HOT-ROLLED CARBON STEEL PLATE FROM BRAZIL

Determination of the Commission
in Investigation No. 701-TA-87 (Final)
Under Section 705(b) of the
Tariff Act of 1930, Together
With the Information Obtained
in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Kenneth R. Mason, Secretary to the Commission

This report was prepared by--

Robert Eninger, Investigator
Howard Gooley, Office of Economics
Gerald Benedick, Office of Economics
Richard Weible, Office of Industries
Wayne Herrington, Office of the General Counsel
Lynn Featherstone, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

C O N T E N T S

CONTENTS

Tables

CONTENTS

Note.--Information which would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 701-TA-87 (Final)

HOT-ROLLED CARBON STEEL PLATE FROM BRAZIL

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 705(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)(1)), that an industry in the United States is materially injured by reason of imports of hot-rolled carbon steel plate 2/ which have been found by the Department of Commerce to be subsidized by the Government of Brazil.

Background

The Commission instituted this investigation effective June 14, 1982, following a preliminary determination by the Department of Commerce that there was a reasonable basis to believe or suspect that subsidies were being provided to manufacturers, producers, or exporters of hot-rolled carbon steel plate in Brazil.

Notice of the institution of the Commission's investigation and of a public hearing 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 July 1, 1982 (47 F.R. 28847). The hearing was held in Washington, D.C., on September 1-3, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i), 47 F.R. 6190, Feb. 10, 1982).

2/ For purposes of this investigation, the term "hot-rolled carbon steel plate" refers to plate provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (1983).

On September 7, 1982, however, the Department of Commerce suspended its countervailing duty investigation concerning hot-rolled carbon steel plate from Brazil because of an agreement by the Government of Brazil to offset all benefits which Commerce found to constitute subsidies with an export tax on all exports of the subject merchandise to the United States (47 F.R. 39394, Sept. 7, 1982). Accordingly, pursuant to section 704(f)(1)(B) of the Tariff Act (19 U.S.C. § 1671c(f)(1)(B)), the Commission also suspended its investigation (47 F.R. 41884, Sept. 22, 1982).

On September 22, 1982, a request to continue the investigation was filed with Commerce and the Commission pursuant to section 704(g)(2) of the Tariff Act (19 U.S.C. § 1671c(g)(2)) by counsel for Republic Steel Corp., Inland Steel Co., Jones & Laughlin Steel, Inc., National Steel Corp. and Cyclops Corp. Similar requests were received from United States Steel Corp. on September 24, 1982, and from counsel for Bethlehem Steel Corp. on September 27, 1982. Accordingly, effective September 22, 1982, the Commission continued its investigation (47 F.R. 47707, Oct. 27, 1982).

The final determination by the Department of Commerce that subsidies are being provided in Brazil to manufacturers, producers, or exporters of hot-rolled carbon steel plate was published in the Federal Register on January 20, 1983 (48 F.R. 2568). As noted by the Department of Commerce in its final determination, "If the final determination by the ITC is negative, the suspension agreement shall have no force or effect. If the final determination by the ITC is affirmative, the suspension agreement shall remain in effect."

VIEWS OF THE COMMISSION

We unanimously determine that an industry in the United States is being materially injured by reason of imports of hot-rolled carbon steel plate from Brazil which the Department of Commerce has determined to be subsidized. The reasons supporting our determination are set forth below.

Definition of the domestic industry

The domestic industry against which the impact of the imports under investigation is to be gauged is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 1/ "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 2/

This investigation concerns subsidized imports from Brazil of hot-rolled carbon steel plate. This same product was among the products which were the subject of the Commission's recent countervailing duty investigations involving certain steel products from Spain and the Republic of Korea. 3/ In those investigations, the Commission found that domestic hot-rolled carbon steel plate is "like" the imported hot-rolled carbon steel plate under investigation. The record developed in this final investigation contains no

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1/ 19 U.S.C. § 1677(4)(A).
2/ 19 U.S.C. § 1677(10).
3/ Certain Carbon Steel Products from Spain, investigations Nos. 701-TA-155 to 701-TA-162 (Final), USITC Publication 1331 (December 1982); Certain Carbon Steel Products from the Republic of Korea, investigations Nos. 701-TA-170, 701-TA-171, and 701-TA-173 (Final), USITC Publication 1346 (February 1983).

additional information that would suggest a revision of this analysis, nor has any party objected to this analysis. Thus, we determine that the domestic industry is comprised of the domestic producers of hot-rolled carbon steel plate.

