PORTLAND HYDRAULIC CEMENT FROM AUSTRALIA AND JAPAN

Determinations of the Commission in Investigations Nos. 731-TA-108 and 109 (Preliminary) Under the Tariff Act of 1930, Together with the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Any information which would disclose the confidential operations of individual concerns may not be disclosed. This information has, therefore, been deleted from this report. Such deletions are indicated by asterisks. Please note that in some instances one or two producers did not provide information. Thus, some information was deleted in order to assure publication of aggregated totals in the final investigations.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-108 and 109 (Preliminary)

PORTLAND HYDRAULIC CEMENT FROM AUSTRALIA AND JAPAN

Determinations

Based on the record 1/ developed in investigations Nos. 731-TA-108 and 109 (Preliminary), the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 3/ by reason of imports of Portland hydraulic cement (other than white, nonstaining Portland cement) from Australia and Japan, provided for under item 511.14 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On September 23, 1982, counsel for Kaiser Cement Corp. filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is being materially injured and threatened with material injury by reason of LTFV imports of Portland hydraulic cement from Australia and Japan. Accordingly, on September 27, 1982, the Commission instituted preliminary antidumping investigations (Nos. 731-TA-108 and 109) under section 733(a) of the Tariff Act of 1930. Notice of the institution of the investigations and conference therefor was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission and by publishing the notice in the Federal Register on October 6, 1982 (47 F.R. 44170). A public conference was held in Washington, D.C. on October 15, 1982, at which all interested parties were afforded the opportunity to present information for consideration by the Commission.

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(i)).

2/ Commissioner Stern dissenting.

3/ Commissioner Haggart determines that there is a reasonable indication of material injury and therefore does not reach the issue of threat of material injury.

VIEWS OF CHAIRMAN ALFRED E. ECKES AND COMMISSIONER VERONICA A. HAGGART

Introduction

After considering the record in these investigations, we determine, pursuant to section 703(a) of the Tariff Act of 1930, that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of portland hydraulic cement from Australia and Japan which are allegedly being sold in the United States at less than fair value (LTFV). 1/

Standards for Determinations

In a preliminary antidumping investigation, the Commission is directed by Title VII of the Tariff Act of 1930 to determine, based upon the best information available to it at the time of the determination, whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that is the subject of the investigation. 2/ "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 3/ In making its determinations the Commission is required to consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of that

1/ Commissioner Haggart determines that there is a reasonable indication that an industry in the United States is materially injured, and therefore does not reach the issue of threat of material injury.

2/ 19 U.S.C. §1673(b).

3/ 19 U.S.C. §1677(7)(a).

merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. 4/

In making a determination as to whether there is a threat of material injury the Commission considers, among other factors, (1) the rate of increase of subsidized or dumped imports into the U.S. market, (2) the capacity in the exporting country to generate exports, and (3) the availability of other export markets. 5/ Findings of a reasonable indication of threat of material injury must be based on a showing that the likelihood of harm is real and imminent, and not based on mere supposition, speculation, or conjecture. 6/

Domestic Industry

Regional industry

In most investigations under Title VII of the Tariff Act of 1930, we assess the impact of imports on a national industry, as defined in section 771(4)(A) of the Act. 19 U.S.C. 1677(4)(A). In appropriate circumstances, however, there is a statutory basis for assessing the impact of imports on a regional industry. 19 U.S.C. 1677(4)(C). This section of the Act reflects legislative recognition that the economic impact of imports on an isolated market may be such as to warrant the imposition of countervailing or

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4/ 19 U.S.C. §1677(7)(B).
5/ 19 CFR 207.26(d).
6/ S. Rep. No. 249, 96th Cong., 1st Sess. 88-89 (1979); S. Rep. No. 1298, 93d Cong., 2d Sess. 180 (1974); Alberta Gas Chemicals, Inc. v. United States, 515 F. Supp. 780, 790 (Ct. Int'l Trade 1981).

antidumping duties on a nationwide basis. This modification from the general industry definition is stated in section 771(4)(C) of the Act as follows:

> In appropriate circumstances, the United States, for a particular product market, may be divided into 2 or more markets and the producers within each market may be treated as if they were a separate industry if--
>
> (i) the producers within such markets sell all or almost all of their production of the like product in question in that market, and
>
> (ii) the demand in that market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States.

These first two statutory tests set forth the criteria for determining whether production and consumption patterns reflect a market which is isolated from a national market and whether these activities are localized. The third statutory requirement for finding that a regional industry exists is that the alleged LTFV imports must be "concentrated" within the region. 7/ Fourth, the statute provides that designation of an industry as a regional industry is within the Commission's discretion. 8/ In addition, section 771(4)(A) imposes a more rigorous standard for determining material injury or threat thereof on a regional industry basis than for domestic producers as a whole. Whereas a finding of material injury or threat thereof to a national domestic industry can be based on a finding that domestic producers accounting for a "major proportion" of production of the product under investigation are injured or threatened with material injury, 9/ in a regional industry analysis we must make this finding with respect to the domestic producers of "all or almost all

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7/ 19 U.S.C. §1677(4)(C).
8/ Id.
9/ 19 U.S.C. §1677(4)(A).

of the domestic production" within the region. 10/

In these investigations, petitioners have argued that a regional industry analysis is appropriate, and that the appropriate region is that composed of the states of California and Nevada. Respondents contend that the appropriate region is that composed of the States of California, Nevada, Oregon and Arizona. 11/ For the reasons set forth below we conclude that the appropriate region consists of the States of California and Nevada.

Our regional industry analysis must be made in the context of the facts of each investigation. There are no absolute percentages which can be automatically and uniformly applied in all investigations for determining

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10/ 19 U.S.C. §1677(4)(C). The Court in Atlantic Sugar, Ltd v. United State , supra, construed this language to mean that we must first evaluate whether every individual producer within the region is injured within the meaning of the statute. Only if an individual producer is found to be injured, may it be aggregated with other producers which have been found individually to be injured to determine whether the injured group produce "all or almost all" of the production within the region. Id. at 10.

It is our position that the statute is concerned with whether a regional industry is being materially injured, not whether particular producers are injured. Specifically, the statute does not refer to all or almost all of the producers but refers to the producers of all or almost all of the production within the region. Thus we believe that the Commission must consider aggregate data on regional industry, providing that such data reflects all or almost all of the production within the region. (See Sugars and Sirups from Canada, Inv. No. 731-TA-3 (USITC Pub. No. 1243) 10-16 (May, 1982)

In these investigations, our aggregate data on the relevant economic factors are based on the responses of producers representing 100 percent of the production within the region. Our aggregate data on the financial condition of the regional industry are based on the responses of producers representing 90 percent of the production within the region. Therefore, we find that there is a reasonable indication that the statutory test is satisfied. Nevertheless, we also note that all of the reporting producers within the region have experienced material injury on an individual basis as well. See discussion at 13-14 infra, Report at A-16 through A-38.

11/ Respondent Melwire Trading Co., apparently concedes that a regional analysis is appropriate, but argues in favor of this definition of regional industry. Respondents Sumitomo Cement Co. and Nihon Cement Co., Ltd., do not concede that a regional analysis is appropriate, but make this argument in the alternative. Respondent Pacific Cement Corp. did not directly address this issue.

whether "all or almost all" of the production within the region is consumed within the region, whether demand is supplied from outside the region "to any substantial degree," or whether alleged LTFV imports are "concentrated" within the region. This is particularly so when the figures in question appear to test the outer limits of a "plain meaning" analysis. 12/ In such cases, factors regarding the particular character of the region which shed light on the fundamental issue of insularity bear upon the Commission's determination of whether these statutory tests are satisfied.

In the cement industry, the primary factors which tend to create a collection of regional industries are the low value-to-weight ratio and the fungible character of the product. The low value-to-weight ratio results in transportation costs which represent an average of 20 to 25 percent of the total cost to the buyer in 1980. 13/ Therefore, transportation costs are a

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12/ We note that in Atlantic Sugar, Ltd. v. United States, Slip Op. 81-119 (USCIT Dec. 28, 1981), the Court, emphasizing a "plain meaning" analysis, construed the language "any substantial degree" as provided in subsection (i) to "forbid any degree of supply which could be characterized as substantial." The Court noted that this "prohibition" is consistent with the objective of finding a separate industry in an isolated market and insures that the basic justification exists for ignoring the remainder of the domestic industry." Although we agree with the Court's concern that the statutory criterion should not be interpreted overly broadly, we note that an exceedingly narrow "plain meaning" interpretation of the statutory language is also not necessarily consistent with the statutory purpose of determining whether the region is an isolated market if a single statistic per se is emphasized to the exclusion of other offsetting factors. The Court itself recognized this in holding that the "significance" of the figure in issue in that case was "reduced" by the fact that the figure was to some extent overstated due to the inherent imprecision of the data upon which it was based. In addition, the Court noted: "When it is considered that much of the remaining outside supply is limited to the periphery of the region, the significance of the degree of supply from elsewhere is further diminished." Id. at 6.

13/ See Summary of Trade and Tariff Information: Hydraulic Cement, USITC Pub. No. 841 (October 1981). Petitioners assert that today approximately one-third of the price of cement shipped more than 200 miles reflects transportation costs.

significant factor in the delivered cost, and thus an important limitation on the marketing of cement. For this reason, more than 95 percent of the cement produced in the United States, and more than 90 percent of the cement produced in the California-Nevada region is shipped no more than 300 miles from its production site. 14/ A 300-mile radius constructed around each of the producers located in the California-Nevada region would include all of California and Nevada, a portion of Arizona west of Phoenix, a large portion of Oregon, and miniscule areas of Idaho and Utah. 15/ This area would therefore constitute the outer limits, from an economic standpoint, of the domestic cement market which is centered in the California-Nevada region.

The actual market of domestic producers in the California-Nevada area, as reflected by data gathered in these investigations, is significantly smaller than these theoretical limits would indicate. In fact, an average of 93 percent of cement shipments by domestic producers located within the California-Nevada region are consumed within the region. 16/ Of the remainder, an average of 3 percent is shipped into Arizona and 2 percent is shipped into Oregon. 17/ While not all regional production remains within the region, the significance of shipments by producers within the region to outside the region is reduced by the combination of high transportation costs and the great distances that separate producers within the California-Nevada area from major urban centers of consumption which are located outside of the

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14/ Id at A-7. This is based on 1981 data.
15/ See map, id. at A-13.
16/ Id. at A-7.
17/ Based on computations provided by staff. We will discuss below the appropriateness of excluding Arizona and Oregon from the regional industry under consideration. See pp. 10-12 infra.

two-State area. 18/ Therefore, given the facts of this case, the first prong of the statutory test is satisfied: That the producers within the region sell "all or almost all" of their production within the region.

The second statutory test requires a finding that demand in the regional market is not supplied "to any substantial degree" by domestic producers from outside the region. Less than 10 percent of demand within the region is satisfied by shipments by domestic producers located outside the region. 19/ The significance of this figure is lessened by other factors, such as the distance between producers outside the two-State region and major urban centers in the California-Nevada region and high transportation costs. 20/ Shipments of cement from domestic producers outside the region therefore are restricted to the periphery, and do not penetrate into the core of the region. Given the facts of this case, we find that the second statutory test is also satisfied.

With regard to the issue of concentration, we note that the imports under investigation are heavily concentrated in the California-Nevada region. The California-Nevada region accounted for an average of 11 percent of total United States consumption of portland hydraulic cement during the 1979-1981

18/ Specifically, these factors result in the isolation of the northernmost producers in California and Nevada from Portland, Oreg., the state's major area of consumption, which is at least 300 miles away. Similarly, the easternmost domestic producers in the California-Nevada region are 300 miles or more from Phoenix, Ariz., the major area of consumption in Arizona. See map, id. at A-13.

19/ Id. at A-8.

20/ The two domestic producers in Oregon are at least 200 miles from the California border. The two domestic producers in Arizona, which are located near Phoenix, are more than 100 miles from the California border and approximately 300 miles from major California centers of consumption such as Los Angeles and San Diego.

period. 21/ The California-Nevada region accounts for 100 percent of cement from Australia and for the vast majority of the cement from Japan that was imported into the United States during the period under investigation. 22/ In addition, importers located in California shipped over 98 percent of their cement within the two-State area during the January 1980-August 1982 period. 23/ Thus, the imports under investigation are clearly concentrated in the California-Nevada region, thereby satisfying the third statutory test. Therefore, we determine that designation of the producers in the California-Nevada region as a separate industry satisfies the threshold statutory requirements.

Based on a similar analysis, we determine that the four-State region also satisfies these requirements. The ratio of regional production to regional consumption within the four-State region is 98 percent. The ratio of domestic shipments from outside the region to consumption within the four-State region is 11 percent, almost the same as in the California-Nevada region. 24/ Imports from Japan and Australia that were imported into the four-State area also accounted for a substantial amount of total U.S. imports of cement from these respective countries during this period. 25/

21/ Id. at A-10.

22/ Id. at A-40. According to Department of Commerce figures, in 1981 and during the January-August 1982 period, cement imports from Japan that were imported into the California-Nevada region accounted for 100 percent of the total cement from Japan imported into the United States. In 1980, cement imports from Japan that were imported into the California-Nevada region accounted for 78 percent of the total cement from Japan imported into the United States. In 1979, the ratio was very small. Nevertheless, the average for the period was 70 percent. We have reason to doubt the accuracy of the 1979 figure. Id. at A-39. We anticipate developing better information in any final investigation.

23/ Id. at A-7.

24/ Id. at A-10.

25/ Id. at A-40.

While the ratio of shipments to consumption within the region is larger for the four-State area, the particular character of the region does not support consideration of it as the more appropriate region. Rather, it more strongly supports the conclusion that the California-Nevada region is the more appropriate region. 26/ First, demand for cement is concentrated in the California-Nevada region. Consumption of portland hydraulic cement in the two-State area dominates consumption in the four-State region, accounting for an average of 78 percent of the aggregate consumption in the four-State region during the period under consideration. 27/ Similarly, production of cement in the two-State area dominates production in the four-State region, accounting for an average of 82 percent of the production in the four-State region during the period under consideration. 28/ In addition, 98 percent of the imports under investigation are marketed within the California-Nevada region. 29/ Therefore, we determine that the appropriate industry under consideration in this case consists of the domestic producers located in California and Nevada. 30/

26/ We also note that, based upon the information presently available, that further subdivision of the California-Nevada region into two or more separate regions would not appear to be appropriate because some producers that are located closer to central California apparently are able to ship to both northern and southern California. Transcript of preliminary conference at 99-100.

27/ Id. at A-10

28/ Id. at A-16.

29/ Id. at A-7.

30/ This factual pattern is an example, we believe, of how an overemphasis on the statistical nature of the inquiry could result in an "artificial sculpting" of the regional market much the same as would an arguably over-broad interpretation of the statutory language. Faced with two markets, the figures for either of which would, in an empirical sense, satisfy the statutory criteria, we have, in our judgment, evaluated the two markets in terms of other economic criteria, such as the degree of outside supply to the perimeter of the region, to arrive at what in our judgment is the most meaningful definition of a regional market.

Like Product

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as the "domestic producers as a whole of a like product, or those producers whose production represents a major proportion of the total domestic production of that product." 31/ The definition of "regional industry" in Section 771(4)(C) also provides that the industry is defined in terms of the producers of a "like product." 32/ Section 771(10) defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses" with the article under investigation. 33/

The imported article under investigation is portland hydraulic cement, other than white, nonstaining portland cement. Hydraulic cement is a highly standardized, fungible product that is made from a mixture of limestone, clay and silica. 34/ When mixed with water, sand, gravel, and other materials, it chemically reacts to form concrete. Concrete is used almost entirely for construction purposes. 35/ Hydraulic cement is distinguished from non-hydraulic cement in that hydraulic cement will set or harden under water while non-hydraulic cement will not. 36/ Portland hydraulic cement is the most important of the four major categories of hydraulic cement, and accounts for 95 percent of domestic cement production and for almost all imports of cement. 37/ Both domestic and imported portland hydraulic cement comply with the above definitions. There are no characteristics or uses upon which

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31/ 19 U.S.C. § 1677(4)(A).
32/ 19 U.S.C. § 1677(4)(C).
33/ 19 U.S.C. § 1677(10).
34/ Report at A-2 and A-5.
35/ Id. at A-3.
36/ Id. at A-2, n. 5.
37/ Id.

significant distinctions between the imported and domestic products can be based. Accordingly, we determine that the imported portland hydraulic cement which is the subject of these investigations is "like" the portland hydraulic cement which is produced by domestic producers. 38/ Therefore, we determine that the domestic industry consists of the producers within the California-Nevada region of portland hydraulic cement. 39/

Conditions of the Domestic Industry

The condition of the California-Nevada cement industry has deteriorated substantially during the period under investigation, particularly during the January-August 1982 period. Consumption of cement within the region declined by 23 percent from 10 million short tons 40/ in 1979 to 8 million tons in 1981. 41/ During January-June 1982, consumption again dropped to 4 million tons compared with 5 million tons during the corresponding period in 1981, a

38/ Portland hydraulic cement is classified into five types. Types I and II, which are the most common, are for general use. They differ in that Type II is suitable for certain uses for which Type I is not. Type II, however, may be used in lieu of Type I. The vast majority of the portland cement imported from Japan and Australia during the period under investigation is Type II. Id. at A-3. In 1981, Type II cement accounted for approximately 93 percent of cement production in the California-Nevada region. Id. at A-5. Therefore, we do not find that the distinctions by types are necessary in these investigations.

