the Joint Respondents at 12 and 14-16.

⁶² See testimony of William H. Barringer, counsel to Japanese respondents, transcript of Commission hearing (July 22, 2003) at 121 and 415-418. See also testimony of Don Cameron, counsel to Korean respondents, transcript of Commission hearing (July 22, 2003) at 360-362; and testimony of Christian Mari, Director of External Relations, European Confederation of Iron and Steel Industries, transcript of Commission hearing (July 22, 2003) at 421. See also posthearing brief of the joint respondents at 12-13.

⁶³ Testimony of Leo W. Gerard, International President, United Steelworkers of America, transcript of Commission hearing (July 17, 2003) at 233-234.

Aside from labor agreements, the USWA also reported involvement in facilitating industry preservation and consolidation. During LTV's bankruptcy, the USWA sought to maintain the company's furnaces and coke operations on hot idle, and reportedly convinced the bankruptcy judge to provide \$15 million from the company's estate to maintain those facilities in the hot state.⁶⁴ The USWA urged ISG to acquire Bethlehem Steel, thus maintaining Bethlehem's facilities intact.⁶⁵ The USWA has also petitioned the Department of Labor in accordance with the Trade Adjustment Assistance Program to assist workers.⁶⁶

As noted above, U.S. producers were asked to comment in their questionnaire responses on (1) any adjustment plans their firms submitted during the section 201 investigation, (2) the significance of the section 203 relief on their firm's operations, and (3) the efforts they have undertaken to compete more effectively in the U.S. market. A public summary of these responses are presented in table FLAT IV-3 and the responses of firms are presented in the following table FLAT IV-4.

At its public hearing, the Commission requested domestic producers to provide information regarding adjustment efforts in a public format, to the extent possible.⁶⁷ To the extent that domestic producers complied with this request, the information is presented below, in table FLAT IV-3.

⁶⁴ Testimony of Leo W. Gerard, International President, United Steelworkers of America, transcript of Commission hearing (July 17, 2003) at 75.

⁶⁵ *Ibid.*, 75-76.

⁶⁶ Posthearing brief of USWA at 22-23 and exh. 3.

⁶⁷ *See* requests of Chairman Okun, Commissioner Miller, and Commissioner Koplán, transcript of Commission hearing (July 22, 2003) at 267-270 and 294.

Table FLAT IV-3

Flat steel: Comments of U.S. producers (public)

Firm/products/comments	
Gallatin (hot-rolled)	
	Acquisition of a cut-to-length facility of Ghent (Huntco).
IPSCO Enterprises (slabs, plate, and hot-rolled)	
	<p>--Over the last several years IPSCO has invested more than 1.0 billion dollars in new steel plants and equipment. On top of that foundation IPSCO has made the following additional capital expenditures under its adjustment plan:</p> <ul style="list-style-type: none"> * Spare parts to maintain the efficiency of ongoing operations. A further amount has been committed to purchase additional spare parts. * A warehouse facility at IPSCO's Mobile works for the purpose of increasing market share. * Information processing systems to improve administrative efficiency. Improvements to information systems are an ongoing matter to which the company will apply funding as available. * Surface equipment to provide on line quality information. * Development of sophisticated grades of steel. <p>--IPSCO is accelerating its plans to expand its offering of higher-grade specialty products. In a number of areas, these steels will replace heat-treated products with as-rolled steels of equal or better performance on a more competitive cost basis.</p>
ISG (Acme, Bethlehem & LTV) (slabs, plate, hot-rolled, cold-rolled, coated, and tin)	
	<p>ISG entered the steel industry in April 2002 with the idea of making a fundamental change to how integrated steel companies had been organized and operated in the past. When ISG acquired the LTV assets in April 2002, it did so with the goals of greatly reducing the overhead costs to a dramatically low level compared to where they had been when LTV was till operating, and de-centralizing the organization and empowering each of the steel-producing locations (i.e., Cleveland Works, Indiana Harbor, Hennepin, and the Warren coke operations) such that they would run as individual business units and profit centers. Because each former LTV facility was now operating to generate its own profits as well as "spending its own money," they had great incentive to dramatically reduce their operating costs, which they did through a combination of significant reductions in the work force and elimination of restrictive work rules. The workers have responded very well to the increase in responsibilities. With the acquisition of substantially all of the assets of Bethlehem Steel, ISG has put in place an integration plan for the next 17 months that incorporates the synergies that we expect to realize from this acquisition. The fact that we now have 11 major steel producing facilities in 6 states affords us the opportunity to save on freight costs and have the flexibility to move an order from one location to another without incurring major downtime and or cost overruns. This also will allow ISG to have longer run times on operating units, which creates costs savings. In addition, we will have the added benefit of reducing the combined Information Technology costs by moving Bethlehem's system over to ISG's system. The new collective bargaining agreements with the USWA have transformed the role of the workers with the elimination of restrictive work rules and reduction of job classifications from 34 to 5. These and other measures have substantially improved ISG's cost structure. In 2002, ISG made aggregate capital investment of \$53 million in its facilities at LTV (acquired in April) and Acme (acquired in October). This investment permitted ISG to start up the idled production facilities of LTV and Acme and begin the process of modernizing the rolling facilities. This is, of course, in addition to the \$500 million of investment that ISG made to acquire the LTV and Acme facilities. During this same period, Bethlehem made an aggregate capital investment of \$174.3 million in its facilities, which included converting a coating line at Columbus Coatings from an electric galvanizing line to a hot-dip galvanize line. The advantage of this conversion is that it will reduce the cost of the product to customers. Other investments by Bethlehem in 2002 were related to environmental regulation and information technology. In 2003, ISG has continued to make substantial capital expenditures, as identified in the five-year plan. About \$50 million of these expenditures have been deferred.</p>
Table continued.	