Condition of the domestic hot-rolled carbon steel plate industry

The U.S. industry producing hot-rolled carbon steel plate has been experiencing difficulties during most of the period under investigation. Production and capacity have fallen since 1979. Production fell from 6.7 million tons in 1979 to 5.9 million tons in 1981, a decrease of 11 percent. This decline continued in the first three quarters of 1982 as production was only 2.1 million tons compared with 4.1 million tons in the same period of 1981. 4/ Production capacity shrank from 10.4 million tons in 1979 to 9.6 million tons in 1981. Despite the decline in capacity, the loss of production yielded a continued decline in capacity utilization from 63.9 percent in 1979 to 61.9 percent in 1980 and 61.2 percent in 1981. Capacity utilization fell significantly in the first three quarters of 1982 to 32.7 percent. 5/ Paralleling the decline in production, U.S. producers' shipments of carbon steel plate decreased steadily from 1979 to 1981 and fell sharply in 1982. 6/

In addition to the foregoing, employment and profitability have declined as well. Employment of workers engaged in producing hot-rolled carbon steel plate fell from 20,625 in 1979 to 19,758 in 1980 and 18,378 in 1981, an 11 percent decline over the period. Employment and wages dropped sharply in January-September 1982 by approximately 40 percent from the levels in the corresponding period in 1981. 7/

4/ Report at A-10, A-12.
5/ Id. at A-12.
6/ Id. at A-12, A-13.
7/ Id. at A-15, A-16.

U.S. producers' operating profits declined from $93 million in 1979, to $34 million in 1980, and increased to $67 million in 1981. Net sales dropped sharply in the first three quarters of 1982, and producers suffered operating losses totalling $122 million during that period. The ratio of operating profits to net sales decreased irregularly from 3.8 percent in 1979 to 2.6 percent in 1981. During the first nine months of 1982, the ratio of operating losses to net sales was 11.8 percent as compared with a ratio of operating profit to net sales of 3.1 percent during the corresponding period in 1981. 8/

Material Injury by Reason of Subsidized Imports of Hot-Rolled Carbon Steel Plate 9/

Imports from Brazil increased from their 1979 level of 206,000 tons to 323,000 tons in 1980, and 309,000 tons in 1981. As demand fell in 1982, imports declined to 149,000 tons. The ratio of imports to apparent domestic consumption increased from 2.6 percent in 1979 to 4.2 percent in 1980 and 1981. In 1982 this ratio declined to 3.6 percent, still a significant level. 10/

With regard to the impact of pricing, price comparisons with products from Brazil show a clear indication of underselling to service center/distributor customers in four of the five market areas for which data are available as well as significant underselling to end users in one of the

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8/ Id. at A-19.

9/ Chairman Eckes and Commissioner Haggart have made their affirmative determination regarding hot-rolled carbon steel plate from Brazil on the particular facts presented in this investigation in accordance with their joint views in the Spanish investigations. See their views regarding causation, cumulation and conditions of trade contained in Certain Carbon Steel Products from Spain, Inv. Nos. 701-TA-155, 157, 158, 159, 160 and 162 (Final) USITC Pub. 1331 (December 1982). See also Commissioner Haggart's Additional Views in the same opinion.

10/ Report at A-24, A-26.

two market areas for which data are available. 11/ 12/. Four instances of lost sales were confirmed in the preliminary investigation and an additional seven lost sales were confirmed in this final investigation, as well as at least one instance of lost revenue due to price suppression. 13/ In all cases of lost sales, the principal reason cited for the purchase of the Brazilian product was the lower price of the imports, which was reported to be as much as $80 to $250 below the price for the comparable domestic product.

For the foregoing reasons, we find that there is material injury to the affected domestic industry by reason of the subject imports.

11/ Id., A-34 through A-37.

12/ Commissioner Stern notes that information on pricing of Brazilian products indicates both underselling and overselling, depending on the geographic market, the time period and the particular product. However, there were instances of underselling by margins in the range of 11.75 percent in the market areas for which purchase price information was obtained. Commissioner Stern finds that the subsidies found by Commerce enable the subject imports to compete successfully with the domestic industry in a significant number of instances where they would otherwise have been unable to do so.