39/ Section 771(4)(B) provides that "the term industry may be applied in appropriate circumstances by excluding" producers that are themselves importers of the allegedly dumped merchandise. We have determined that two domestic producers are "related parties" for certain parts of the periods under investigation because they imported a significant amount of the cement under investigation during these periods. Id. at A-14 and A-43 (table 16). However, the data on these two producers does not significantly affect the aggregate data or trends discussed infra. Therefore, we do not find it necessary for the purpose of the present investigation, to exclude these producers from the definition of "domestic industry" for the periods during which they imported the merchandise under investigation.

40/ Hereinafter, the term "ton" shall be used to refer to "short ton."

41/ Id. at A-10.

decline of 19 percent. 42/

Production within the region declined by 19 percent between 1979 and 1981, and by 16 percent during January-August 1982 relative to the corresponding period of 1981. 43/ Shipments also declined between 1979 and 1981, by 19 percent. During the January-August 1982 period, shipments declined by an additional 19 percent over the corresponding period of 1981. 44/

Inventories increased both in absolute and relative terms during the period. End-of-year inventories increased by 8 percent between 1980 and 1981. End-of-period inventories also increased by 6 percent in the January-August 1982 period as compared with the corresponding period of 1981. 45/ The ratio of inventories to shipments increased from 4.0 percent in 1979 to 6.1 percent in 1981. 46/ Furthermore, the annualized ratio of end-of-period inventories increased from 5.5 percent in January-August 1981 to 7.2 percent in corresponding period of 1982. 47/

Capacity utilzation in the region declined from 89 percent in 1979 to 69 percent in 1981. 48/ In January-August 1982, capacity utilization declined again to 54 percent compared with 71 percent in the corresponding period of 1981. 49/ Part of the decline in capacity utilization is attributable to increased capacity. The capacity of the producers located in the California-Nevada region increased by 5 percent between 1979 and 1981, and

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42/ Id.
43/ Id. at A-16.
44/ Id. at A-19.
45/ Id. at A-25. We chose the 1980-1981 period because inventories in 1979 were apparently unusually low. See Id.
46/ Id. at A-25.
47/ Id.
48/ Id. at A-19.
49/ Id.

increased by an additional 6 percent in January-August 1982. 50/ However, the decline in production appears to be a more significant cause of the decline in capacity utilization.

Employment patterns also evidence a negative trend. The employment of production and related workers in cement plants located in California and Nevada increased by 11 percent between 1979 and 1980, but declined by 9 percent in 1981, and by an additional 12 percent in January-August 1982 relative to the corresponding period of 1981. 51/ Similarly, the hours worked by production and related workers increased between 1979 and 1980, but declined by 5 percent in 1981, and by an additional 12 percent in January-August 1982 compared to the corresponding period of 1981. 52/

The financial experience of domestic producers in the region declined slightly during the 1979-1981 period, and deteriorated substantially during the interim accounting period ending in July 1982. 53/ Net sales declined by 6 percent between 1979-1981, but fell by 28 percent in January-August 1982 compared to the corresponding period of 1981. 54/ At the same time, manufacturing costs and administrative expenses increased steadily. 55/ The ratio of cost of goods sold to net sales increased by 9.8 percentage points

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50/ Id. This is in contrast to the capacity of U.S. producers in the entire United States which declined by slightly more than 1 percent during the 1979-1981 period. However, this increase in capacity was apparently the result of the efforts of domestic producers to modernize and to lower rising energy costs by introducing more energy-efficient processing technologies and energy systems. See Tr. at 12; Report at A-19.

51/ Id. at A-29.

52/ Id.

53/ The firms in the California-Nevada region that reported the financial data upon which our analysis is based accounted for approximately 90 percent of production within the region during the period under investigation. The exact figures are confidential information.

54/ Id. at A-34.

55/ Id.

between 1979 and 1981, and by 16 percentage points in the interim accounting period ending in July 1982 compared with the corresponding period in 1981. 56/

Operating income and net income declined sharply and consistently in the 1979-1981 period, with one firm reporting a net loss for 1981. 57/ During the interim accounting period ending in July 1982, domestic producers in the region suffered a substantial aggregate operating loss and net loss. 58/ Moreover, on an individual basis, most of the reporting firms, accounting for a substantial share of production within the region, reported operating losses for the interim accounting period ending in July 1982. 59/ The other firms also experienced very substantial declines in operating profits. 60/ In addition, all of the producers reported net losses or significant declines in net income during this period. 61/

The aggregate ratio of operating income to net sales also dropped substantially between 1979 and 1981. 62/ In the interim accounting period ending in July 1982, it declined even further to a substantial negative figure. 63/ Moreover, this ratio was negative for most of the reporting producers in this period, and the ratio for the others declined substantially. 64/

Similarly, the ratio of operating profit to investment in productive facilities, whether valued at cost or book value, generally followed the same

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56/ Id. at A-35.
57/ Id. at A-35.
58/ Id.
59/ Id. at A-37 (Table 13). The exact figures are confidential.
60/ Id.
61/ Id.
62/ Id. at A-35 (Table 12).
63/ Id. The exact figure is confidential information.
64/ Id. at A-37 (Table 13).

trend, declining substantially in the interim accounting period ending in July 1982. 65/ Capital expenditures, which increased between 1979 and 1981, also began to decline in the January-August 1982 period as compared with the corresponding period of 1981. The foregoing discussion of economic and financial indicators illustrates that the domestic producers within the region are currently experiencing material injury.

Material Injury or Threat of Material Injury 66/

Imports from Japan

Imports from Japan declined slightly between 1979 and 1980, but increased sharply between 1980 and 1981. 67/ The ratio of imports from Japan to apparent consumption in the California-Nevada region also increased significantly between 1979 and 1981. 68/ During the January-August 1982 period, imports from Japan decreased compared to the corresponding period in 1981. However, in January-August 1982, the ratio of imports from Japan to apparent consumption increased compared to the corresponding period of 1981. 69/

The end-of-period inventories of cement from Japan have also increased during the period under investigation. Importers reported no inventories of cement from Japan in 1979 and 1980. However, by December 31, 1981, an amount representing a substantial percentage of 1981 shipments was held in inventory. 70/ In the January-August 1982 period, inventories of imports from

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65/ Id. at A-35 (Table 12).
66/ See footnote 1 at 1.
67/ Id. at A-39. The specific figures regarding the absolute and relative volumes of imports from Japan are confidential.
68/ Id. at A-45.
69/ Id.
70/ Id. at A-47 (Table 18).

Japan increased substantially in absolute terms over those for the corresponding period of 1981.

Given the fungible character of the product, and thus the commodity nature of the market, as well as the decline in demand, price competition among domestic producers and the importers is intense. 71/ Further, purchasers typically use one seller's price quote to "bid down" another seller. 72/ Therefore, the identity of a price leader in the market is difficult to ascertain. 73/ U.S. producers' prices generally increased between January-March 1980 and July-September 1981, but decreased from July-September 1981 to July-August 1982. 74/ Since July 1981, the prices of imports from Japan declined along with those of U.S. producers, but generally by slightly greater magnitudes. 75/ We note in this regard, as discussed above, that even relatively small margins of underselling in a highly competitive commodity market may be significant. In addition, there are indications that cement imported from Japan has undersold the domestic product in the San Diego area since April 1981 by significant margins. 76/

71/ Id. at A-46, A-49.
72/ Id. at A-46.
73/ Id. at A-51.
74/ Id. at A-49.
75/ Id.
76/ Id. at A-50. Additional price data should be developed to enable more complete analyses of margins of underselling, price suppression/depression, and price leadership in the market. In these preliminary investigations, price data were collected for three areas, Los Angeles, San Diego, and San Francisco. However, price comparisons between U.S. produced and imported cement in each of these areas were subject to many qualifications. In particular, the report stated: "A portion of any quarterly price differential between domestic and imported cement may reflect sales to customers located in different delivery zones within the above market areas, sales of different quantities to different sized customers, or sales at different times within each quarter." Id. at A-49. We therefore recommend that in any final investigation price data that would enable a more accurate comparison between

(Footnote continued)

There are also indications that domestic producers have lost sales to cement imported from Japan. Of nine customers that purchased cement imported from Japan during the period under investigation, three confirmed that they did so because of price. 77/ Another customer that had not purchased Japanese cement stated that it had used a lower price offered by an importer to negotiate a lower price from a domestic producer. 78/ In addition, one of the domestic producers submitted evidence indicating that it lowered its price several times during late 1981-August 1982 because of lower prices offered by an importer of Japanese cement. 79/

We note that the statute does not limit the material injury analysis to the issues of lost sales and underselling. For example, the volume of alleged LTFV sales can in and of itself exert a downward pressure on price, particularly during a period of falling demand, causing price suppression even without any underselling.

Therefore we determine that there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of alleged LTFV sales of portland hydraulic cement from Japan. 80/

(Footnote continued)
prices of domestically produced cement and cement imported from Japan and Australia be developed.

Although the issues of price suppression/depression, price leadership, and lost sales were investigated through telephone conversations with a sample of cement purchasers, we anticipate that more comprehensive information on these issues will be developed for any final investigations.

77/ Id. at A-51.

78/ Id.

79/ Id.

80/ We recognize that the decline in demand is one reason for the regional industry's difficulties. However, the statute specifically instructs us not to weigh the injury caused by alleged LTFV imports against the injury caused by other factors. See H. Rep. No. 317 (96th Cong., 1st Sess.) 47 (1979).

Imports from Australia

Cement from Australia was first imported into the United States in late 1981, as demand was declining. Nevertheless, the amount of imports constituted a significant share of total imports into the California-Nevada region in that year. 81/ By January-August 1982, imports from Australia had captured a relatively significant share of apparent consumption. 82/ In addition, inventories of cement from Australia for the end of August 1982, represented a substantial percentage of the importers' shipments. 83/

The average price of cement imported from Australia has declined along with that of U.S. producers, but generally by slightly greater magnitudes. 84/ During some of the period under investigation, cement from Australia has had an average price higher than that of the domestic product. 85/ However, the average price of cement from Australia has recently decreased by a significant amount. 86/ As was discussed regarding imports from Japan, we note that, given the great price sensitivity of the product, even relatively small margins of underselling in a highly competitive commodity market may be significant.

In addition, there are indications that domestic producers have lost sales to cement imported from Australia. One purchaser reported that it had bought cement from Australia because of lower price, and that cement from Australia is presently its primary source. 87/ Another purchaser also

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81/ Id. at 44 (Table 16). The exact figures regarding imports are confidential.
82/ Id. at A-45.
83/ Id. at A-47 (Table 18).
84/ Id. at A-49.
85/ Id. at A-50.
86/ Id.
87/ Id. at A-53.

confirmed lost sales due to the lower price of Australian cement. 88/ Furthermore, some purchasers reported that they had used a lower price offered by the importer of cement from Australia to negotiate a more favorable price from their domestic suppliers. 89/

As was discussed with respect to imports from Japan, we recognize that the decline in demand is one reason for the regional industry's difficulties. However, the statute instructs us not to weigh the injury caused by the imports under investigation against the injury caused by other factors. Therefore, we determine that there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of alleged LTFV sales of portland hydraulic cement from Australia. 90/

88/ Id.
89/ Id. at A-52.
90/ See n. 1 supra.

VIEWS OF COMMISSIONER PAULA STERN

On the basis of the record established in these investigations, I determine that there is no reasonable indication that an industry in the United States is being materially injured or threatened with material injury by reason of imports of Portland hydraulic cement from Australia or Japan which are allegedly being sold in the United States at less than fair value. 1/

Introduction

In preliminary antidumping investigations, the Commission is directed by Title VII of the Tariff Act of 1930 to determine, based upon the best information available to it at the time of the determination, whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that is the subject of the investigation. 2/ In the present cases, the information available to the Commission is reasonably complete and is unlikely to be significantly different in a final investigation. Specifically, all producers and importers in the Western Pacific States of Arizona, California, Nevada, and Oregon reported data on their production imports, shipments, and inventories. Data on employment and the profit-and-loss experience of their operations producing Portland hydraulic cement were available from producers accounting for more than 90 percent of production in the 4-State region. The Commission also received pricing

1/ Material retardation of the establishment of an industry was not an issue in these investigations.
2/ 19 U.S.C. 1673b.

data from all importers and all but one domestic producer in the area.

This information demonstrates that although the industry producing Portland cement, both nationwide and in the California Nevada region, is being injured, this injury is the result of the current recession in the construction industry and the resulting decline in demand for cement. There is no reasonable indication that imports from Australia or Japan have caused material injury to the domestic industry.

"Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 1/ In making its determinations, the Commission is required to consider, among other factors, (1) the volume of imports of the merchandise which are the subject of the investigation, (2) the effect of imports of that merchandise on prices in the United States for the like product, and (3) the impact of imports of such merchandise on domestic producers of the like product. 2/

Condition of the domestic industry

In defining the domestic industry in these investigations, there appears to be sufficient information to support, at least at the preliminary stage, the petitioners' argument that a regional industry analysis is appropriate. 3/ Therefore, I will discuss only those conditions in the California-Nevada region. U.S. producers operating in this 2-State region have been greatly affected by the decline in regional consumption. Apparent consumption in California and Nevada dropped from a peak of 10.2 million short

1/ 19 U.S.C. 1677(7)(A)
2/ 19 U S.C. 1677(7)(B)
3/ Although I concur with my colleagues findings on the regional industry for purposes of these preliminary investigations, I am interested in further exploring the possible existence of distinct subregions within the region and their effect on regional competition.

tons in 1979 to 7.8 million short tons in 1981, or by 23 percent. Consumption continued to decline in 1982, falling by 19 percent in January-August 1982 relative to that for the corresponding period in 1981. 1/

Closely following the trend in consumption, the cement industry's production, capacity utilization, and commercial shipments declined throughout the period under consideration. Regional production of Portland hydraulic cement declined by 19 percent from 1979 to 1981 and then fell by an additional 16 percent in January-August 1982 relative to that reported for the corresponding period of 1981. 2/ Capacity utilization of domestic producers in the region declined from 89 percent in 1979 to 69 percent in 1981 and then fell from 71 percent in January-August 1981 to 54 percent for the corresponding period of 1981. 3/ The quantity of domestic producers' commercial shipments declined by 19 percent from 1979 to 1981 and then fell by an additional 19 percent in January-August 1982 relative to those reported for the corresponding period of 1981. 4/

Employment data show a delayed response to the declines in consumption. Total employment in the cement producing plants in the California-Nevada region increased by 3 percent from 1979 to 1981, but then fell by 11 percent in January-August 1982 relative to that reported for the corresponding period of 1981. 5/ The employment of production and related workers increased by 11 percent from 1979 to 1980, but then declined by 9 percent in 1981 and fell by an additional 12 percent in January-August 1982 relative to that reported for the corresponding period in 1981. 6/

1/ See Report at p. A-10.
2/ Ibid., p. A-16.
3/ Ibid., p. A-19. The declining capacity utilization was also exacerbated by increases in domestic producers' capacity during the period under consideration. See discussion of U.S. producers' capacity, Report, pp. A-17-19.
4/ Ibid., p. A-19.
5/ Ibid., p. A-28.
6/ Ibid.

The price and financial data available to the Commission indicate that producers in the California-Nevada region not only maintained the highest prices in the country throughout the investigation, 1/ but also, until very recently, showed the highest level of profitablility. These high returns enabled the industry to modernize their aging facilities and increase their capacity. Thus, when declines in demand brought on severe underutilization of capacity, the high fixed costs and capitalization expenditures of the industry resulted in a sharp decline in profitablility. This would have occurred regardless of the presence of imports. Moreover, as discussed below, there is no reasonable indication that the alleged LTFV imports exacerbated this situation to any material degree.

Volume of imports

There were significant problems with the data published by the Department of Commerce on imports. Thus, the Commission has chosen to rely on the data supplied by U.S. importers. However, since the number of importers in any one period has been small, much of the data must remain confidential, and thus, my discussion must be somewhat abbreviated.

There are currently three principal importers of cement from Japan and Australia in the California-Nevada region: 2/ Melwire Trading Co. (Melwire), Stinnes Enterprises Co., Inc. (Stinnes), and Pacific Coast Cement Corp. (PCC). Melwire imports cement from Japan through a storage terminal located in San Diego, Calif. This terminal was opened in 1979 in response to requests from cement purchasers in the immediate area, which had no domestic suppliers within 125 miles. These purchasers had suffered supply problems in the

1/ Ibid., p. A-22.

2/ Two domestic producers have ceased importing cement from Japan during the period covered by these investigations.

past. 1/ Stinnes has imported cement from Japan through a leased import terminal at Stockton, Calif., which is in the San Francisco area. According to company officials, the firm will close its cement operations at the end of 1982. 2/ PCC imports Australian cement through a terminal located in Long Beach, Calif., in the Los Angeles area.

I find that cumulation of the imports from Australia and Japan is inappropriate in these cases primarily because these imports are marketed in three distinct subregions with relatively little overlap. 3/ Thus, little direct price competition has occurred between imports, and there exists no reliable evidence of a "hammering effect" due to the simultaneous or successive impact of imports from more than one source on the domestic industry.

Even though I chose not to cumulate, I note that the total level of imports from Australia and Japan has been extremely low, both in absolute terms and as a percentage of regional consumption. Together, imports from Japan and Australia reached their highest level in the January-August 1982 period, but even then, the increase in imports amounted to less than 5 percent of the decline in regional demand for cement that occurred in January August 1982 relative to the corresponding period of 1981. While the law does not contemplate the weighing of the effects of LTFV imports against the effects of other factors, the Commission must consider information which indicates that the harm to the industry is caused by factors other than LTFV sales. 4/ Thus I find that the volume of imports on this industry has had no material impact on the decline in the domestic industry's shipments.

1/ See post-conference brief of Melwire Trading Co., at p. 4. Today there is still no domestic producer located in the San Diego area.