Table FLAT IV-3--Continued
Flat steel: Comments of U.S. producers (public)

Firm/products/comments	
Nucor (slabs, plate, hot-rolled, cold-rolled, and coated)	
	Nucor purchased the assets of Trico Steel in Decatur, Alabama for \$166.7 million. Trico has 1.9 million tons of capacity, which increases Nucor's capacity to produce flat-rolled products by about 30 percent.
WCI Steel (slabs, plate, hot-rolled, cold-rolled, and coated)	
	Invested more than \$5 million in new NOx monitors, basic oxygen furnace vessel replacement, hydrogen annealing expansion, new solid waste facility and new pond liners in Warren.
Weirton (slabs, hot-rolled, cold-rolled, coated, tin)	
	The firm's collective bargaining agreements were renegotiated during the first quarter of 2003 (will save \$38 million per year). Changes include: a 5% wage reduction and foregoes a contractual increase of \$1.00/hour; vacation payment was rescheduled; retirement plan was frozen; management and union to discuss job eliminations and additional force reductions and payscales; lower healthcare costs through some type of co-pay. Management employees will incur similar concessions. Retiree's under age 65 have been asked to voluntarily pay for part of their healthcare coverage. Approximately 65% have agreed to pay \$200 per month toward the expense and accept a revised prescription drug plan. Investments made: energy projects (sold NOx credits, hot mill furnace
U.S. Steel (slabs, plate, hot-rolled, cold-rolled, coated, and tin)	
	Purchase of National Steel for \$1.05 billion is expected to produce annual cost savings of at least \$200 million. In addition, new labor agreement with USWA (covering employees at both the U.S. Steel and National facilities) is expected to result in productivity improvements of at least 20 percent. U.S. Steel has approved approximately \$200 million since March 2002 to improve and upgrade existing flat-rolled steel facilities. These projects--many of which were identified in the adjustment plans of U.S. Steel filed during the original Section 201 investigation--are expected to save millions of dollars each year through productivity and energy efficiency. They will also improve the quality of the products U.S. Steel offers to its customers. These investments involve each process in the manufacture of flat-rolled steel. In particular, approximately one-half of the spending has been dedicated to steelmaking (i.e., blast furnace and basic oxygen furnace) operations, which will reduce costs and improve quality for all flat-rolled products. Roughly one-fifth of the investments will be made at U.S. Steel's hot-strip mill operations, while about one-sixth will be made at its cold-reduction mill operations. These improvements will benefit hot-rolled and cold-rolled steels, as well as downstream products such as corrosion-resistant and tin mill steels. The remaining expenditures reflect investments specifically relating to U.S. Steel's galvanizing and tin mill operations.
Source: Compiled from posthearing briefs.	

Table FLAT IV-4
Flat steel: Comments of U.S. producers (confidential)

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