13/ Report at A-38 through A-41.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Following a preliminary determination by the United States Department of Commerce that there is a reasonable basis to believe or suspect that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. 1671) are being provided in Brazil to manufacturers, producers, or exporters of hot-rolled carbon steel plate, the United States International Trade Commission, effective June 14, 1982, instituted investigation No. 701-TA-87 (Final) under section 705(b) of the act (19 U.S.C. 1671d(b)) to determine whether 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 Brazil of the specified merchandise. 1/

On September 7, 1982, the Department of Commerce suspended its countervailing duty investigation concerning hot-rolled carbon steel plate from Brazil. The basis for the suspension was an agreement by the Government of Brazil to offset all benefits found by Commerce to constitute subsidies with a tax on all exports of the subject merchandise to the United States. Accordingly, pursuant to section 704(f)(1)(B) of the Tariff Act of 1930, the Commission also suspended its investigation on hot-rolled carbon steel plate from Brazil. 2/

On September 22, 1982, a request to continue the investigation was filed with Commerce and the Commission pursuant to section 704(g)(2) of the Tariff Act of 1930 by counsel for Republic Steel Corp. (Republic), Inland Steel Co. (Inland), Jones & Laughlin Steel, Inc. (J&L), National Steel Corp. (National), and Cyclops Corp. (Cyclops). Similar requests were received from United States Steel Corp. (U.S. Steel) on September 24, 1982, and from counsel for Bethlehem Steel Corp. (Bethlehem) on September 27, 1982. Accordingly, effective September 22, 1982, the Commission continued its countervailing duty investigation on hot-rolled carbon steel plate from Brazil. 3/ As stated in the Commission's notice of continuation of its final investigation, no additional hearing was scheduled because the hearing held on September 1, 1982, was prior to the suspension.

The final determination by the Department of Commerce that subsidies are being provided in Brazil to manufacturers, producers, or exporters of hot-

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1/ Notice of the institution of the Commission's investigation and of a public hearing 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 of July 1, 1982 (47 F.R. 28847).

2/ The offset was to be accomplished by an export tax applicable to plate exported from Brazil on or after Sept. 30, 1982. Copies of Commerce's and the Commission's suspension notices, as published in the Federal Register (47 F.R. 39394 and 47 F.R. 41884, respectively), are presented in app. A.

3/ A copy of the Commission's notice of continuation of its investigation, as published in the Federal Register of Oct. 27, 1982 (47 F.R. 47707), is presented in app. B.

rolled carbon steel plate was published in the Federal Register of January 20, 1983 (48 F.R. 2568). 1/ The applicable statute directs the Commission to make its determination within 45 days of Commerce's final determination, or by March 7, 1983. The briefing and vote in the investigation were held on February 28, 1983.

As noted by the Department of Commerce in its final determination, "If the final determination by the ITC is negative, the suspension agreement shall have no force or effect. If the final determination by the ITC is affirmative, the suspension agreement shall remain in force."

Background

On January 11, 1982, petitions were filed with the Department of Commerce by 7 U.S. steel producers alleging that imports of certain steel products from 11 countries--Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, West Germany, Spain, and the Republic of South Africa--were being subsidized by their respective Governments (countervailing duty petitions) and/or sold in the United States at less than fair value (LTFV) (antidumping petitions). On the basis of the petitions, the Department of Commerce instituted countervailing duty and/or antidumping investigations to determine whether such merchandise from the 11 cited countries was being subsidized and/or sold at LTFV. 2/

With respect to imports of certain steel products from the first 10 countries cited above, the Commission instituted and conducted preliminary countervailing duty and/or antidumping investigations under sections 701(a) and 733(a), respectively, 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 is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. The Commission did not institute investigations on products from the Republic of South Africa since that country has not signed the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (GATT) (GATT Subsidies Code) and therefore is not considered a "country under the Agreement" and is not entitled to an injury determination by the Commission. A summary of the current status (as of Feb. 17, 1983) of each case which involves imports of hot-rolled carbon steel plate is presented in appendix D.

1/ A copy of Commerce's final determination is presented in app. C.

2/ On May 7, 1982, petitions were filed with the Commission and the Department of Commerce by U.S. Steel alleging that imports of certain carbon steel products--including hot-rolled plate--from the Republic of Korea (Korea) were being subsidized by the Government of that country. Accordingly, the Commission instituted and conducted countervailing duty investigations to determine whether 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 such merchandise. The Commission made an affirmative final injury determination concerning imports of hot-rolled carbon steel plate from Korea on Feb. 2, 1983.

Nature and Extent of Subsidies

The Department of Commerce published its final countervailing duty determination concerning hot-rolled carbon steel plate from Brazil in the Federal Register of January 20, 1983. The complete text of Commerce's determination is presented in appendix C.

The programs that were found to confer benefits which constitute subsidies, on the basis of an examination of those programs during 1981, were Industrial Products Tax (IPI) export credit premiums, IPI rebates for capital investment, preferential working capital financing for exports (Resolution 674), and the Industrial Development Council program. The subsidy on the production or exportation of hot-rolled carbon steel plate in Brazil found by Commerce was 11.75 percent ad valorem. Commerce noted in its final determination that Companhia Siderurgica Paulista and Usinas Siderurgicas de Minas Gerais, S.A., are the only known exporters in Brazil of carbon steel plate to the United States. The subsidy determination applies to both firms.