2/ Report, p. A-14.

3/ See post-conference brief of Pacific Coast Cement Corp., at pp. 31-32 and post-conference brief of Melwire Trading Co., at p. 15.

4/ Sen. Rep. No. 96-249, 96th Cong., 1st Sess., pp 74-75.

Moreover, Australian imports, which began only late in 1981, have entered only through the port of Long Beach. Because the vast majority of these imports have remained within 100 miles of the port, there is no evidence of a "ripple effect" throughout the region. 1/ Imports from Japan have been present in the market for many years. However, these imports declined sharply in January-August 1982 relative to the corresponding period of 1981. It is only in this most recent period of declining imports from Japan that the domestic industry's problems have become manifest in its lower prices and profitability.

In addition, overall import penetration in the region has actually declined since 1979. In fact, imports from Australia and Japan have merely displaced imports from other sources, particularly Canada and the United Kingdom. For example, Melwire began importing cement from the United Kingdom in 1979 when it began its operations at the San Diego terminal. It was not until June 1981 that the firm began importing cement from Japan. Melwire began importing from Japan in response to a request from a domestic producer, one of the firm's major customers, that needed a different type of cement than was being supplied by the United Kingdom. 2/

Prices

The Commission investigated allegations of underselling, price suppression, price depression, and lost sales with regard to imports from Australia and Japan. The results were somewhat limited and mixed. However there emerged no pattern of price leadership by importers of cement from either Japan or Australia. The price data available to the Commission did not present any significant pattern of underselling price suppression, or price

1/ See Report, p. A-10.
2/ See post-conference brief filed on behalf of Melwire Trading Co., pp. 4-5.

depression. 1/ In addition, although the price data could be somewhat refined in a final investigation by collection on a subzonal basis 2/ and by attempting to zero in on actual delivery charges, industry sources have conceded 3/ and the staff expects that no evidence of significant underselling will emerge. 4/ Because of the commodity nature of the market, prices in any given area adjust very quickly. In general, prices have declined due to the drop in demand for cement and the intense competition among domestic producers. Occassional sales by an importer at a lower price simply reflect the fact that any competitor can be shown to have offered the lowest price in any given isolated instance, particularly in a market where the price is declining. 5/

The staff's contacts with cement purchasers identified by domestic producers to determine who the price leader in the market was and to confirm instances of lost sales again provided no pattern of price cutting by the importers. None of the eight customers contacted that purchased Australian cement cited Pacific Coast as the price leader. In only one instance out of 15 calls, did a purchaser identify an importer of cement from Japan as the price leader. In 1 of the 3 instances where a customer purchased material from Japan because of price, the refusal of domestic producers to offer the customer a quantity discount comparable to that offered to other customers was cited as the reason. 6/ The other two purchasers were customers of Stinnes.

1/ 19 U.S.C. 1677(7)(C)(ii) requires the Commission to consider whether the imported merchandise has significantly undercut domestic producers' prices or significantly depressed or suppressed prices.

2/ The Commission has already collected pricing data within a single municipal zone as established by the Public Utilities Commission in two of the three import areas.

3/ Transcript of conference, pp. 65-67.

4/ Transcript of briefing and vote p.13 .

5/ See "Views of Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, and Commissioner Paula Stern," Asphalt Roofing Shingles From Canada, Inv. No. 731-TA-29 (Preliminary), USITC Pub. No. 1100, October 1980, pp. 13-14.

6/ See Report, p. A-51.

One of these suggested that cement prices from Stinnes, the major importer of cement from Japan in the Northern California area, may be lower because Stinnes may close all its cement operations in California at the end of 1982. 1/

These purchaser contacts by the staff also revealed several nonprice considerations which, for some customers, favored purchasing cement from importers. For some customers, particularly those in the San Diego area, 2/ it was easier and quicker to pick up the cement from the importer. In addition, many smaller customers had been unable to obtain a sufficient supply of cement from domestic producers during the cement shortage in 1978 79. These customers considered it particularly important to maintain an alternative source of supply.

In sum, the best information available to the Commission fails to show any significant injurious pricing practices on the part of the importers of cement from Australia and Japan.

Threat of material injury

I find no reasonable indication of threat of material injury from Japan or Australia. Specifically, I find no support for petioners' argument that the mere existence of the three import terminals constitutes a threat to domestic producers in the region. A finding of threat of material injury must be based on substantial evidence that the likelihood of such injury is real and imminent, not on mere supposition, speculation, or conjecture. 3/ Three of the four firms which imported cement from Japan during the period under

1/ Ibid. As discussed on page 5 of this opinion, it is now virtually certain that Stinnes will cease its importation of cement from Japan at the end of 1982.

2/ There is no domestic producer within 125 miles of San Diego.

3/ See Alberta Gas Chemicals, Inc., v. United States, 515 F. Supp. 780, 790-91 (C.I.T. 1981).

consideration have stopped importing and there is no indication that they will resume. There is currently no indication that Stinnes' facility at Stockton, Calif. will be used to import cement from Japan or Australia in the future. Although imports from Australia have begun to enter the region within the last year, there is no reasonable indication that they will ever reach significant quantities. Adelaide Brighton, the Australian supplier of Pacific Cost Cement Corp., reportedly has a limited ability to supply exports and has no plans to increase its capacity. 1/

The remaining importer of cement from Japan and the single importer of cement from Australia have not been able to import even their own minimum targeted quantities of cement for 1981 and 1982. 2/ There is no reason to believe that the importers will be under greater pressure now or in the near future to meet these targets. These importers have likely suffered just as much as U.S. producers because of the depressed demand and reduced prices in the area. If and when the market recovers there is no reason to believe that these importers will capture an increasing share of the market.

Conclusion

The domestic industry in the California-Nevada region is clearly suffering from the decline in demand for Portland hydraulic cement caused by the severe recession in the construction industry. There is no reason to believe, based on the information presently available to the Commission or likely to be obtained in a final investigation, that the minimal quantity of

1/ See post-conference brief of Pacific Coast Cement Corp., pp. 28-29.

2/ The exact nature of the alleged minimum quantity obligations, if any, between the importers and their foreign suppliers is not known at this time. Nevertheless, all importers have orally informed the Commission's staff that they are under no financial obligation if the targeted quantities are not met. See Report, p. A-46.

imports from Australia or Japan have materially contributed to this situation. Nor is there any reasonable indication that such imports pose a real and imminent threat of future material injury.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On September 23, 1982, counsel for Kaiser Cement Corp. filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of Portland hydraulic cement other than white, nonstaining Portland cement provided for in item 511.14 of the Tariff Schedules of the United States (TSUS), from Australia and Japan, which are allegedly being sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary investigations Nos. 731-TA-108 and 109 (Preliminary), under section 731 of the Tariff Act of 1930, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by November 8, 1982.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on October 6, 1982 (47 F.R. 44170). 1/ The conference was held in Washington, D.C., on October 15, 1982. 2/ The Commission voted on these cases on November 2, 1982.

Previous Commission Investigations Concerning Portland Hydraulic Cement

There have been nine previous Commission investigations concerning Portland hydraulic cement dating back to 1960. All of these have been antidumping investigations concerning Portland hydraulic cement, other than white nonstaining Portland cement and were conducted under the provisions of the Antidumping Act, 1921. The first six involved cement from Canada, 3/ Sweden, 4/ Portugal, 5/ Belgium, 6/ and the Dominican Republic. 7/ 8/ All of

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1/ A copy of the Commission's notice of institution of preliminary investigations is presented in app. A. A copy of the Department of Commerce's notices of initiation are presented in app. B.

2/ A copy of the list of witnesses appearing at the conference is presented in app. C.

3/ Portland Hydraulic Cement From Canada: Determination of No Injury or Likelihood Thereof, (AA1921-12), U.S. Tariff Commission, Mar. 11, 1960.

4/ Portland Cement From Sweden: Determination of Injury, TC Publication 10, Apr. 4, 1961.

5/ Portland Cement From Belgium: Determination of Injury, TC Publication 22, June 2, 1961.

6/ Portland Grey Cement From Portugal: Determination of Injury, TC Publication 37, Oct. 20, 1961.

7/ Portland Hydraulic Cement From the Dominican Republic: Determination of No Injury, TC Publication 54, (AA1921 23), Apr. 18, 1962.

8/ Portland Cement From the Dominican Republic: Determination of Likelihood of Injury, TC Publication 87, Apr. 19, 1963.

these cases except the first concerning cement from the Dominican Republic resulted in affirmative determinations. However, the last three investigations, those concerning cement from Mexico 1/ in 1975 and 1976 2/ and the case concerning Canada 3/ in 1978, resulted in negative determinations.

In all of the affirmative cases, the Commissioners made their finding with respect to a given competitive market area and the producers supplying that market area.

The Product

Description and uses

Cement generally refers to the binding material used in building and civil engineering construction. It is a highly standardized product. Portland hydraulic cement, 4/ the product covered in these investigations, is the most important of the four major catagories of hydraulic cements, 5/ accounting for about 95 percent of domestic production and for almost all imports in recent years. All cement generally conforms to the standards established by the American Society for Testing Materials (ASTM). General descriptions of the five types of Portland cement are given by ASTM as follows: 6/

Type I--For use when the special properties specified for any of the other types are not required;

Type II--For general use, especially when moderate sulfate resistance or moderate heat of hydration is required;

Type III--For use when high early strength is required;

Type IV--For use when a low heat of hydration is required; and

Type V--For use when high sulfate resistance is required.

1/ Portland Hydraulic Cement, Other than White Nonstaining Cement, From Mexico: Negative Determination of "No Reasonable Indication of Injury" in Inquiry No. AA-1921-Inq. 3, . . . , USITC Publication 751, December 1975.

2/ Portland Hydraulic Cement From Mexico: Determination of No Injury or Likelihood thereof in Investigation No. AA1921-161, . . . , USITC Publication 795, December 1976.

3/ Portland Hydraulic Cement From Canada: Determination of No Injury in Investigation No. AA-1921-184, . . . , USITC Publication 918, September 1978.

4/ White, nonstaining Portland cement is not covered in these investigations.

5/ Hydraulic cement will set, or harden under water; nonhydraulic cement will not set under water. Portland, masonry, pozzolanic, slaglime, and natural or Roman cement are all hydraulic cements.

6/ ASTM designation C-150.

In 1981, type I and type II Portland cement accounted for about 89 percent of the quantity of all domestic shipments. Specifications for type I and type II portland hydraulic cement are very similar. In fact, the chemical specifications for types I and II differ only in so far as type I has no specification for several items that are specified for type II. Thus, type II cement meets all the requirements of type I cement and may be used in lieu of type I. In some regions of the country, California in particular, the available raw materials used in the production of Portland hydraulic cement are naturally balanced so that type II is obtained as a result of the normal production process.

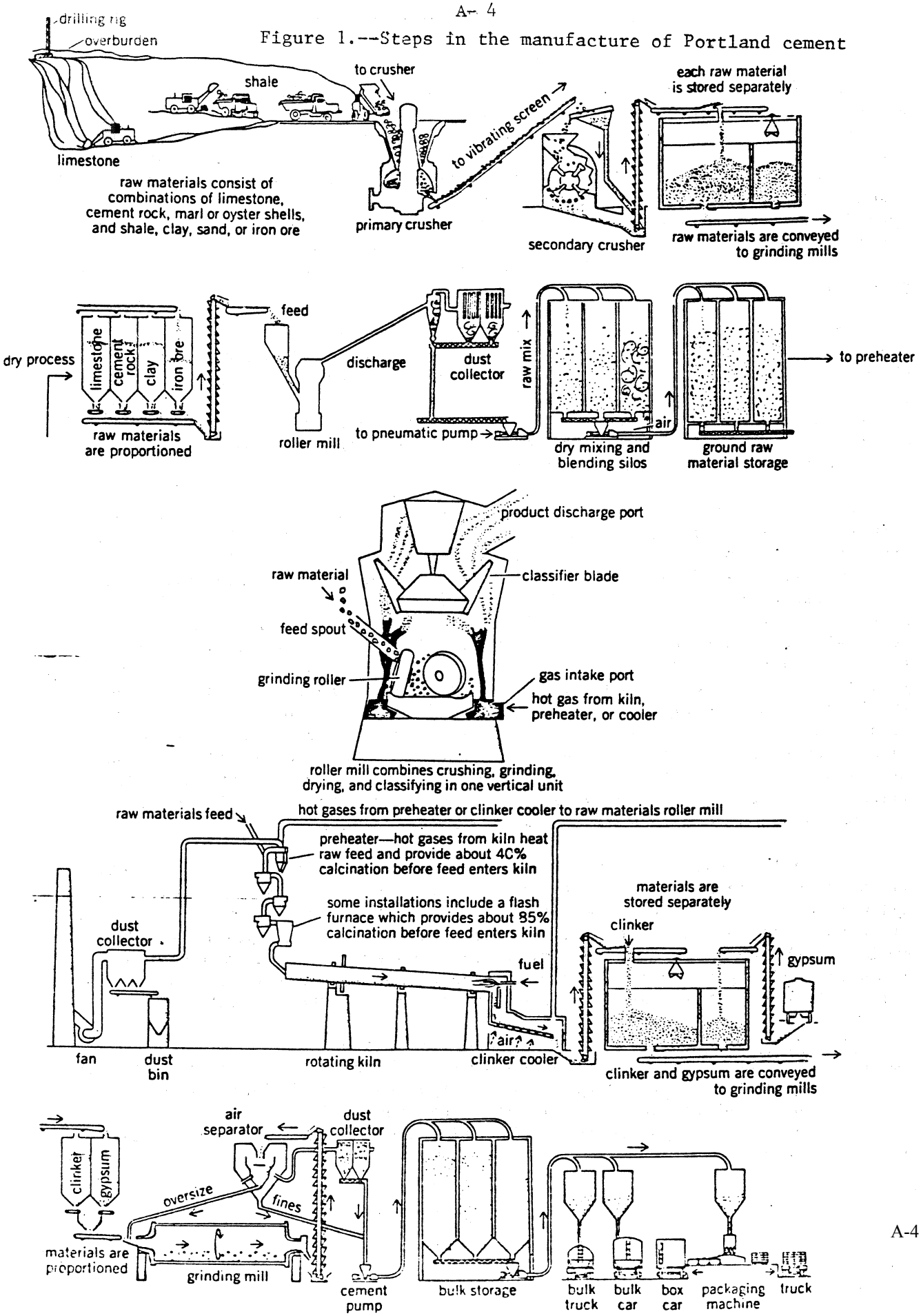
Portland hydraulic cement has little utility alone, but rather is a material which, when mixed with water, sand, gravel, and other materials, chemically reacts to form concrete. Concrete is consumed almost wholly in construction of various types. Chief among these are highway construction using ready-mix concrete and building construction using both ready-mix concrete and precast concrete units. One ton of Portland cement is used to make about 4 cubic yards of concrete.

Concrete, being a major material in building construction, competes with structural steel, clay products, building stone, and other materials, which are used in various building construction applications. In almost every type of structure, regardless of the principal building material used, there are certain basic uses for concrete (foundations, basements, floors, and so forth), for which there is little direct competition. In many building applications, concrete is used with steel reinforcement to obtain greater strength and durability. The choice of the principal structural material is governed by many factors, such as cost, personal preference, and building-code specifications. Concrete made from Portland cement is the most widely used construction material in the United States. There is a general consensus among both producers and importers in California that cement will continue to maintain its share of the construction market and may well increase that share, since it is both energy efficient in its manufacture relative to the alternatives and because it is by nature energy conserving in the structure.

Figure 1 illustrates the steps in the manufacture of Portland cement. One particular characteristic of cement merits some discussion. Cement is hydragroscopic, i.e., it has a tendency to absorb water. Because cement and water form concrete, cement must be handled and stored in a manner which minimizes the posibility of contamination by water. Thus, both domestic producers and importers must use some type of enclosed system or storage silos and relatively sophisticated equipment to handle finished cement.

The imported product.--The vast majority of the Portland cement recently imported from Japan and Australia conforms to the ASTM designation C 150 for type II Portland hydraulic cement and is imported in bulk form through recently installed terminal facilities at the respective ports of entry. All of the cement is transported to the United States by ship and transported within the United States by truck.

Figure 1.--Steps in the manufacture of Portland cement



Source: "Portland Cement," McGraw-Hill Encyclopedia of Science and Technology, 1977, 611B.

The domestic product.--The domestic product is prepared from a mixture of limestone, clay, and silica which is crushed and ground to a fine powder by either a wet or dry process. The powdered raw materials are sintered at about 2,700°F in refractory-lined, cylindrical, steel rotary kilns to make cement clinker, which appears as small, grayish-black pellets. Clinker is inert and may be stockpiled for many months. When the clinker is ground into cement, a small amount of gypsum is added to retard the absorption of water and allow for easier handling.

In the California-Nevada region, only * * * of the production of Portland hydrualic cement was accounted for by type I cement in 1981. The production of type II cement accounted for 93 percent of cement production that year. Producers in California and Nevada shipped about 90 percent of their cement in bulk. In the Western Pacific States, * * * of Portland hydraulic cement production was accounted for by type I cement in 1981, while 93 percent consisted of type II. Approximately, 90 percent of the cement was shipped in bulk form.

U.S. tariff treatment

U.S. imports of Portland hydraulic cement, other than white, nonstaining Portland cement, from countries entitled to the column 1 rate 1/ under item 511.14 of the Tariff Schedules of the United States (TSUS) are duty free. Countries exporting such cement under the column 2 rate 2/ are assessed with a duty of 6 cents per 100 pounds, including weight of the container. The duty-free treatment became effective January 1, 1972, reflecting concessions granted by the United States in the Kennedy round of trade-agreement negotiations. Imports of Portland hydraulic cement. other than white, nonstaining Portland cement, are reported for statistical purposes under item 511.1440 of the Tariff Schedules of the United States Annotated. Preferential tariff treatment for Least Developed Developing Countries (LDDC's), 3/ or under the Generalized System of Preferences (GSP), 4/ are not applicable to this item.