The Product

Description and uses

Hot-rolled carbon steel plate is a flat-rolled steel mill product made by rolling reheated slabs or ingots in plate mills or hot-strip mills. Plate is generally considered to be a finished product and is distinguished from other flat-rolled products by its dimensions. The Tariff Schedules of the United States Annotated (TSUSA) defines plates as flat-rolled products whether or not corrugated or crimped, in coils or cut to length, 0.1875 inch (3/16 inch or 4.76 millimeters) or more in thickness and, if not cold-rolled, over 8 inches in width, or, if cold-rolled, over 12 inches in width.

For purposes of this investigation, the term "hot-rolled carbon steel plate" includes carbon steel plate not in coils, as provided for in TSUSA item 607.6615, clad plate, 1/ as provided for in TSUSA item 607.9400, and plate that has been coated or plated with metal, 2/ as provided for in TSUSA items 608.0710 and 608.1100. It does not include carbon steel plate in coils, as provided for in TSUSA item 607.6610, 3/ or carbon steel slab which for tariff purposes is classified as hot-rolled plate. 4/

1/ Clad plate is a composite plate product consisting of two metals which have been integrally bonded together. It was developed to combine the corrosion resistance of cladding metals--such as stainless steel, nickel and nickel alloys, and copper and copper alloys--with the strength of carbon or alloy steel backing materials, thereby reducing the use of the more expensive cladding metals.

2/ Coated or plated plate is primarily that which has been coated with zinc (galvanized) for protection against corrosion.

3/ For the purposes of this investigation, carbon steel plate in coils is considered as hot-rolled carbon steel sheet.

4/ Slab is defined in the TSUSA as a semifinished product 2 to 6 inches in thickness, of rectangular cross section, having a width of at least four times the thickness. Imports of slab less than 2 inches or more than 6 inches in thickness are classified as plate under TSUSA item 607.6615.

Carbon steel plate is produced in various types of mills, including universal plate mills, sheared-plate mills, and hot-strip mills. Universal mills are characterized by vertical rolls preceding and following horizontal rolls. In these mills, only the length of the plate is increased, as the vertical rolls control the width. Consequently, only the ends of the plate need to be sheared. Sheared-plate mills, on the other hand, roll plate only between horizontal rolls, thereby increasing both the width and length of the product while reducing its thickness. Later, all the edges are trimmed. Sheared-plate mills are generally classified as either reversing, semi-continuous, or continuous. Hot-strip mills roll plate in the longitudinal direction of the slab. The slabs are roughed down in roughing stands and sent to finishing stands to attain the desired thickness. Hot-strip-mill plate is subsequently sheared to length or coiled and later sheared.

The production of steel plate in plate mills begins with the uniform heating of slabs or ingots. This is accomplished in slab-reheating furnaces, most notably continuous or batch-type furnaces. The slabs, which usually enter the furnaces cold, are heated to their rolling temperature of approximately 2,400° F and sent to a scalebreaker. The scalebreaker removes furnace scale by the use of hydraulic water sprays and sends the slabs to either a roughing or a finishing mill, depending on mill type.

In reversing mills, slabs are usually sent directly from the scalebreaker to the finishing mill, usually a four-high stand. The slab is passed back and forth through the rolls, thereby reducing the product to its final thickness. Four-high reversing stands are equipped with a set of work rolls, which are slightly crowned and supported by backup rolls. The backup rolls provide added strength to the work rolls and help reduce roll wear. In semicontinuous plate mills, slabs are usually passed from the scalebreaker through a reversing roughing stand and a series of single-pass finishing stands. The roughing stand is usually a four-high mill, and finishing stands are customarily exact duplicates of each other, each further reducing the thickness of the product.

In continuous plate mills, slabs receive only a single pass through roughing and finishing mills. A roughing mill usually consists of several roughing stands, and a finishing mill has four to six finishing stands. Semicontinuous and continuous plate mills have several advantages over reversing mills; for example, the tonnage capacity per unit of time of the former is generally greater, and their roll wear is less, thereby reducing replacement time.

After leaving one of the assorted finishing stands, the plates are usually divided according to their thickness. Thick plates that cannot be flattened by a leveler are removed and usually sent to a flame-cutting department. Plates that remain are generally cooled by top and bottom water sprays, and then flattened by a leveler. The effectiveness of the flattening is increased with decreasing thickness of the plate and increasing temperature. From the leveler, the plates will usually travel to a cooling bed. They are then measured and marked to desired size and shape, and stamped or painted with proper identification. The plates are crop-sheared and subsequently side- and end-sheared. They are then weighed individually and transferred to the

shipping building. Circular or semicircular plates and sketch plates can be produced by gas cutting or shearing rectangular plates.