1/ Col. 1 rates of duty are MFN rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the GSP or under the "LDDC" rate of duty column.

2/ Col. 2 rates of duty apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Mulitlateral Trade Negotiation concession rates implemented without staging for particular items which are the products of the LDDC's enumerated in general headnote 3(d) of the TSUS. Where no rate of duty is provided in the LDDC column for an item, the rate of duty provided in column 1 applies.

4/ The GSP, enacted as title V of the Trade Act of 1974, provided duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

Nature and Extent of Alleged Sales at LTFV

Petitioners have alleged that Portland hydraulic cement is being imported from Australia and Japan at prices that are substantially less than fair value. The cement being imported from Australia is believed to be supplied by Adelaide Brighton Cement. Petitioners have no direct evidence of the actual price paid for cement exports. However, a comparison of the average unit value of Australia's cement exports for May 1982, less transportation, storage, and loading charges, with an ex-factory price quoted in the same month in Australia for type I cement results in the alleged dumping margin of 137 percent.

The cement being imported from Japan is believed to be exported by three firms--Nihon Cement, Sumitomo Cement, and Onoda Cement. Petitioners used an average value of exports to the United States for various dates of shipment from August 1981 to March 1982 as a starting point. The average value of exports was adjusted for a commission for the trading firm, bankers' commission on the foreign-exchange guarantee, handling charges, and receivables financing for the trading firm to arrive at an ex-factory price for exports. Published delivered prices of cement shipped in bulk to ready-mix dealers located in the same regions as the exporting plants were adjusted for distributor margins, financing terms, freight, handling, and warehousing and then weighted, based on a specific sales volume for the service stations through which the material passed, to obtain and average ex-factory, home-market price for each of the producers in Japan. Comparisons of these derived, ex-factory prices for exports and for domestic sales resulted in the alleged dumping margins of 45 percent for Nihon Cement, 50 percent for Onoda Cement, and 56 percent for Sumitomo Cement, or an aggregated average of 50 percent for all cement exports from Japan.

The Domestic Market

The regional character

Because of the low value-to-weight ratio and the fungible character of cement, transportation costs are an important limiting factor on its shipment. More than 95 percent of Portland hydraulic cement shipments in the United States are shipped within 300 miles of its production site. The following tabulation presents a percentage distribution of U.S. producers' shipments, by distances, for California and Nevada, the Western Pacific States, and the total United States for 1981:

Distance (miles)	California and Nevada	Western Pacific States 1/	Total United States 2/
0 - 99	40.8	41.4	57.5
100-299	49.7	50.8	37.6
300-499	9.0	7.4	3.5
500-999	.5	.4	1.2
1,000	3/	3/	.2
	100.0	100.0	100.0

1/ Includes Arizona, California, Nevada, and Oregon.
2/ These figures represent 1972 data from the Bureau of the Census, U.S. Department of Commerce.
3/ Less than 0.05 percent.

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

U.S. producers located in California and Nevada shipped more than 90 percent of their cement within a 300-mile radius of their plants. Those producers located in the broader region, that composed of the Western Pacific States, shipped 92 percent of their shipments within such a radius. Moreover, U.S. importers of cement from Australia and Japan that are located in California, shipped more than 99 percent of their cement within a 300-mile radius. This is shown in the following tabulation which presents the percentage distribution of U.S. importers' shipments, by distances shipped, for 1981:

Distance (miles)	Percentage distribution of shipments
0 - 99	73.2
100-299	26.4
300-499	.4
500-999	0
1,000	0
	100.0

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

To explore the issue of a regional market, the staff compiled shipment data by state and compared it with total shipment data for U.S. producers and importers located in California and Nevada and in the Western Pacific States. These comparisons showed that U.S. producers located in California and Nevada shipped and average of 93 percent of their Portland hydraulic cement within the 2-State region during January 1979-August 1982. U.S. importers located in California shipped over 98 percent of their Portland hydraulic cement within the 2-State area during January 1980-August 1982. The share of shipments for U.S. importers in 1979 was 80 percent.

Expanding the region under consideration increased the percentages A-7 shipped internally, though not significantly. U.S. producers located in the 4 State region of Arizona, California Nevada, and Oregon shipped an average

of 96 percent of their cement within the Western Pacific States, while U.S. importers shipped an average of 99 percent of their merchandise within the region.

To obtain the share of regional consumption supplied by producers or importers located outside the regions was not as simple, nor were the results as accurate. Consumption of cement is published for each State by the Bureau of Mines. The Commission's staff also computed consumption data for the California-Nevada region and the Western Pacific States from data submitted in response to questionnaires. Ideally, the difference between the figures from the two sources for each period would provide the shipments into the region from sources outside the region. Comparisons of the Bureau of Mines data for the California-Nevada region with that of the Commission 1/ results in an average difference of 10 percent for the period under consideration. A comparison of these same figures for the Western Pacific States results in an average difference of 11 percent. 2/ Thus, it is reasonable to assume that less than 10 percent of the regional consumption of either the California-Nevada market or the Western Pacific States is satisfied by shipments from producers or importers located outside the region.

Factors affecting demand

Virtually all cement is used in the manufacture of concrete, one of the essential building materials for all types of construction. Thus, the demand for cement shipments is highly dependant on general construction activity. One indicator of construction activity are the authorizations of construction permits. Table 1 presents some data on construction permits.

These statistics show that authorizations of residential permits in the United States declined by 36 percent from 1979 to 1981, and then fell by an additional 32 percent in January 1982 relative to those authorized for the same month of 1981. Authorizations of nonresidential permits followed a different trend. The dollar volume of these authorizations, as adjusted for inflation, declined from 1979 to 1980, but then increased somewhat in 1981. The decline in authorizations of nonresidential permits from 1979 to 1981 was 2 percent. Authorizations of nonresidential permits then declined by 16 percent in January 1982 relative to those for January 1981.

For the California-Nevada region, the figures indicate a sharper decline in construction activity. Authorizations for residential housing declined by 50 percent from 1979 to 1981 and then fell by an additional 40 percent in January 1982 relative to authorizations for the same month in 1981. Nonresidential authorizations in California and Nevada declined in real dollar terms from 1979 to 1980, but then increased somewhat in 1981. The decline in nonresidential authorizations from 1979 to 1981 was 5 percent. Nonresidential authorizations then declined by 23 percent in January 1982 relative to those reported for the same month in 1981.

1/ The Commission's data is understated by * * *.
2/ Ibid.

Table 1.--Authorizations of construction permits, by States and by types of permit, 1979-81, January 1981, and January 1982

Item	1979	1980	1981	January	
				1981	1982
Residential:					
California-------units--	211,696	144,796	105,197	7,797	4,488
Nevada-------do-----	19,038	11,993	10,634	400	433
Subtotal------do-----	230,734	156,789	115,831	8,197	4,921
Arizona-------do-----	53,732	36,803	33,664	3,168	1,943
Oregon-------do-----	28,348	19,480	13,574	957	340
Total-------do-----	312,834	213,072	163,069	12,322	7,204
Total United States units--	1,552,922	1,207,174	991,529	70,347	47,548
Nonresidential: 1/					
California-1,000,000 dollars--	6,461	5,899	6,179	455	347
Nevada-------do-----	363	428	334	37	31
Subtotal------do-----	6,824	6,327	6,513	492	378
Arizona-------do-----	755	681	564	55	37
Oregon-------do-----	484	427	324	38	11
Total-------do-----	8,063	7,435	7,401	585	426
Total United States 1,000,000 dollars--	34,360	32,340	33,800	2,434	2,049

1/ Deflated by implicit price deflator.

Source: Compiled from statistics of the U.S. Department of Commerce, Bureau of the Census.

The figures for the four Western Pacific States are dominated by those for California and Nevada. Nonetheless, the trends for the larger, Western Pacific region were somewhat more negative than those for the 2-State region. Authorizations for residential housing declined by 48 percent from 1979 to 1981 and then fell by 42 percent in January 1982 relative to those reported for January 1981. The real dollar volume of nonresidential authorizations declined in each period, by 8 percent, from 1979 to 1981, and then by an additional 27 percent in January 1982 relative to the same month in 1981.

Apparent consumption

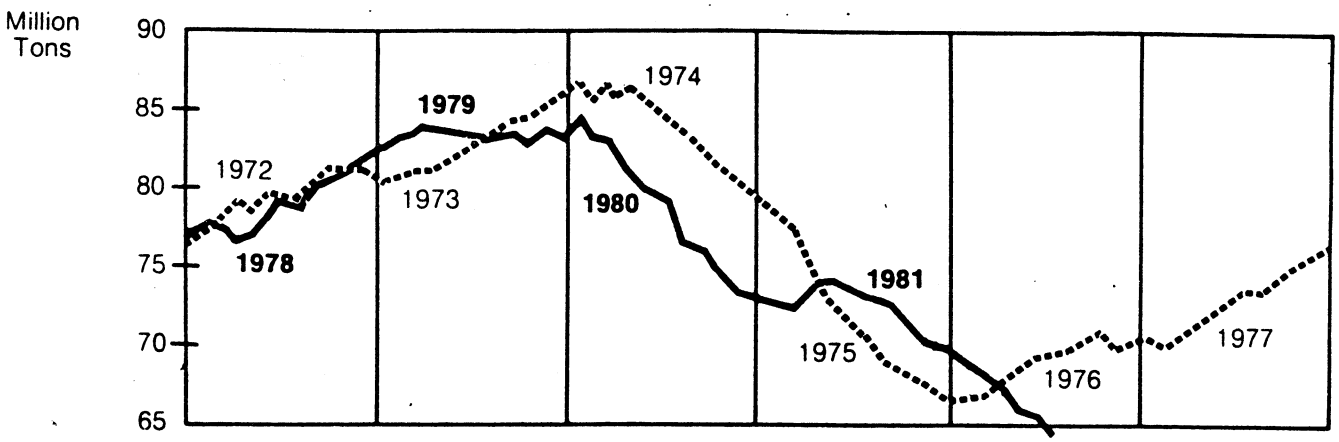
Because it is so dependant on construction acitivity, demand for cement has tended to be very cyclical (fig. 2). Apparent consumption, by regions, based on statistics published by the Bureau of Mines is presented in the following tabulation (in thousands of short tons): 1/

1/ Cement Minerals Yearbook, 1981, table 13. According to an official with the Bureau of the Mines, these data may be somewhat understated, in that they may not include all imports.

	California and Nevada	Western Pacific States 1/	Total United States 2/
1979	10,157	12,941	84,700
1980	8,459	10,747	75,763
1981	7,842	9,947	71,308
January-August			
1981	5,407	6,280	47,549
1982	4,364	5,596	41,680

1/ Includes Arizona, California, Nevada, and Oregon.
2/ Includes the 50 States, the District of Columbia, and Puerto Rico.

Figure 2. **PORTLAND CEMENT CONSUMPTION**
(12-month moving totals)



Source: Portland Cement Association and U.S. Bureau of Mines

Apparent consumption of Portland cement for the total United States declined by 16 percent from 1979 to 1981 and then declined by an additional 12 percent in January-August 1982 relative to that for the corresponding period of 1981.

Consumption of Portland cement in the Western Pacific States declined by 23 percent from 1979 to 1981, and then declined by an additional 11 percent in January-August 1982 relative to that reported for the corresponding period of 1982. Consumption in California and Nevada declined at the same rate as that reported for the 4-State region in 1979-81, but then declined by an additional 19 percent in January-August 1982 relative to the 11 percent decline recorded for the same period in the 4-State region. Consumption of Portland hydraulic cement in the 2-State area dominates consumption in the 4-State, Western Pacific region, accounting for an average of 78 percent of aggregate consumption in the region during the period under consideration.

U.S. Producers

In 1981, 48 companies and one State agency operated 159 cement producing plants in 40 states and Puerto Rico (fig. 3). The principal producing States are Texas with 20 plants, Pennsylvania with 15 plants, California with 12 plants, and Missouri with 7 plants. U.S. plants had an estimated annual grinding capacity in 1981 of 103 million short tons. About 30 percent of all U.S. capacity is owned by firms based in Canada, France, Italy, Sweden, Switzerland, and West Germany.

For purposes of this report, the Western Pacific States include California, Nevada, Arizona, and Oregon. In this region, there were a total of 10 firms operating 17 plants. There are 12 plants in California, 2 each in Arizona and Oregon and 1 in Nevada (fig. 4). The names of the domestic producers in the Western Pacific States and the locations of their plants are as follows:

Parent company	Production Facilities
California Portland Cement Co.	Colton, Calif. Mojave, Calif. Rilleto, Ariz.
Centex Corp. (Nevada Cement)	Fernley, Nev.
General Portland, Inc.	Lebec/Los Robles, Calif.
Genstar Cement & Lime Co.	San Andreas, Calif. Redding, Calif.
Kaiser Cement Corp.	Permanente, Calif. Lucerne Valley, Calif.
Lone Star Industries, Inc.	Davenport/Santa Cruz, Calif.
Monolith Portland Cement Co.	Monolith, Calif.
Gifford-Hill Cement Co. (Gifford-Hill Co., Inc.)	Crestmore/Riverside, Calif. Oro Grande, Calif. Clarkdale, Ariz.
Southwestern Portland Cement Co.	Victorville, Calif.
Oregon Portland Cement Co.	Durkee, Oreg. Lake Oswego, Oreg.

Source: U.S. Bureau of Mines.

FIGURE 3:-UNITED STATES AND CANADIAN PORTLAND CEMENT PLANT LOCATIONS

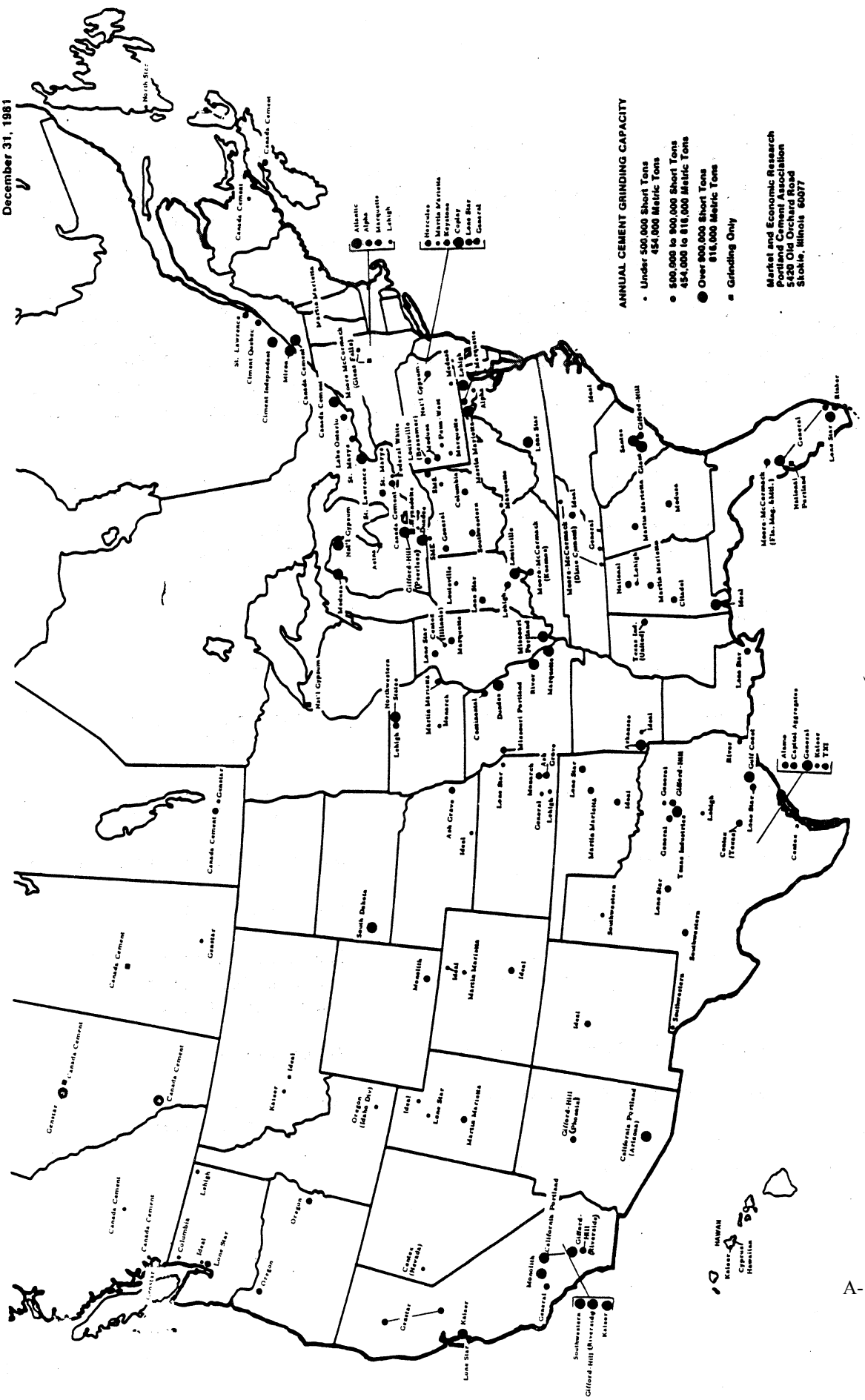
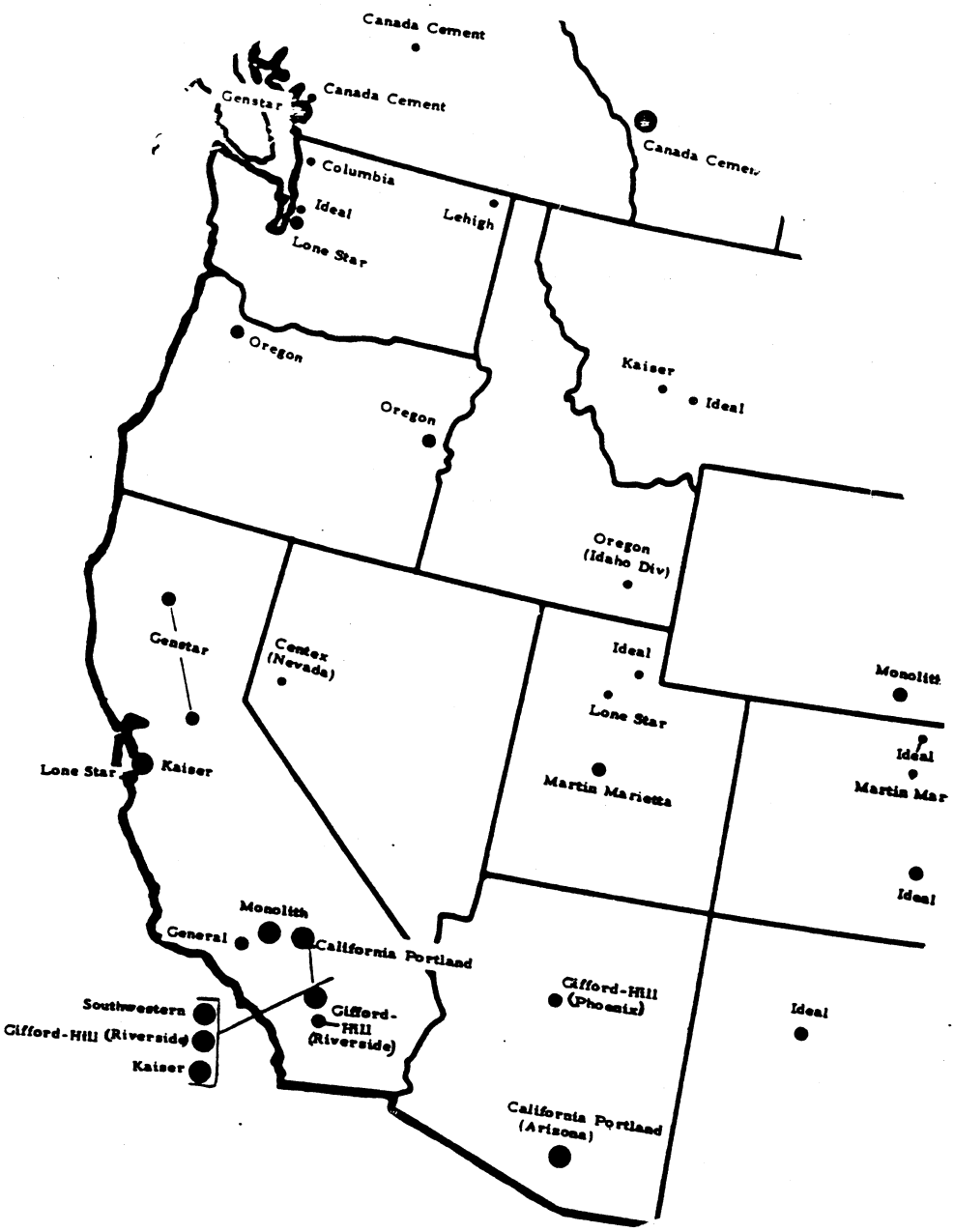