In the U.S. market, sales of carbon steel plate by domestic producers and importers are made either directly to end users or to steel service centers and distributors, which, in turn, sell to end users. 1/ During 1979-81, approximately 23 percent of all domestically produced carbon steel plate went to service centers and distributors. The remainder was shipped to end users. The largest end-user markets for carbon steel plate were the construction, machinery and industrial equipment, and shipbuilding and marine equipment industries, which accounted for 20, 16, and 14 percent, respectively, of total U.S. shipments in 1981 (table 1). Other major end-user markets included rail transportation (4 percent) and the oil and gas industry (4 percent). Carbon steel plate is used primarily in the construction of bridges, storage tanks, pressure vessels, railroad freight and passenger cars, ships, line pipe, and industrial machinery, as well as in a large variety of other products.

Table 1.--Hot-rolled carbon steel plate: U.S. producers' shipments, by major markets, 1979-81

Market	1979		1980		1981	
	Quantity	Percent of total	Quantity	Percent of total	Quantity	Percent of total
	1,000 tons		1,000 tons		1,000 tons	
Steel service centers and distributors	1,599	23.5	1,418	22.7	1,370	23.7
Construction, including maintenance	1,459	21.5	1,314	21.1	1,168	20.2
Machinery, industrial equipment, and tools	1,189	17.5	940	15.0	933	16.2
Shipbuilding and marine equipment	614	9.0	835	13.4	781	13.5
Rail transportation	427	6.3	369	5.9	223	3.9
Oil and gas industry	164	2.4	236	3.8	238	4.1
All other	1,350	19.8	1,130	18.1	1,059	18.4
Total	6,803	100.0	6,242	100.0	5,773	100.0

Source: American Iron & Steel Institute.

1/ Large integrated domestic producers (for example, U.S. Steel, Bethlehem, and Kaiser Steel Corp. (Kaiser) also use part of their output of carbon steel plate in fabricating other products, such as bridges, ships, offshore oil-drilling rigs, and pressure vessels.

U.S. tariff treatment

Imports of hot-rolled carbon steel plate are classified for tariff purposes in TSUSA items 607.6615, 607.9400, 608.0710, and 608.1100. The current column 1 (most-favored-nation) rates of duty, 1/ final concession rates granted under the Tokyo round of the Multilateral Trade Negotiations (MTN), 2/ rates of duty for least developed developing countries (LDDC's), 3/ and column 2 duty rates 4/ are shown in table 2. Imports of hot-rolled carbon steel plate are currently dutiable at column 1 rates ranging from 7.0 percent to 10.2 percent ad valorem. They are not eligible for duty-free treatment under the GSP. 5/

In addition to the import duties shown in table 2, findings of dumping have been issued and antidumping duties are currently in effect with respect to imports of carbon steel plate from Japan and Taiwan. U.S. imports of carbon steel mill products such as plate are also subject to restraints imposed by administrative actions taken under provisions of the Buy American Act. 6/

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

2/ These rates are the result of staged duty reductions of col. 1 rates which began Jan. 1, 1980. They will occur annually, with the final rates becoming effective Jan. 1, 1987.

3/ LDDC rates are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) applicable to products of those LDDC's designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP.

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

5/ The GSP, under title V of the Trade Act of 1974, provides 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 expected to remain in effect until January 1985.

6/ The Buy American Act, 41 U.S.C. 10a-10d (1978), is the primary congressionally mandated legislative preference for U.S. goods. Under this act, U.S. Government agencies may purchase products of foreign origin for delivery in the United States only if the cost of the domestic product exceeds the cost of the foreign product, including duty, by 6 percent or more. This difference rises to 12 percent if the low domestic bidder is situated in a labor-surplus area, and to 50 percent if the purchase is made by the Department of Defense. However, the preferences may be waived in the public interest. For a more complete discussion of "Buy American" restrictions, see Certain Carbon Steel Products From Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands, and the United Kingdom: Determinations of the Commission in Investigations Nos. 731-TA-18-24 (Preliminary) . . ., USITC Publication 1064, May 1980, p. A-17.