Figure 4.--Location of U.S. producers in the Western Pacific States



Source: Portland Cement Association.

U.S. Importers

There have been six firms that are known to have imported cement into the Western Pacific States during the period under consideration. Two of the firms, * * * , are domestic cement producers. * * * . All of the remaining importers, Melwire Trading Co., Stinnes Enterprises Co., Inc., and Pacific Coast Cement Corp., imported their cement through their own, recently constructed import terminals. Melwire Trading imports cement through a storage terminal, * * * . The terminal is located in San Diego, Calif. The storage terminal opened in 1979 and has an estimated annual through-put capacity of * * * . Melwire began importing from Japan in 1981.

Stinnes was * * * an import terminal in Stockton. The firm currently leases the facility from the Stockton Port Authority. The terminal was opened in the spring of 1981 and has an estimated annual through-put capacity of * * * . However according to company officials, the firm will close all of its cement operations in California at the end of this year primarily because of a legal disagreement with the port about the terminal facilities. 1/ Stinnes markets its cement in the California-Nevada market through its wholly owned subsidiary Delta Cement.

Pacific Coast worked closely with the port authority in Long Beach, Calif. in the construction of the import terminal. The terminal began operations in the fall of 1981 and has an annual through-put capacity of about * * * . The petitioners feel strongly that the mere existence of these three terminals and the importing capability they represent are a threat to domestic producers in the area.

Foreign Producers

The major foreign producing countries of cement are the U.S.S.R., Japan, China, and West Germany. World cement production during 1979-81 increased from 958 million short tons in 1979 to an estimated 979 million short tons in 1981, as shown in the following tabulation (in millions of short tons):

1/ See memorandum to the record on trip report to Stockton, Calf.

Countries	1979	1980	1981
U.S.S.R	136	138	140
Japan	97	97	94
United States	86	77	74
China	81	88	93
Federal Republic of Germany	40	39	36
Spain	31	31	32
France	32	32	31
Brazil	27	30	31
Poland	21	20	16
India	20	20	23
Australia	6	6	6
All other	382	397	403
Total	959	975	1/ 979

1/ Estimated.

Source: U.S. Bureau of Mines.

Japan is the second largest cement producer in the world, with 24 manufacturers operating about 60 plants. The industry is modern, highly efficient, and uses the latest technology. Japan ranked first in labor productivity of cement production in the world in 1980. That year the industry's annual output per worker was 7,945 tons. The annual output per worker in the United States was 2,616 tons. 1/

Total Japanese cement production declined from 97 million short tons in 1979 to an estimated 94 million short tons in 1981. Five companies accounted for over 55 percent of total Japanese cement sales. 2/ The two Japanese cement companies which are believed to be exporting Portland hydraulic cement to the United States currently are--Nihon Cement Co., Ltd., and Sumitomo Cement Co. Ltd. The Onoda Cement Co. supplied cement to * * * .

Nihon Cement is the second largest cement producer in Japan with five facilities. Nihon's capacity is 14 million short tons annually, with actual production of 12 million in 1980. 3/ Nihon exports its cement through the Japanese trading company, Marubeni Corp. Sumitomo is the fifth largest Japanese cement producer and has eight plants. Its total production was over 10.5 million short tons in 1980. 4/ Sumitomo Shoji Group, a trading company, handles Sumitomo Cement exports. The Onoda Cement Corp. is the third or fourth largest Japanese cement producer. It terminated its shipments to the United States in 1981.

The Australian cement industry is very small when compared with other nations. It is composed of nine producers operating 18 plants. Production in

1/ The Japan Economic Journal, 1981 Industrial Review of Japan, p. 127.
2/ "The Mineral Industry of Japan," Bureau of Mines Minerals Yearbook, U.S. Department of the Interior, Bureau of Mines, pp. 25-26.
3/ Ibid.
4/ Ibid.

Australia increased from 5.5 million short tons in 1979 to an estimated 6.1 million short tons in 1981. 1/ The Australian company exporting cement to the United States is Adelaide Brighton Cement Holdings Ltd. The company has two plants with a combined annual capacity of about 1 million short tons. Both of these plants are located in the State of South Australia.

The Question of Material Injury

U.S. production, capacity, and capacity utilization

The Bureau of Mines publishes data on U.S. production by specific regions and for the total United States. However, these data are only available for the Western Pacific States as a whole, using an estimate for Arizona based on the productive capacity of the Arizona plants, for 1979-81. Data were not available for California and Nevada separately. The data are presented in table 2. They indicate that the production of Portland hydraulic cement in the Western Pacific States declined annually, by 17 percent, from 1979 to 1981, while production in the total United States declined by 15 percent.

Table 2.--Portland hydraulic cement: U.S. production, capacity, and capacity utilization, for the Western Pacific States and total United States 1979-81

Item	1979	1980	1981
Western Pacific States:			
Production			
1,000 short tons	12,308	11,170	10,210
Capacity--do	14,986	15,101	15,787
Capacity utilization percent	82.1	73.9	64.7
United States:			
Production			
1,000 short tons	82,071	73,657	70,153
Capacity--do	106,446	106,902	105,201
Capacity utilization percent	77.1	68.9	66.7

Source: Compiled from data obtained from the U.S. Bureau of Mines.

Production data were also provided by all 11 firms located in the Western Pacific States. These producers accounted for an average of 93 percent of the reported production of Portland hydraulic cement during 1979-81 (table 3).

The production of the producers located in California and Nevada declined by 19 percent from 1979 to 1981 and then declined by an additional 16 percent in January-August 1982 relative to that for the corresponding period of 1981 (table 4). Production of Portland hydraulic cement in California and Nevada also accounted for the lion's share of production in the Western Pacific States, representing an average of 82 percent of production in the 4-State region during 1979-81. Nonetheless, the production of Portland cement in the

1/ Cembureau-World Cement Directory, Paris, France.

Table 3.--Portland hydraulic cement: Production and shipments in the Western Pacific States for respondents and as reported by the Bureau of Mines, 1979-81, January-August 1981, and January-August 1982

Item	1979	1980	1981	January-August--	
				1981	1982
Western Pacific States:					
Production:					
Respondents--					
1,000 short tons--	11,567	10,353	9,549	6,510	5,222
Bureau of Mines--					
1,000 short tons--	12,308	11,170	10,210	1/	1/
Ratio of respondents' data to official statistics-percent--	93.9	92.7	93.5	-	-
Shipments:					
Respondents--					
1,000 short tons--	11,433	10,273	9,419	6,482	5,220
Bureau of Mines--					
1,000 short tons--	12,176	11,099	10,154	7,093	5,729
Ratio of respondents' data to official statistics-percent--	93.9	92.6	92.8	91.4	91.1

1/ Not available.

Source: Respondents' data compiled from responses to questionnaires of the U.S. International Trade Commission.

Western Pacific States followed a slightly different trend than that for California and Nevada alone. Production in the Western Pacific States declined by 17 percent from 1979 to 1981 and then declined by an additinal 20 percent in January-August 1982 relative to that for the corresponding period of 1981.

U.S. producers located in the Western Pacific States maintained relatively stable shares of total production in both the California-Nevada region and for the larger 4-State region. No single firm gained or lost more than * * * of their respective shares of regional production during the period under consideration.

U.S. producers' capacity to produce Portland hydraulic cement, as reported by the Bureau of the Mines, increased annually for the Western Pacific States, rising by 5 percent from 1979 to 1981. In contrast, the capacity of U.S. producers in the entire United States remained fairly stable from 1979 to 1981. Overall, U.S. capacity declined by slightly more than 1 percent from 1979 to 1981.

Table 4.--Portland hydraulic cement: Regional U.S. production, by States and by responding firms, 1979-81, January-August 1981, and January-August 1982

State and firm	1979	1980	1981	January-August--	
				1981	1982
	Quantity (short tons)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	9,608,819	8,529,562	7,781,458	5,321,643	4,299,772
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	11,567,086	10,353,138	9,549,402	6,510,069	5,221,879
	Percent of total				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	83.1	82.4	81.5	81.7	82.3
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	100.0	100.0	100.0	100.0	100.0

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

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

Capacity as reported to the Commission for those producers located in California and Nevada increased in each of the periods under consideration. It increased by 5 percent from 1979 to 1981 and then increased by an additional 6 percent in January-August 1982 relative to that for the corresponding period of 1981 (table 5). However, the effective increase in productive capacity for California and Nevada, is probably much greater than these figures would indicate. In discussing the capacity utilization data at the conference, the petitioners indicated that they could not produce at 100 percent of capacity in 1979 because of the age of the productive facilities. However, in the last few years, several producers have modernized and expanded their facilities. The petitioners feel strongly that these new facilities can operate at 100 percent of capacity. However, there remain several plants in the area that have not been modernized. Thus, the effective capacity for the industry as a whole will be somewhat less than the Commission's figures would indicate.

The capacity of U.S. producers in the 4-State region of the Western Pacific States also increased in each period. It increased by 7 percent from 1979 to 1981 and then increased by an additional 3 percent in January-August 1982 relative to that reported for the corresponding period of 1981.

Because of the declining production and increasing capacity, capacity utilization in the regions under consideration have fallen rather sharply. According to the Bureau of Mines' data, the capacity utilization of producers in the Western Pacific States declined from 82 percent in 1979 to 65 percent in 1981, while the capacity utilization for producers throughout the nation declined from 77 percent in 1979 to 67 percent in 1981.

Data provided to the Commission indicate that the utilization of productive capacity in California and Nevada declined from 89 percent in 1979 to 69 percent in 1981 and continued to decline in 1982. It declined from 71 percent in January-August 1981 to 54 percent in the corresponding period of 1982.

The figures for the larger 4-State region are somewhat more negative, because of * * * . Capacity utilization of producers in the Western Pacific States declined from 87 percent in 1979 to 67 percent in 1981 and then declined again, from 69 percent in January-August 1981 to 53 percent for the corresponding period in 1982. * * * .

U.S. producers' commercial shipments

The available data on U.S. producers' commercial shipments of Portland hydraulic cement are summarized in table 6. These data show that the commercial shipments of those producers located in the California-Nevada region declined in each of the periods under consideration. The quantity of these producers' shipments declined by 19 percent from 1979 to 1981 and then declined by an additional 19 percent in January-August 1982 relative to that reported for the corresponding period of 1981.

Table 5.--Portland hydraulic cement: Regional U.S. production, production capacity, and capacity utilization, by States and responding firms, 1979-81, January-August 1981, and January-August 1982

State and firm	1979	1980	1981	January-August--	
				1981	1982
	Production (short tons)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	9,608,819	8,529,562	7,781,458	5,321,643	4,299,772
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	11,567,086	10,353,138	9,549,402	6,510,069	5,221,879
	Capacity (short tons)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	10,791,600	10,920,000	11,353,400	7,544,033	8,000,033
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	13,291,600	14,108,600	14,277,500	9,475,133	9,765,233

Table 5.--Portland hydraulic cement: Regional U.S. production, production capacity, and capacity utilization, by States and by responding firms, 1979-81, January-August 1981, and January-August 1982--Continued

State and firm	1979	1980	1981	January-August--	
				1981	1982
	Capacity utilization (percent)				
California and Nevada:					
California-	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Average	89.0	78.1	68.5	70.5	53.7
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Average	***	***	***	***	***
Average, all firms	87.0	73.4	66.9	68.7	53.4

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

The data for producers located in the Western Pacific States followed a very similar trend. The quantity of these producers' commercial shipments declined by 18 percent from 1979 to 1981 and then declined by 19 percent in January-August 1982 relative to that reported for 1981.

The data for the nation as a whole demonstrated a more positive trend. All U.S. producers' commercial shipments declined by 14 percent from 1979 to 1981 and then declined again, by 13 percent, in January-August 1982 relative to those for the corresponding period of 1981.

The value of U.S. producers' commercial shipments did not decline as rapidly as the quantity from 1979 to 1981. However, it declined more rapidly than the quantity in January-August 1982. Thus, the average unit value of U.S. producers' Portland cement tended to increase through August 1981. The average unit value of the California-Nevada producers' commercial shipments increased from $57 per ton in 1979 to $67 per ton in 1981, or by 18 percent. However, the average unit value then delined to $65 per ton in January-August 1982, or by 6 percent over the average unit value of shipments for the corresponding period of 1981.

Table 6.--Portland hydraulic cement: U.S. producers' commercial shipments by regions, 1979-81, January-August 1981, and January-August 1982

Item	1979	1980	1981	January-August--	
				1981	1982
California and Nevada:					
Quantity					
1,000 short tons--	9,403	8,457	7,639	5,253	4,272
Value-----1,000 dollars--	536,242	521,122	514,975	361,682	277,168
Unit value 1/--per ton--	$57.03	$61.63	$67.41	$68.85	$64.89
Western Pacific States:					
Quantity					
1,000 short tons--	11,433	10,273	9,419	6,482	5,220
Value-----1,000 dollars--	648,887	631,405	631,754	443,888	341,910
Unit value 1/--per ton--	$56.76	$61.46	$67.07	$68.48	$65.50
Total United States:					
Quantity					
1,000 short tons--	80,381	73,095	69,423	46,723	40,754
Value-----1,000 dollars--	3,721,633	3,716,020	3,621,020	2/	2/
Unit value-----percent--	$46.29	$50.84	$52.15	-	-

1/ Because of rounding, figures may not compute to numbers shown.
2/ Not available.

Source: Data for California, Nevada, and the Western Pacific States, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; data for total United States, compiled from data obtained from the U.S. Bureau of Mines.

The average unit value of those producers' shipments from the larger 4-State region also increased by 18 percent from 1979 to 1981, but then declined by 4 percent in January-August 1982 relative to that for shipments in the corresponding period of 1981. The fact that the decline in January-August 1982 was not as sharp as that posted for the California-Nevada region is primarily the result of an apparent price increase by producers in Oregon and Arizona in January-August 1982 (table 7).

The average unit value of U.S. producers' cement shipments for the nation as a whole were significantly lower than those reported for the California-Nevada region and increased at a slower rate from 1979 to 1981. The average unit value of all U.S. producers' shipments was an average of 25 percent lower than that for producers in California and Nevada. The average unit value of all U.S. producers' shipments increased from $46 per ton in 1979 to $52 per ton in 1981, or by 13 percent.

Individual company data show little change in the relative shares of the quantity of commercial shipments among producers in the region during the period, but do show a significant variation in the trends of the average unit values of commercial shipments. For the majority of producers in California

Table 7.--Portland hydraulic cement: U.S. producers' commercial shipments, by States and by responding firms, 1979-81, January-August 1981, and January-August 1982

State and firm	1979	1980	1981	January-August	
				1981	1982
	Quantity (short tons)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	9,403,300	8,456,701	7,639,038	5,253,341	4,272,080
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	11,432,694	10,272,931	9,419,463	6,482,132	5,220,022
	Value (1,000 dollars)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	536,242	521,122	514,975	361,682	277,168
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	648,887	630,405	631,754	443,888	341,910

Table 7.--Portland hydraulic cement: U.S. producers' commercial shipments, by states and responding firms, 1979-81, January-August 1981, and January-August 1982--Continued

State and firm	1979	1980	1981	January-August--	
				1981	1982
	Unit value (per short ton)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Average	57.03	61.62	67.41	68.85	64.89
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Average	***	***	***	***	***
Average, all firms	56.76	61.37	67.07	68.48	65.50
	Percent of total quantity				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	82.2	82.3	81.1	81.0	81.8
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	100.0	100.0	100.0	100.0	100.0

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

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

and Nevada, the average unit value of commercial shipments followed the trend for the aggregate, increasing through August 1981 and then declining thereafter. However, * * * .

* * * * * * *

U.S. producers' exports have been insignificant and virtually nonexistant over the period under consideration (table 8). Exports by producers in the California-Nevada region reached a peak of * * * .

Nonetheless, the export level of all U.S. producers was generally higher during the period under consideration. The peak year for all U.S. producers was 1979, when 151,000 tons of cement and cement clinker were exported. This tonnage represents 0.2 percent of U.S. producers' total shipments of cement for that year.

U.S. producers' inventories

Data on U.S. producers' inventories are available only from those producers responding to the Commission's questionnaire (table 9). These data show that while regional inventories have increased over the period, inventories have remained at relatively low levels. The quantity of inventories of Portland hydraulic cement held in California and Nevada as of December 31 increased by 25 percent from 1979 to 1981. The quantity of cement held in inventory as of August 31 also increased, by an additional 6 percent, from 1981 to 1982. As a ratio to U.S. producers' total shipments for the preceding period, yearend inventories in California and Nevada increased from 4.0 percent in 1979 to 6.1 percent in 1981. The annualized ratio of inventories held as of August 31 to shipments increased from 5.5 percent in 1981 to 7.2 percent in 1982. In considering these increases in inventories, it should be noted that the 1979 figures represent inventory levels that are, by the petitioners' own statements, lower than good operating procedure would dictate. 1/ Also, Portland hydraulic cement must be held in permanent facilities such as storage silos to prevent contamination by water. Thus, the ability of U.S. producers to maintain inventories of finished cement is limited.

Inventory data on Portland hydraulic cement held in the larger region of the Western Pacific States followed a trend similar to that for California and Nevada. The quantity of yearend inventories held in the Western Pacific States increased by 30 percent from 1979 to 1981 and then increased by 5 percent from August 31, 1981, to the same date in 1982. As a ratio to shipments, yearend inventories increased from 4.0 percent in 1979 to 6.3 percent in 1981. The annualized ratio of inventories to shipments then increased again, from 5.3 percent for January-August 1981 to 7.0 percent for the corresponding period in 1982.

1/ Transcript of conference, p. 60.

Table 8.--Portland hydraulic cement: U.S. producers' exports and total commercial shipments, by regions, 1979-81, January-August 1981, and January-August 1982

Period	Producers' exports	Producers' shipments	Ratio of exports to shipments
	California and Nevada		
	1,000 short tons		Percent
1979	***	9,403	***
1980	***	8,457	***
1981	***	7,639	***
January-August--			
1981	***	5,253	***
1982	***	4,272	***
	Western Pacific States		
	1,000 short tons		Percent
1979	***	11,433	***
1980	***	10,273	***
1981	***	9,419	***
January-August--			
1981	***	6,482	***
1982	***	5,220	***
	Total United States 1/		
	1,000 short tons		Percent
1979	151	80,381	.19
1980	18	73,095	.02
1981	30	69,423	.04
January-August--			
1981	21	46,723	.04
1982	13	40,754	.03

1/ These statistics reflect U.S. exports of Portland cement and cement clinker. However, the vast majority of exports are believed to be of finished cement.

Source: U.S. producers' exports from California and Nevada and the Western Pacific States, compiled from data obtained in response to questionnaires of the U.S. International Trade Commission; producers' exports for total United States, compiled from official statistics of the U.S. Department of Commerce.

Table 9.--Portland hydraulic cement: Responding U.S. producers' inventories held as of Dec. 31 of 1979-81, Aug. 31, 1981, and Aug. 31, 1982, and U.S. producers' total shipments, 1/ by States and by firms, 1979-81, January-August 1981, and January-August 1982

State and firm	1979	1980	1981	January-August 2/	
				1981	1982
	Quantity (short tons)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Subtotal	383,034	443,262	480,400	442,090	467,178
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	465 123	542,227	605,982	529,648	554,296
	Ratio of inventories to shipments (percent)				
California and Nevada:					
California	***	***	***	***	***
Centex	***	***	***	***	***
General	***	***	***	***	***
Genstar	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Kaiser	***	***	***	***	***
Lone Star	***	***	***	***	***
Monolith	***	***	***	***	***
Southwestern	***	***	***	***	***
Average	4.0	5.2	6.1	5.5	7.2
Oregon Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Average	***	***	***	***	***
Average, all firms	4.0	5.2	6.3	5.3	7.0

1/ Total shipments include intraplant and intercompany transfers in addition to commercial shipments.

2/ The ratios of inventories to shipments for the partial-year periods have been annualized.

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

U.S. employment, productivity, and wages

Average employment data for California and Nevada, the Western Pacific States, and the total United States are summarized in table 10. The trends for the different areas are dissimilar, although a relatively sharp decline in 1982 is a common feature. The average number of all employees in cement plants located in California and Nevada increased annually, by 3 percent, from 1979 to 1981. However, total employment then fell by 11 percent in January-August 1982 relative to that for the corresponding period of 1981.

Table 10.--Average number of all employees and production workers in U.S. establishments producing Portland hydraulic cement, by regions, 1979-81, January-August 1981, and January-August 1982

Item	California and Nevada	Western Pacific States	Total United States
All employees:			
1979	***	***	33,200
1980	***	***	28,000
1981	***	***	30,500
January-August--			
1981	***	***	1/ 31,200
1982	***	***	1/ 29,300
Production workers:			
1979	***	***	26,700
1980	***	***	22,000
1981	***	***	24,000
January-August--			
1981	***	***	1/ 24,900
1982	***	***	1/ 23,100

1/ Through June 1981.

Source: Employment in California, Nevada, and the Western Pacific States, compiled from data obtained in response to questionnaires of the U.S. International Trade Commission; employment in total United States, compiled from official statistics of the U.S. Department of Labor.

Total employment in cement plants located in the Western Pacific States increased from 1979 to 1980, but then declined slightly in 1981. The increase from 1979 to 1981 was less than 1 percent. Total employment then declined by 12 percent in January-August 1982 relative to that for the corresponding period of 1981.

Total employment in cement plants located throughout the country declined from 1979 to 1980 and then increased somewhat in 1981. The decline in employment from 1979 to 1981 was 8 percent. Total employment then declined by 6 percent in January-June 1982 relative to that for the corresponding period in 1981.

The employment of production and related workers in California and Nevada and in the Western Pacific States increased from 1979 to 1980, but then declined in 1981 and 1982, whereas the employment of production and related workers in the total United States declined from 1979 to 1980, increased in 1981, and declined in 1982. The employment of production and related workers in cement plants located in California and Nevada increased by 11 percent from 1979 to 1980, declined by 9 percent in 1981, and then fell by an additional 12 percent in January--August 1982 relative to that reported for the corresponding period in 1981.

The employment of production and related workers in the Western Pacific States increased by 9 percent from 1979 to 1980, declined by 8 percent in 1981, and then declined by an additional 13 percent in January-August 1982 relative to employment for the corresponding period in 1981. The employment of production and related workers in cement plants across the country declined by 18 percent from 1979 to 1980, increased by 9 percent in 1981, and then declined by 6 percent in January-June 1982 relative to that for the corresponding period in 1981.

Individual company data on these factors and others are presented in table 11. * * * firms located in the Western Pacific States provided data on the hours worked by production and related workers producing Portland hydraulic cement. The hours worked by production and related workers in California and Nevada increased from 1979 to 1980, but then declined by 5 percent in 1981 and declined further, by an additional 12 percent in January--August 1982 relative to the hours reported for the corresponding period in 1981. Similarly, the hours worked by production and related workers in the Western Pacific States increased from 1979 to 1980, but then declined by 7 percent in 1981 and declined further, by 13 percent in January-August 1982 relative to the hours reported for the corresponding period of 1981.

The productivity of the production and related workers varied significantly from producer to producer in the Western Pacific States, but generally declined during the period under consideration. The productivity of the workers in the area ranged from a high of * * * . For producers located in California and Nevada, productivity declined annually, from * * * in 1979 to * * * in 1981 and declined again, from * * * for January--August 1981 to * * * in January-August 1982. These declines can largely be attributed to the declining capacity utilization in the industry.

Data for the 4 State region followed the same general trend, although the declines in productivity were not as great. The productivity of production and related workers in the Western Pacific States declined from * * * in 1979 to * * * in 1981 and declined again, from * * * in January-August 1981 to * * * for the corresponding period in 1982.

Table 11.--Average number of employees, total and production and related workers, in responding U.S. establishments producing Portland hydraulic cement, and hours worked by, productivity of, hourly wages paid to, total compensation 1/ earned by, and average hourly compensation of production and related workers producing Portland hydraulic cement, by States and by firms, 1979-81, January-August 1981, and January-August 1982

State and firm	1979	1980	1981	January-August	
				1981	1982
	Average employment of all persons				
California and Nevada:					
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Oregon: Oregon----------	***	***	***	***	***
Arizona:					
California----------	***	***	***	***	***
Gifford-Hill----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Grand total----------	***	***	***	***	***
	Average employment of production and related workers producing Portland hydraulic cement				
California and Nevada:					
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Oregon: Oregon----------	***	***	***	***	***
Arizona:					
California----------	***	***	***	***	***
Gifford-Hill----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Grand total----------	***	***	***	***	***

See footnotes at end of table.

Table 11.--Average number of employees, total and production and related workers, in responding U.S. establishments producing Portland hydraulic cement, and hours worked by, productivity of, hourly wages paid to, total compensation 1/ earned by, and average hourly compensation of production and related workers producing Portland hydraulic cement, by States and by firms, 1979-81, January-August 1981, and January-August 1982--Continued

State and firm	1979	1980	1981	January-August--	
				1981	1982
	Hours worked by production and related workers producing Portland hydraulic cement (1,000 hours)				
California and Nevada:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Subtotal	***	***	***	***	***
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Subtotal	***	***	***	***	***
Grand total	***	***	***	***	***
	Productivity of production and of related workers producing Portland hydraulic cement (tons per hour)				
California and Nevada:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Average 2/	***	***	***	***	***
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Average 2/	***	***	***	***	***
Average, all firms 2/	***	***	***	***	***

See footnotes at end of table.

Table 11.- Average number of employees, total and production and related workers, in responding U.S. establishments producing Portland hydraulic cement, and hours worked by, productivity of, hourly wages paid to, total compensation 1/ earned by, and average hourly compensation of production and related workers producing Portland hydraulic cement, by States and by firms, 1979-81, January-August 1981, and January-August 1982--Continued

State and firm	1979	1980	1981	January-August-- 1981	January-August-- 1982
	Hourly wages paid to production and related workers producing Portland hydraulic cement (1,000 dollars)				
California and Nevada:					
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Oregon: Oregon----------	***	***	***	***	***
Arizona:					
California----------	***	***	***	***	***
Gifford-Hill----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Grand total----------	***	***	***	***	***
	Total compensation earned by production and related workers producing Portland hydraulic cement (1,000 hours)				
California and Nevada:					
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
* * *----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Oregon: Oregon----------	***	***	***	***	***
Arizona:					
California----------	***	***	***	***	***
Gifford-Hill----------	***	***	***	***	***
Subtotal----------	***	***	***	***	***
Grand total----------	***	***	***	***	***

See footnotes at end of table.

Table 11.--Average number of employees, total and production and related workers, in responding U.S. establishments producing Portland hydraulic cement, and hours worked by, productivity of, hourly wages paid to, total compensation 1/ earned by, and average hourly compensation of production and related workers producing Portland hydraulic cement, by States and by firms, 1979-81, January-August 1981, and January-August 1982--Continued

State and firm	1979	1980	1981	January-August--	
				1981	1982
	Average hourly compensation of production and related workers producing Portland hydraulic cement (per hour)				
California and Nevada:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Average 3/	***	***	***	***	***
Oregon: Oregon	***	***	***	***	***
Arizona:					
California	***	***	***	***	***
Gifford-Hill	***	***	***	***	***
Average 3/	***	***	***	***	***
Average, all firms 3/	***	***	***	***	***

1/ Includes hourly wages and fringe benefits such as health insurance, contributions to retirement, bonuses, or any payment in kind paid by the firm.

2/ Based only on those data provided by producers that reported both production and hours worked.

3/ Based only on data provided by producers that reported both total compensation and hours worked.

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

Financial experience of U.S. producers

* * * U.S. firms that accounted for 92 percent of production of Portland hydraulic cement (as reported to the Commission) in the Western Pacific States in 1981 furnished usable financial data relative to their manufacture of such cement in Arizona, California, Nevada, and Oregon. In the aggregate, the * * * firms' net sales and income declined annually during the period under consideration. However, manufacturing costs and operating expenses increased yearly during the same period. Thus, the profitability of U.S. producers in the Western Pacific States generally declined throughout the period under consideration.

California and Nevada.--The * * * reporting firms' net sales of Portland hydraulic cement declined annually from * * * . These firms reported aggregate net sales of * * * (table 12).

Operating income declined sharply, * * * . * * * . Profit margins ranged from * * * (table 13).

Cash flow generated from the * * * producers' cement operations are also shown in table 12. Cash flow declined sharply during 1979-81, * * * .

Manufacturing costs (cost of goods sold) and general, selling and administrative expenses increased in each period under consideration. As a share of net sales, the cost of goods sold rose from * * * . General, selling, and administrative expenses rose from * * * .

* * * * * * *

Western Pacific States.--Financial data relative to * * * producers' Portland hydraulic cement operations in the Western Pacific area (including the * * * California and Nevada producers) are also shown in tables 12 and 13. Table 13 reveals that * * * . In the aggregate, the * * * firms' net sales declined from * * * . * * * .

Aggregate operating income fell sharply from * * * . * * * .

Total United States.--There is only limited data available on the financial experience of cement producers for the total United States. However, this limited data indicate that producers on a nation-wide basis were not nearly as profitable as producers in the Western Pacific States during 1979 and 1980. In addition, the data indicate that although the profitablitilty indicators for the nation declined annually during 1979-81, they did not decline as rapidly as those for producers located in the Western Pacific States. The average ratio of operating income to net sales for the 4 largest domestic producers declined from 16.9 percent in 1979 to 12 percent in 1981. Simultaneously, the average ratio of net income to net sales declined from 11 percent to 7 percent.

Investment in productive facilities.--* * * firms supplied data relative to their investment in productive facilities during 1979-81, January-July 1981 and January-July 1982 (table 14). The * * * firms' investment, valued at cost, in facilities used in the production of Portland hydraulic cement increased by * * * during 1979-82. The book value of such assets increased by * * * . The relationship of operating profit to investment in productive facilities, whether valued at cost or book value, generally follows the same trend as the ratio of such profits to net sales, that is, the ratio declined from a high in 1979 to a low on August 31, 1982.

Table 12. Income-and-loss experience of U.S. firms on their operations on Portland hydraulic cement, by regions, accounting years 1979-81, and interim accounting periods through July 1981 and July 1982

Item	1979	1980	1981	Interim accounting period thru July--	
				1981	1982
	California and Nevada 1/				
Net sales--1,000 dollars	***	***	***	***	***
Cost of goods sold--do	***	***	***	***	***
Gross income--do	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars	***	***	***	***	***
Operating income--do	***	***	***	***	***
Other income or (expense), net--1,000 dollars	***	***	***	***	***
Net income before taxes 1,000 dollars	***	***	***	***	***
Depreciation and amortization--1,000 dollars	***	***	***	***	***
Cash flow from operations 1,000 dollars	***	***	***	***	***
Ratio to net sales:					
Gross income--percent	***	***	***	***	***
Operating income--do	***	***	***	***	***
Net income before taxes percent	***	***	***	***	***
Cost of goods sold percent	***	***	***	***	***
General, selling, and administrative expenses--percent	***	***	***	***	***
Number of firms reporting operating losses	***	***	***	***	***
Number of firms reporting net losses	***	***	***	***	***
	Western Pacific States 2/				
Net sales--1,000 dollars	***	***	***	***	***
Cost of goods sold--do	***	***	***	***	***
Gross income--do	***	***	***	***	***
General selling, and administrative expenses 1,000 dollars	***	***	***	***	***
Operating income--do	***	***	***	***	***
Other income or (expense), net--1,000 dollars	***	***	***	***	***
Net income before taxes 1,000 dollars	***	***	***	***	***

See footnotes at end of table.