Table 2.--Hot-rolled carbon steel plate: U.S. rates of duty as of Jan. 1, 1980, Jan. 1, 1983, and Jan. 1, 1987

1977-79 TSUSA item No.	1980-82 TSUSA item No.	Article	Rate of duty				
			Col. 1			LDDC rate	Col. 2
			Jan. 1, 1980	Jan. 1, 1983	Jan. 1, 1987		
608.8415	607.6615	Carbon steel plate, not in coils, not coated or plated with metal, not pickled and not cold rolled.	7.5% ad val.	7.0% ad val.	6.0% ad val.	6.0% ad val.	20% ad val.
608.8900	607.9400	Clad plate----------	12.0% ad val.	10.2% ad val.	6.5% ad val.	6.5% ad val.	30% ad val.
608.9410	608.0710	Carbon steel plate, coated or plated with metal, valued not over 10 cents per pound.	9.0% ad val.	7.8% ad val.	5.5% ad val.	5.5% ad val.	0.2¢ per lb + 20% ad val.
608.9510	608.1100	Carbon steel plate, coated or plated with metal, valued over 10 cents per pound.	0.1¢ per lb + 8% ad val.	7.6% ad val.	5.4% ad val.	5.4% ad val.	21.5% ad val.

U.S. Producers

About 15 firms produce hot-rolled carbon steel plate in the United States. The following tabulation, which was compiled from data obtained in response to the Commission's questionnaires, shows the principal producers and each firm's share of total U.S. producers' shipments of carbon steel plate (as reported by the American Iron & Steel Institute (AISI)) in 1981 (in percent):

Firm	Market share
Armco, Inc. (Armco)	***
Bethlehem	***
Gilmore Steel Corp. (Gilmore)	***
Inland	***
Kaiser Steel Corp. (Kaiser)	***
Lukens Steel Co. (Lukens)	***
National	***
Phoenix Steel Corp. (Phoenix)	***
Republic	***
U.S. Steel	***

As indicated, domestic production of carbon steel plate is highly concentrated, with the four largest producers--* * *--accounting for 73 percent of total producers' shipments in 1981. These four producers and Republic, * * *, are fully integrated firms that produce a wide range of steel mill products. Lukens, * * *, is a nonintegrated firm which produces primarily steel plate and plate products. Lukens and Phoenix are the only domestic steelmakers that produce significant quantities of clad plate.

In 1981, domestic producers operated approximately 30 establishments in which carbon steel plate was produced. These plants are scattered throughout the United States, but are concentrated in the Great Lakes area and in Pennsylvania. Carbon steel plate is rolled in a variety of sizes and in an assortment of rolling mills. Table 3 shows the principal producers, the locations of their various plants that produce carbon steel plate, the types of mills in use in each plant, and estimated annual plate-producing capacity.

The following facilities are among those which have been closed by domestic producers of hot-rolled carbon steel plate in recent years: Bethlehem's facilities in Johnstown, Pa. (plate and galvanized sheet), 1977; J&L's Campbell Works (plate, and hot-rolled and cold-rolled sheet) and Brier Hill Works (plate-finishing mill), both in Youngstown, Ohio, 1977; and U.S. Steel's plate mill in Fairfield, Ala., its plate and strip mill in Youngstown, Ohio, and its plate mill in Torrance, Calif., 1979. J&L reported that its only plate mill and a hot-strip mill at its Pittsburgh, Pa., plant were closed permanently in February 1981. In 1978, Bethlehem opened a new 110-inch plate mill in Chesterton, Ind., which, combined with an existing mill at that location, provided the largest capacity to produce carbon steel plate among all plants in the United States.

Table 3.--Hot-rolled carbon steel plate: Principal U.S. producers, 1/ locations of their establishments, types of mills, and annual capacity, 1981

Firm	Establishment location	Type of mill	Capacity in 1981
			1,000 tons
Armco	Ashland, Ky	80-inch continuous plate, strip and sheet.	
	Houston, Tex	130-inch plate and 156-inch combination slab/plate.	2/ ***
Bethlehem	Sparrows Point, Md	160-inch sheared plate and universal plate.	***
	Chesterton, Ind	110-inch and 160-inch sheared plate.	***
	Seattle, Wash	22-inch combination bar, structural, and universal plate.	***
Gilmore	Portland, Oreg	96-inch plate	***
Inland	East Chicago, Ind	100-inch plate and 76-inch hot strip.	***
Interlake	Riverdale, Ill	36-inch hot strip	***
Kaiser	Fontana, Calif	148-inch plate	3/ ***
Laclede Steel	Alton, Ill	22-inch hot strip	***
Lukens	Coatsville, Pa	120-inch, 140-inch, and 206-inch plate.	2/ ***
	Conshohocken, Pa	110-inch plate	
National	Ecorse, Mich	80-inch hot strip	2/ ***
	Granite City, Ill	80-inch hot strip	
Phoenix	Claymont, Del	160-inch plate	***
Republic	Gadsden, Ala	134-inch plate and 54-inch hot strip.	2/ ***
	Cleveland, Ohio	84-inch hot strip	
	Warren, Ohio	56-inch hot strip	
Sharon Steel	Sharon, Pa	60-inch hot strip	4/
U.S. Steel	Homestead, Pa	160-inch and 100-inch sheared plate.	
	Baytown, Tex	160-inch sheared plate	
	Gary, Ind	160/210-inch sheared plate.	2/ ***
	South Chicago, Ill	96-inch sheared plate	
	Geneva, Utah	Combination plate/strip and 33-inch universal plate.	
	Dravosburg, Pa	33-inch hot strip.	

1/ J&L closed its only plate mill and a hot-strip mill (in Pittsburgh, Pa.) in February 1981; in 1980, the firm's annual capacity to produce hot-rolled carbon steel plate was about * * * tons.

2/ Total capacity of the firm to produce hot-rolled carbon steel plate.

3/ Estimated.

4/ Not available.

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

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 70 firms that imported hot-rolled carbon steel plate from Brazil during October 1980-July 1982. The six largest importers accounted for two-thirds of the total quantity imported during that period. Most of the large importers are trading companies that deal in a variety of steel products from a number of countries.

Apparent U.S. Consumption

Apparent U.S. consumption of carbon steel plate declined without interruption from 8.4 million tons in 1978 to 7.4 million tons in 1981, or by 12 percent. 1/ Consumption decreased further in 1982, when it amounted to 4.1 million tons, or 45 percent less than in 1981. The share of the market supplied by the domestic industry increased in 1979, as U.S. producers' shipments rose while imports fell. After 1979, however, the share of the domestic market supplied by producers in the United States rapidly eroded. The ratio of imports from all sources to apparent consumption decreased from 23.4 percent in 1978 to 15.9 percent in 1979, but subsequently increased to 20.5 percent in 1980, 24.6 percent in 1981, and 28.1 percent in 1982. 2/ Table 4 shows that the ratio of imports to apparent consumption rose unevenly from 16.3 percent in January-March 1980 to a peak of 31.5 percent in July-September 1982, and then decreased slightly to 30.8 percent in October-December 1982. The trend in the ratio of imports to U.S. producers' shipments was similar, but the increase in the last 3 years was even more pronounced--from 19.2 percent in January-March 1980 to 42.0 percent in October-December 1982.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of hot-rolled carbon steel plate during 1978-81, January-September 1981, and January-September 1982, as well as the capacity of domestic producers to produce such merchandise and their utilization of that capacity, are shown in table 5. As indicated, both production and capacity have fallen since 1979. Production decreased from 6.7 million tons in 1979 to 5.9 million tons in 1981, or by 11 percent, and capacity declined from 10.4 million tons in 1979 to 9.6 million tons in 1981, or by about 7 percent. In January-September 1982, production and capacity utilization plummeted to 2.1 million tons and 33 percent, respectively, from 4.1 million tons and 63 percent in January-September 1981.

1/ Apparent U.S. consumption of carbon steel plate in 1972-77 was as follows (in millions of short tons): 1972--7.4; 1973--8.8; 1974--10.0; 1975--7.7; 1976--6.8; and 1977--7.4.

2/ The ratio of imports from all sources to apparent consumption in 1972-77 was as follows (in percent): 1972--16.6; 1973--11.3; 1974--13.1; 1975--13.3; 1976--18.1; and 1977--21.3.

Table 4.--Hot-rolled carbon steel plate: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent consumption, 1978-82, and, by quarters, January 1980-December 1982

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Shipments	Consumption
	1,000 short tons				Percent	
1978	6,588	1/ 1,982	118	8,452	30.1	23.4
1979	6,803	1,252	169	7,886	18.4	15.9
1980	6,242	1,571	162	7,651	25.2	20.5
1981	5,772	2/ 1,827	169	7,430	31.7	24.6
1982	3,038	1,152	89	4,101	37.9	28.1
1980:						
Jan.-Mar	1,789	344	28	2,106	19.2	16.3
Apr.-June	1,476	392	60	1,808	26.6	21.7
July-Sept	1,418	379	36	1,761	26.7	21.5
Oct.-Dec	1,559	456	39	1,976	29.2	23.1
1981:						
Jan.-Mar	1,646	412	27	2,031	25.0	20.3
Apr.-June	1,539	482	53	1,968	31.3	24.5
July-Sept	1,393	2/ 530	52	1,871	38.1	28.3
Oct.-Dec	1,195	402	37	1,560	33.6	25.8
1982:						
Jan.-Mar	1,104	311	24	1,391	28.1	22.3
Apr.-June	760	336	10	1,086	44.2	30.9
July-Sept	597	263	24	836	44.1	31.5
Oct.-Dec	577	242	31	788	42.0	30.8

1/ Adjusted to exclude 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

2/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness imported from Belgium/Luxembourg.