Table 12. Income-and-loss experience of U.S. firms on their operations on Portland hydraulic cement, by regions, accounting years 1979-81, and interim accounting periods through July 1981 and July 1982--Continued

Item	1979	1980	1981	Interim accounting period thru July---	
				1981	1982
Depreciation and amortization---1,000 dollars--	***	***	***	***	***
Cash flow from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales:					
Gross income---percent--	***	***	***	***	***
Operating income---do----	***	***	***	***	***
Net income before taxes percent--	***	***	***	***	***
Cost of goods sold percent--	***	***	***	***	***
General, selling, and administrative expenses-----percent--	***	***	***	***	***
Number of firms reporting operating losses--------	***	***	***	***	***
Number of firms reporting net losses----------	***	***	***	***	***
	United States 3/				
Ratio to net sales:					
Operating income percent--	16.9	15.4	11.7	4/	4/
Net income before taxes percent--	10.6	8.2	6.7	4/	4/

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

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

3/ "Building: Basic Analysis," Standard & Poor's Industry Surveys, Aug. 5, 1982, based on the operations of the 4 largest domestic producers' nation-wide operations. These producers are Gifford-Hill, Ideal Basics, Kaiser Cement, and Lone Star Industries.

4/ Data not available.

Table 13.--Regional income-and-loss experience of * * * U.S. producers on their operations producing Portland hydraulic cement, by States and by firms, accounting years 1979-81 and interim accounting periods through July 1981 and July 1982

* * * * * * *

Table 14.--Investment in productive facilities by * * * U.S. producers of Portland hydraulic cement, as of the end of accounting years 1979-81, and the interim accounting years ending on July 31, 1981, and July 31, 1982

Item	1979	1980	1981	Interim accounting period thru July--	
				1981	1982
Original cost----1,000 dollars--	***	***	***	***	***
Book value----------do--	***	***	***	***	***
Operating income or (loss)-do--	***	***	***	***	***
Ratio of operating income or (loss) to--					
Net sales---------percent--	***	***	***	***	***
Original cost----------do--	***	***	***	***	***
Book value----------do--	***	***	***	***	***

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

Capital expenditures.--* * * firms supplied data relative to their expenditures during 1979-81, January-August 1981, and January-August 1982 for land, buildings, machinery and equipment used in the production of Portland hydraulic cement. As shown in the following tabulation, the aggregate capital expenditures rose from * * * :

	Capital expenditures (1,000 dollars)
1979----------	***
1980----------	***
1981----------	***
January-August--	
1981----------	***
1982----------	***

Research and development expenses.--Only * * * producers reported that they incurred research and development expenses relative to their Portland hydraulic cement operations in the Western Pacific States during 1979-81, January-August 1981, and January-August 1982. Such expenses are presented in the following tabulation:

	Research and development expenses (1,000 dollars)
1979----------	***
1980----------	***
1981----------	***
January-August--	
1981----------	***
1982----------	***

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

U S. imports

Data on U.S. imports of Portland hydraulic cement are available from the Department of Commerce. These data are presented in table 15. However, the Commission's staff has reason to believe that there are significant errors in these figures. The Commission's staff also has data from all known importers of Portland hydraulic cement in the Western Pacific States. These data are presented in table 16. The Commission's staff has no reason to doubt the validity of these figures particularly since they generally overstate Commerce's data.

The quantity of total imports as reported by U.S. importers operating in California generally declined over the period under consideration. Imports of Portland hydraulic cement declined from * * * . * * * .

There were no imports of finished cement from Australia reported for 1979 or 1980. However, imports in 1981 totaled * * * .

Imports of cement from Japan declined somewhat from 1979 to 1980, then increased sharply in 1981, only to decline again in January-August 1982. Overall, imports increased from * * * . However, imports then declined by * * * .

Taken together, imports from Japan and Australia have increased sharply over the period under consideration. Imports declined somewhat from 1979 to 1980, but then jumped to 246,818 tons in 1981, * * * . Together, imports from both countries then increased by and additional 33 percent in January-August 1982 relative to those reported for the corresponding period in 1981.

Imports from sources other than Japan and Australia declined sharply and in each period during the period under consideration. Imports declined from 550,488 tons in 1979 to * * * . Imports from these sources then declined by an additional * * * during January-August 1982 relative to the corresponding period of 1981.

As a share of total imports, imports of Portland hydraulic cement from Australia increased from * * * . Imports from Japan also increased their share of total imports. Their share increased from * * * . However, the share of imports from Japan then dropped from * * * .

Taken together, imports from Australia and Japan increased as a share of total imports in each period under consideration. The share of imports from these sources increased from * * * in 1979 to * * * in 1981 and then increased again, to * * * in January-August 1982.

Simultaneously, the share of imports from sources other than Japan and Australia declined from * * * in 1979 to * * * in 1981, and then declined again, to * * * in January-August 1982.

Table 15.--Portland hydraulic cement U.S. imports for consumption, for California-Nevada, the Western-Pacific States, and total United States, by principal sources, 1979-81, January-June 1981, and January-June 1982

Item	1979	1980	1981	January-June--	
				1981	1982
	Quantity (short tons)				
California-Nevada:					
Australia	8,799	1,205	0	0	41,793
Canada	320,206	114,216	25	0	0
Japan	11	87,997	177,585	98,955	40,394
Mexico	36,139	1,842	1,493	1,288	50
All others	108,433	109,822	73,575	72,913	1,581
Total	473,588	315,082	252,678	173,155	83,818
Western Pacific States:					
Australia	8,799	1,205	0	0	41,793
Canada	347,235	125,970	10,297	0	0
Japan	48,925	112,247	177,585	98,955	40,394
Mexico	53,678	2,304	2,050	1,445	130
All others	108,433	104,822	73,575	72,913	1,581
Total	567,071	351,548	263,507	173,313	83,878
Total United States:					
Australia	8,799	1,205	0	0	41,793
Canada	2,521,385	1,768,130	1,715,935	645,583	630,785
Japan	138,440	112,248	177,585	98,955	40,394
Mexico	524,632	328,616	83,206	43,323	39,979
All others	1,470,793	1,021,726	610,232	369,585	167,179
Total	4,664,049	3,231,925	2,586,958	1,157,446	920,130
	Value (1,000 dollars) 1/				
California-Nevada:					
Australia	404	67	-	-	1,358
Canada	13,741	5,647	1	-	--
Japan	2/	3,210	7,235	3,912	1,399
Mexico	1,544	191	136	120	4
All others	6,132	3,820	3,868	3,758	105
Total	21,821	12,936	11,240	7,790	2,866

See footnotes at end of table.

Table 15.--Portland hydraulic cement: U.S. imports for consumption, for California-Nevada, the Western-Pacific States, and total United States, by principal sources, 1979-81, January-June 1981, and January-June 1982--Continued

Item	1979	1980	1981	January-June---	
				1981	1982
	Value (1,000 dollars)				
Western Pacific States:					
Australia	404	67	-	--	1,358
Canada	14,755	6 124	499	-	--
Japan	1,865	4,013	7,235	3,912	1,399
Mexico	1,991	233	198	136	13
All others	6,132	3,820	3,868	3,750	105
Total	25,147	14,258	11,801	7,798	2,875
Total United States:					
Australia	404	67	-	-	1,358
Canada	85,215	61,632	60,090	23,046	21,227
Japan	6,529	4,018	7,235	3,912	1,399
Mexico	19,511	13,824	4,623	2,381	2,159
All others	53,601	35,729	20,548	12 841	5,563
Total	165,258	115,268	92,495	42,178	31,707
	Unit value (per ton)				
California-Nevada:					
Australia	$45.91	$55.80	--	--	$32.48
Canada	42.91	49.44	$44.99	--	--
Japan	26.66	36.48	40.74	$39.53	34.64
Mexico	42.73	103.43	90.84	93.17	73.94
All others	56.55	34.78	52.57	51.54	66.41
Average	46.08	41.05	44.48	44.99	34.19
Western Pacific States:					
Australia	45.91	55.80	-	-	32.48
Canada	42.49	48.61	48.46	--	-
Japan	38.12	35.75	40.74	39.53	34.63
Mexico	37.09	101.13	96.59	88.58	100.00
All others	56.55	34.78	52.57	51.54	66.41
Average	44.35	40.56	44.78	45.03	34.30

See footnote at end of table.

Table 15.--Portland hydraulic cement: U.S. imports for consumption, for California-Nevada, the Western-Pacific States, and total United States, by principal sources, 1979-81, January-June 1981, and January-June 1982--Continued

Item	1979	1980	1981	January-June--	
				1981	1982
	Unit value (per ton)				
Total United States:					
Australia	$45.91	$55.80	-	-	$32.48
Canada	33.80	34.86	$35.02	$35.70	33.65
Japan	47.16	35.79	40.74	39.53	34.64
Mexico	37.19	42.07	55.57	54.96	54.01
All others	36.44	34.97	33.67	34.74	33.28
Average	35.43	35.67	35.75	36.44	34.46
	Percent of total quantity				
California:					
Australia	1.9	0.4	-	-	49.9
Canada	67.6	36.2	3/	-	-
Japan	3/	27.9	70.3	57.1	48.2
Mexico	7.6	.6	.6	.7	.1
All others	22.9	34.9	29.1	42.1	1.8
Total	100.0	100.0	100.0	100.0	100.0
Western Pacific States:					
Australia	1.6	.3	-	-	49.8
Canada	61.2	35.8	3.9	-	-
Japan	8.6	31.9	67.4	57.1	48.1
Mexico	9.5	.7	.8	.8	.2
All others	19.1	31.2	27.9	42.1	1.9
Total	100.0	100.0	100.0	100.0	100.0
Total United States:					
Australia	.2	3/	-	-	4.5
Canada	54.1	54.7	66.3	55.8	68.6
Japan	.3	3.5	6.7	8.5	4.4
Mexico	11.2	10.2	3.2	3.7	4.3
All others	31.5	31.6	23.6	31.9	18.2
Total	100.0	100.0	100.0	100.0	100.0

1/ Custums value, landed and duty-paid.
2/ Less than $500.
3/ Less than 0.05 percent.

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

Table 16.--Portland hydraulic cement: U.S. importers' imports, by sources and by firms, 1979-81, January-August 1981, and January-August 1982

Source and firm	1979	1980	1981	January-August--	
				1981	1982
	Quantity (short tons)				
Australia: Pacific Coast-	***	***	***	***	***
Japan:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total, Japan	***	***	***	***	***
Total, Japan and Australia	***	***	249,818	109,223	145,769
All other countries:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total, all other countries 1/	550,488	218,234	***	***	***
Grand total	***	***	***	***	***
	Value (1,000 dollars)				
Australia: Pacific Coast-	***	***	***	***	***
Japan:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total, Japan	***	***	***	***	***
Total, Japan and Australia	***	***	12,332	5,284	7,417
All other countries:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total, all other countries 1/	28,285	11,715	***	***	***
Grand total	***	***	***	***	***

See footnote at end of table.

Table 16.--Portland hydraulic cement: U.S. importers' imports, by sources and firms, 1979-81, January-August 1981, and January-August 1982--Continued

Source and firm	1979	1980	1981	January-August-- 1981	January-August-- 1982
	Unit value (per short ton)				
Australia: Pacific Coast-	***	***	***	***	***
Japan:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average, Japan	***	***	***	***	***
Average, Japan and Australia	***	***	$49.36	$48.38	$50.88
All other countries:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average, all other countries 1/	$51.38	$53.68	***	***	***
Grand average	***	***	***	***	***
	Percent of total quantity				
Australia: Pacific Coast-	***	***	***	***	***
Japan:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total, Japan	***	***	***	***	***
Total, Japan and Australia	***	***	***	***	***
All other countries:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total, all other countries 1/	***	***	***	***	***
Grand total	100.0	100.0	100.0	100.0	100.0

1/ These imports are from Canada, Mexico, Panama, the United Kingdom, and the Republic of Korea.

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

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

Market penetration of imports

As a share of regional consumption in California and Nevada, imports from Australia increased from * * * (table 17). Imports from Japan also increased as a share of apparent consumption. Their share increased from * * * . Together, imports from Japan and Australia increased from * * * in 1979 to 2.0 percent in 1981 and then increased again, from 1.4 percent in January-August 1981 to 3.8 percent in the corresponding period of 1982.

Table 17.--Portland hydraulic cement: Market penetration of imports, 1/ by sources, for California and Nevada, and the Western Pacific States, 1979-81, January-August 1981, and January-August 1982

Region and source	1979	1980	1981	January-August--	
				1981	1982
California and Nevada:					
Australia	***	***	***	***	***
Japan	***	***	***	***	***
Total	***	***	2.0	1.4	3.8
All other countries	5.4	2.9	***	***	***
Total	***	***	***	***	***
Western Pacific States:					
Australia	***	***	***	***	***
Japan	***	***	***	***	***
Total	***	***	1.6	1.5	3.0
All other countries	4.2	2.3	***	***	***
Total	***	***	***	***	***

1/ Imports have been adjusted for net changes in U.S. importers' inventories.

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

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

The share of regional consumption accounted for by imports from countries other than Japan and Australia declined from 5.4 percent in 1979 to * * * . The market penetration of total imports declined from * * * .

Threat of material injury

The Commission has typically considered such factors as the existence of any contract between the foreign producers and U.S. importers, the capacity of the foreign producers to increase imports, and U.S. importers' inventories when evaluating the threat of material injury. In this case, the three principal respondents, Melwire Trading Co., Pacific Coast Cement, and Stinnes Enterprises, all have contractual agreements with their respective foreign

producers. The specifics of each contract are not known. However, the Commission's staff was advised by each of these firms that they are not financially obligated to take minimum quantities of cement and that all three contracts contain provisions for price escalations. The staff requested that the firms supply the Commission with copies of their respective agreements. However, such copies have not been forthcomimg.

Specific information as to the foreign producers' capacity to increase imports is also unknown. However, in light of the current, world-wide recession, it is reasonable to assume that the various foreign producers are not operating at maximum capacity and, therefore, are in a position to increase exports of Portland hydraulic cement.

U.S. importers' inventories have been significant, especially in recent periods (table 18). Pacific Coast's inventories of cement from Australia held as of December 31, 1981, totaled * * * .

Melwire and Stinnes * * * . * * * .

Together, the data on U.S. importers' inventories of cement from Japan and Australia show increases in quantity from 1981 on, but show declines in the size of such inventories relative to shipments over the same period. Inventories of Portland hydraulic cement from Australia and Japan held as of December 31, 1981, totaled * * * . * * * .

Prices

Portland hydraulic cement is a fungible product, with price an important sales factor. Negotiation of the final transaction price is a dynamic process involving a large degree of competition between suppliers. Cement suppliers generally compete on the basis of delivered price, and, because cement has a relatively low value-to-weight ratio, transportation charges can be a relatively large portion of the delivered price. 1/ In order to sell cement to a customer located near a competitor's mill or terminal, a cement supplier will often absorb part of the freight charges. 2/ Suppliers may also provide cash or quantity discounts, or offer favorable credit terms. If a purchaser can document an offer of a lower price from one supplier, another supplier may lower its price to that customer to meet the competition, or credit that customer for the difference between its price and the lower price of the competitor.

1/ Price data collected for these investigations show that freight charges ranged from 8 to 33 percent, and averaged 17 percent of the ex-mill or ex-terminal price. Because most purchasers pick up their own cement from the mill or terminal, they receive a credit on the delivered price. This credit is based on transportation rates established by the Public Utilities Commission (PUC) , a State agency. These credits are not reflected in the delivered price data presented in table 19.

2/ Because of the high transport cost of cement, suppliers generally limit their shipments to customers within a 300-mile radius.

Table 18.--Portland hydraulic cement: Responding U.S. importers' inventories held as of Dec. 31 of 1979-81, Aug. 31, 1981, and Aug. 31, 1982, and U.S. importers' total shipments, by sources, 1979-81, January-August 1981, and January-August 1982

Period, source, and firm	Importers' inventories	Importers' shipments	Ratio of inventories to shipments
	Short tons		Percent
1979:			
Australia: Pacific Coast	***	***	***
Japan:			
Melwire	***	***	***
Stinnes	***	***	***
Total, Japan	***	***	***
Total, Japan and Australia	***	***	***
All other countries:			
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
Total, all other countries	***	***	***
Grand total, all countries	80,926	571,347	14.2
1980:			
Australia: Pacific Coast	***	***	***
Japan:			
Melwire	***	***	***
Stinnes	***	***	***
Total, Japan	***	***	***
Total, Japan and Australia	***	***	***
All other countries:			
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
Total, all other countries	***	***	***
Grand total, all countries	51,980	333,915	15.6
1981:			
Australia: Pacific Coast	***	***	***
Japan:			
Melwire	***	***	***
Stinnes	***	***	***
Total, Japan	***	***	***
Total, Japan and Australia	***	***	***
All other countries:			
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
Total, all other countries	***	***	***
Grand total, all countries	111,727	275 859	40.5

See footnote at end of table.

Table 18.--Portland hydraulic cement: Responding U.S. importers' inventories held as of Dec. 31 of 1979-81, Aug. 31, 1981, and Aug. 31, 1982, and U.S. importers' total shipments, by sources, 1979-81, January-August 1981, and January-August 1982--Continued

Period, source, and firm	Importers' inventories	Importers' shipments	Ratio of inventories to shipments
	Short tons		Percent
January-August-- 1/			
1981:			
Australia: Pacific Coast	***	***	***
Japan:			
Melwire	***	***	***
Stinnes	***	***	***
Total, Japan	***	***	***
Total, Japan and Australia	***	***	***
All other countries:			
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
Total, all other countries	***	***	***
Grand total, all countries	44,740	192,127	15.5
1982:			
Australia: Pacific Coast	***	***	***
Japan:			
Melwire	***	***	***
Stinnes	***	***	***
Total, Japan	***	***	***
Total, Japan and Australia	***	***	***
All other countries:			
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
Total, all other countries	***	***	***
Grand total, all countries	91,419	187,310	32.5

1/ The ratios for the partial-year data have been annualized.

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

The Los Angeles and San Francisco metropolitan areas are two of the largest markets in California, each including at least seven cement suppliers. 1/ The fungible nature of cement and declining construction activity in 1981 and 1982 2/ has encouraged intense price competition in these areas.

Transaction prices.--Delivered prices of cement were requested from U.S. producers and from importers of Japanese and Australian cement for the Los Angeles, San Diego, and San Francisco areas. Prices of a fungible product should be very similar. While conversations with cement purchasers confirmed that prices to a particular class (size) of customer in a specific market area at a particular time are very similar, there are several instances of significant price differentials in the market areas selected. A portion of any quarterly price differential between domestic and imported cement may reflect either sales to customers located in different delivery zones within the above market areas, 3/ sales of different quantities to different sized customers, or sales at different times within the quarter. Margins of underselling or overselling by imported cement in any one quarter should be analyzed with these qualifications in mind. Price trends and the issue of price leadership in the market are also helpful in analyzing price competition between domestic producers and importers of Japanese and Australian cement.

U.S. producers' prices in all three market areas increased from an average of $63.92 per ton in January-March 1980 to $75.96 per ton in July-September 1981, or by 18.8 percent (table 19). U.S. producers' prices declined by an average of $8.59 per ton, or by 11.1 percent, from July-September 1981 to July-August 1982. Domestic producers' price declines were greatest in the San Francisco area, although prices in that area increased from April-June 1982 to July-August 1982.

No cement was imported into these regions from Japan or Australia until April-June 1981 by those importers reporting price data. 4/ After that period, prices of cement imports from Japan and Australia declined along with those of the U.S. producers, but generally by slightly greater magnitudes. The average Japanese price of * * * . The Australian price of * * * .

1/ San Diego appears to be served primarily by producers located in the Los Angeles region.

2/ According to Bureau of Mines data, apparent domestic consumption of cement in the California-Nevada area has steadily decreased from 10.2 million tons in 1979. Consumption declined by 17 percent from 1979 to 1980, by 7 percent from 1980 to 1981, and by 19 percent from January-August 1981 to January-August 1982.

3/ Transcript of conference, p. 77.

4/ Most Japanese cement imported prior to this quarter in 1980 and 1981 is believed to have been sold to a U.S. cement producer.

Table 19.--Average lowest net delivered selling prices of type II Portland hydraulic cement produced in the California-Nevada region, and that imported from Japan and Australia into that region, to customers located at or near selected cities, by periods, January-March 1980 to July-August 1982

(Per ton)

Period	Los Angeles			San Diego 1/		San Francisco 1/	
	United States	Australia	Japan	United States	Japan	United States	Japan
1980:							
January-March	$59.11	***	***	$69.95	***	$65.69	***
April-June	66.00	***	***	71.70	***	74.18	***
July-September	66.00	***	***	71.66	***	72.33	***
October-December	66.01	***	***	72.07	***	73.64	***
1981:							
January-March	72.06	***	***	73.27	***	73.56	***
April-June	72.06	***	***	73.60	***	80.36	***
July-September	72.91	***	***	75.19	***	79.79	***
October-December	71.96	***	***	75.14	***	67.14	***
1982:							
January-March	70.33	***	***	73.77	***	65.98	***
April-June	69.95	***	***	73.87	***	61.92	***
July-August	67.09	***	***	70.63	***	64.41	***

1/ No imports of Australian cement were reported to be sold in this region during the period.

Source: The above prices were compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Margins of underselling.--The two importers reporting sales prices for Japanese cement did not import into the United States until April-June of 1981. One importer (Melwire) sold exclusively in the Los Angeles and San Diego areas, and the other (Delta) sold exclusively in the San Francisco area. In April-June 1981, Japanese cement undersold the domestic product by an average of * * * . Margins of underselling were greatest in the San Diego area, and increased to * * * . In the San Francisco area, margins of underselling vanished after July-September 1981, and from October-December 1981 to July-August 1982 imports of Japanese cement were higher priced than the domestic product by an average of * * * . In the Los Angeles area, prices of Japanese imports were reported only for the final two quarters in 1981, and margins of underselling were an average of * * * .

The one importer of Australian cement into the California-Nevada market began to import this cement in July-September 1981, and reported prices only for Los Angeles, the area in which almost all of its sales are made. Australian cement was higher priced than the domestic product through * * * . * * * .

Price leadership.--Petitioners allege that importers of Japanese and Australian cement are the price leaders in the California/Nevada market, and that these importers have suppressed or depressed domestic prices through price undercutting of domestic cement producers. In order to support their claim, domestic producers provided 135 specific allegations of price suppression/depression for 1981 and 1982, involving 923,000 tons of cement. One hundred of these allegations, representing 512,000 tons of U.S. producers' cement sales, related to competition from cement imports from Japan. Thirty-five of the allegations, representing 411,000 tons of U.S. producers' cement sales, related to competition from cement imports from Australia. In addition, one U S producer (* * *) submitted over 100 salesmen's reports of competitive pricing practices which are also used to analyze claims of price leadership by importers. Each of these reports represents an instance when * * * lowered its price or issued credit to a customer because of lower prices being offered to that customer by an importer or by another U.S. producer.

To verify the petitioners' claims of price leadership and price suppression/depression, the Commission staff contacted a sample of those customers named in the allegations. Fifteen customers, representing 90,000 tons of sales alleged to have been affected by lower prices of imports from Japan, were contacted. Eight customers representing 105,000 tons of sales were contacted to confirm Australian import competition. Three questions relating to price competition were asked: 1) Who is the price leader for cement in your market area?, 2) If you buy imported cement from Japan or Australia, what is the major reason for doing so?, and 3) Have you ever used a lower price offered by an importer of Japanese or Australian cement to negotiate a lower price or earn credit from a U.S. cement producer?.

Of the 15 customers contacted concerning price competition from imports of Japanese cement, one advised that an importer of Japanese cement was the price leader in his market area. Most customers stated that it was difficult to name a single price leader. They observed that prices had remained relatively stable or increased until 1982, when a decrease in consumption had intensified price competition among all suppliers, and various suppliers, both domestic and importers, have initiated price cuts at different times during 1982. One customer stated that the U.S. producers are currently in an intense price war among themselves.

Of nine customers that purchased imported Japanese cement, three did so because of a lower price. Two of these stated that they were small purchasers, and the price of Japanese cement was lower, because they did not qualify for the quantity discounts offered by U.S. producers to larger purchasers. Three customers purchased from a Japanese importer in order to have an alternate source. Three customers purchased Japanese cement because the importer's terminal is considerably closer than a domestic mill. With the exception of one customer, all customers that purchase Japanese cement consider it a secondary source and purchase most of their cement from domestic mills. Of the six customers that had not purchased Japanese cement, one reported that it used a lower price offered by an importer to negotiate a lower price from a domestic producer. The others reported that domestic and Japanese cement prices were comparable.

Salesmen's reports submitted by * * * . * * * .

Of the eight customers contacted concerning price competition from imports of Australian cement, none believed that the importer (Pacific Coast) was the price leader in their market area. These customers, however, could not name a domestic producer that was the obvious price leader. Most concurred with purchasers of Japanese cement that price competition among all suppliers has been very intense during 1982, and different suppliers have cut prices at different times. One large customer had bought a small amount of Australian cement because of lower price. This same customer reported that it had used a lower price offered by the importer in September of 1982 to negotiate a more favorable price from its supplier of U.S. produced cement. All other customers stated that prices of domestic and Australian cement were comparable, and none purchased Australian cement because of lower price. Three customers purchased Australian cement to diversify sources and because the import terminal is located closer to their firm. Two customers stated that they have used lower prices offered by domestic producers to bid down the price they pay for Australian cement.

Lost Sales

Petitioners provided the Commission with a total of 77 allegations of lost sales, representing 156,000 tons of cement, due to competition from imports of cement from Japan and Australia. Fifty-seven of the allegations, representing 85,000 tons of cement sales, were alleged to be the result of competition from imports of Japanese cement. Twenty of the allegations, representing 71,000 tons of cement sales, were alleged to be the result of competition from imports of Australian cement.

To verify the allegations relating to Japanese imports, the Commission staff contacted 12 customers, representing 39,000 tons of the alleged lost sales. Ten of the twelve customers confirmed purchases of cement from Japan two customers have never purchased such cement. Three customers stated that they bought cement from Japan primarily because of lower price. Two of these three stated that the cement was lower priced when it first entered the market in 1981, but that U.S. cement and imported cement from Japan are currently comparably priced at a lower level. However, only one of the three reported that the importer of cement from Japan in its market area was the price leader; the other two customers reported that cement prices had declined because of intense price competition among all firms, and they could not name a price leader.

One customer reported that it paid a lower price for cement from Japan because, as a smaller purchaser, it did not receive the quantity discounts offered by U.S. producers to larger purchasers. Another customer suggested that cement prices from Delta, the major importer of Japanese cement in the Northern California area, may be lower because Delta may close all its cement operations in California at the end of 1982. Lower prices from Delta may reflect an effort to sell its cement inventory by the end of the year.

Five customers stated that they purchased cement from Japan to have an alternate source of supply. Some of these customers, particularly the smaller firms, reported that they had received only small allocations of cement from U.S. producers during the 1978-79 cement shortage, and felt that they should maintain an alternate foreign source in the event of a future cement shortage. Two customers purchased imported cement from Japan because the importer's terminal is located considerably closer than domestic mills, reducing the time and resources spent on transporting the product. For all of the above customers that purchased imported cement, it was a secondary source.

To verify the allegations relating to imports from Australia, eight customers were contacted, representing 26,000 tons of the alleged lost sales. All eight reported having bought cement from Australia. Two customers confirmed that they purchased the imported cement because of lower price. This cement is currently the primary source for one of these customers, and the firm has purchased about 1,400 tons of cement from Australia. The other customer bought about 50 tons of cement from Australia. Three customers purchased the imported cement because the import terminal is closer than domestic mills. These customers also stated that the loading time was much shorter at the import terminal than at domestic mills, primarily because the modern terminals used by the importer are more efficient in this respect. One customer purchased imported cement from Australia to have an alternate source of supply.

APPENDIX A

NOTICE OF THE COMMISION'S INSTITUTION OF PRELIMINARY INVESTIGATIONS

[Investigations Nos. 731-TA-108 and 109 (Preliminary)]

Portland Hydraulic Cement From Australia and Japan

AGENCY: United States International Trade Commission.

ACTION: Institution of preliminary antidumping investigations and scheduling of a conference to be held in connection with the investigations.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigations Nos. 731-TA-108 and 109 (Preliminary) under section 733(a) of the Tariff Act (19 U.S.C. (1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Australia or Japan of portland hydraulic cement other than white, nonstaining portland cement, provided for in item 511.14 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less then fair value.

EFFECTIVE DATE: September 23, 1982.

FOR FURTHER INFORMATION CONTACT: Ms. Miriam A. Bishop, Office of Investigations, U.S. International Trade Commission; telephone 202-523-0291.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted following receipt of a petition filed by counsel on behalf of Kaiser Cement Corp. on September 23, 1982. Copies of the petition are available for public inspection in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. The Commission must make its determination in these investigations within 45 days after the date of the filing of a petition, or by November 8, 1982 (10 CFR 207.17). These investigations will be subject to the provisions of part 207, of the Commission's Rules of Practice and Procedure 19 CFR Part 207, 44 FR 76457 and 47 FR 6190), and particularly subpart B thereof. Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

Service of documents

The Secretary will compile a service list from the entries of appearance filed in these investigations. Any party submitting a document in connection with the investigations shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)).

Written submissions

Any person may submit to the Commission on or before October 19, 1982, a written statement of information pertinent to the subject matter of these investigations. A signed original and fourteen copies of such statements must be submitted.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m., on October 15, 1982 at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the supervisory investigator for the investigation, Mr. William Fry, telephone 202-523-0301, not later than October 12, 1982, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201 Subparts A through E (19 CFR Part 201). Further information concerning the conduct of the conference will be provided by Mr. Fry.

This notice is published pursuant to § 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12).

By order of the Commission.

Issued: September 28, 1982.

Kenneth R. Mason,

Secretary.

[FR. Doc. 82-27500 Filed 10-5-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

NOTICES OF THE DEPARTMENT OF COMMERCE S INSTITUTION OF PRELIMINARY INVESTIGATIONS

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Antidumping Investigation; Portland Hydraulic Cement From Australia

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of Antidumping Investigation.

SUMMARY: On the basis of a petition filed with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether portland hydraulic cement from Australia is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether there is a reasonable indication that imports of portland hydraulic cement from Australia are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before November 8, 1982, and we will make ours on or before March 2, 1983.

EFFECTIVE DATE: October 19, 1982.

FOR FURTHER INFORMATION CONTACT: Terry Link, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-0189.

SUPPLEMENTARY INFORMATION:

Petition

On September 23, 1982 we received a petition filed by counsel on behalf of Kaiser Cement Corporation, Gifford-Hill Cement Company, Monolith Portland Cement Company, Nevada Cement Company, the Stone, Glass and Clay Coordinating Committee, AFL/CIO, and the United Cement, Lime, Gypsum and Allied Workers International Union, AFL/CIO; CLC. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports from Australia of portland hydraulic cement are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act) and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegation of sales at less than fair value is supported by comparisons of United States price based on published export prices with foreign market value based upon offered prices for consumption in the Australian home market.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on portland hydraulic cement and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether portland hydraulic cement from Australia is being, or is likely to be, sold in the United States at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by March 2, 1983.

Scope of the Investigation

For purposes of this investigation, the term "portland hydraulic cement" covers portland hydraulic cement, other than white, non-staining portland cement, as currently provided for in item 511.1440 of the *Tariff Schedules of the United States Annotated.*

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by November 8, 1982 whether there is a reasonable indication that imports of portland hydraulic cement from Australia are materially injuring, or are threatening to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: October 13, 1982.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 82-28670 Filed 10-18-82; 8:45 am]
BILLING CODE 3510-25-M

Initiation of Antidumping Investigation: Portland Hydraulic Cement From Japan

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether portland hydraulic cement from Japan is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether there is a reasonable indication that imports of portland hydraulic cement from Japan are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before November 8, 1982, and we will make ours on or before March 2, 1982.

EFFECTIVE DATE: October 19, 1982.

FOR FURTHER INFORMATION CONTACT: Terry Link, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 377–0189

SUPPLEMENTARY INFORMATION:

Petition

On September 23, 1982 we received a petition filed by counsel on behalf of Kaiser Cement Corporation, Gifford-Hill Cement Company, Monolith Portland Cement Company, Nevada Cement Company, the Stone, Glass and Clay Coordinating Committee, AFL/CIO, and the United Cement, Lime, Gypsum and Allied Workers International Union, AFL/CIO; CLC. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports from Japan of portland hydraulic cement are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act) and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegation of sales at less than fair value is supported by comparisons between United States prices based on F.O.B. port of exportation prices obtained from the Japan Cement Exporters Association with foreign market values based on delivered prices for consumption in Japan published by Keizai Chosakin, a price monitoring body in Japan.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on portland hydraulic cement and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether portland hydraulic cement from Japan is being, or is likely to be, sold in the United States at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by March 2, 1983.

Scope of the Investigation

For purposes of this investigation, the term "portland hydraulic cement" covers portland hydraulic cement, other than white, non-staining portland cement, as currently provided for in iten 511.1440 of the *Tariff Schedules of the United States Annotated.*

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective orde without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by November 8, 1982 whether there is a reasonable indication that imports of portland hydraulic cement from Japan are materially injuring, or are threatening t materially injure, a United States industry. If its determination is negativ this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: October 13, 1982.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 82-28669 Filed 10-18-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C

CALENDAR OF THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation Nos. 731-TA-108 & 109 (Preliminary)

PORTLAND HYDRAULIC CEMENT/AUSTRALIA & JAPAN

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation at 9:30 a.m. on Friday, October 15, 1982, in Room 117 of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the petition

Squire, Sanders & Dempsey--Counsel
Washington, D.C.
on behalf of

Kaiser Cement Corporation

Walter E. Ousterman, Jr., Chairman, President and Chief Executive Officer

Tom O'Connor, Chief Economist

Economic Consulting Services Inc.

Bruce P. Malashevich, Vice President

Gifford-Hill Cement Company

R. O. Evans, Executive Vice President

Ritchie T. Thomas)--OF COUNSEL

Paul, Hastings, Janofsky & Walker--Counsel
Washington, D.C.
on behalf of

California Portland Cement Co.

A. Frederick Gerstell, President and Chief Operating Officer

Stone Glass and Clay Coordinating Committee, the AFL-CIO

Howard Chester

In opposition to the petition

O'Melveny & Myers--Counsel
Washington, D.C.
on behalf of

Pacific Coast Cement Corporation

John W. Sweetland, President

Richard E. Sherwood)--OF COUNSEL

Lathan, Watkins & Hills--Counsel
Washington, D.C.
on behalf of

Melwire Trading Company, Inc.

Mervyn L. Keces, President

William C. Kelly, Jr.)--OF COUNSEL

Graham & James--Counsel
Washington, D.C.
on behalf of

Sumitomo Cement Co., Ltd.

Nihon Cement Co., Ltd.

Stuart E. Benson)
Yoshihiro Saito)--OF COUNSEL