Source: Shipments, compiled from data of the American Iron & Steel Institute; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Note.--Ratios were calculated from the unrounded data.

Table 5.--Hot-rolled carbon steel plate: U.S. production, practical capacity, 1/ and capacity utilization, 1978-81, January-September 1981, and January-September 1982

Item	1978	1979	1980	1981	Jan.-Sept.--	
					1981	1982
Production 2/						
1,000 short tons	6,136	6,651	6,113	5,890	4,057	2,093
Capacity--do	9,647	10,404	9,881	9,632	6,407	6,407
Capacity utilization percent	63.6	63.9	61.9	61.2	63.3	32.7

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation. Capacity shown for the January-September periods is 75 percent of the annual reported capacity as of Sept. 30.

2/ U.S. producers submitting usable data accounted for 96 percent of total shipments of carbon steel plate in 1981 as reported by the American Iron & Steel Institute. Data for 1978 are slightly understated because 1 firm, which accounted for less than 1 percent of production in 1981, did not report data for 1978.

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

U.S. producers' shipments

During 1978-81, U.S. producers' shipments of carbon steel plate accounted for about 8 percent of aggregate shipments of all carbon steel mill products by U.S. producers; in 1982, shipments of plate accounted for less than 6 percent of total shipments. Plate shipments increased by 3 percent from 1978 to 1979 but fell by 8 percent in both 1980 and 1981. Shipments dropped very sharply, by 47 percent, in 1982. U.S. producers' net shipments of carbon steel plate in 1978-82, as reported by the AISI, 1/ were as follows:

	Quantity (1,000 short tons)
1978	6,588
1979	6,803
1980	6,242
1981	5,772
1982	3,038

1/ Such shipments include intracompany transfers and exports, but exclude sales made to other steelmaking firms that report data to the AISI.

U.S. producers' intracompany and intercompany transfers, domestic market shipments, and export shipments, as reported in response to the Commission's questionnaires, are shown in table 6. These data show the reduced level of producers' shipments since 1979 and indicate that (a) intracompany and intercompany transfers by U.S. producers of carbon steel plate for use in the manufacture of other products remained relatively stable at about 9 percent of total annual shipments during 1978-80, but then fell to 6 percent in 1981 and January-September 1982, and (b) exports by producers accounted for less than 2 percent of their total shipments in each of those periods. 1/

Table 6.--Hot-rolled carbon steel plate: U.S. producers' shipments, 1/ 1978-81, January-September 1981, and January-September 1982

Item	1978	1979	1980	1981	Jan.-Sept.--	
					1981	1982
	Quantity (1,000 short tons)					
Intracompany and intercompany transfers	556	655	536	334	239	122
Domestic market shipments	5,483	5,907	5,492	5,117	3,768	1,973
Export shipments	40	62	104	86	55	20
Total	6,080	6,623	6,133	5,537	4,062	2,115
	Value (million dollars)					
Domestic market shipments	2/ 2,046	2,503	2,535	2,571	1,830	985
Export shipments	14	22	40	38	20	9
Total	2,060	2,525	2,575	2,609	1,850	994
	Unit value (per ton)					
Domestic market shipments	2/ $373	$424	$462	$503	$485	$499
Export shipments	360	354	383	442	372	456
Average	373	423	460	502	484	499

1/ U.S. producers submitting usable data accounted for 96 percent of total shipments of carbon steel plate in 1981 as reported by the American Iron & Steel Institute. Data for 1978 are slightly understated because 1 firm, which accounted for less than 1 percent of production in 1981, did not report data for 1978.

2/ Estimated.

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.

1/ Domestic producers responding to the Commission's questionnaires accounted for 92 percent of shipments reported by the AISI in 1978, 97 percent in 1979, 98 percent in 1980, and 96 percent in 1981.

U.S. exports

During 1978-81, exports of carbon steel plate accounted for 5 to 8 percent of annual U.S. exports of all carbon steel mill products. Exports of plate increased from 118,000 tons in 1978 to 169,000 tons in 1979, and remained at approximately that level in 1980 and 1981. Exports in 1982 amounted to 89,000 tons, or about 47 percent less than exports in 1981. Principal export markets for domestically produced carbon steel plate during 1978-82 were Canada, Thailand, and Mexico (table 7); 35 percent of aggregate exports went to Canada, 22 percent went to Thailand, and 17 percent went to Mexico.

Table 7.--Carbon steel plate: U.S. exports of domestically produced merchandise, 1/ by principal markets, 1978-82

Market	1978	1979	1980	1981	1982
	Quantity (1,000 short tons)				
Canada	32	63	30	89	32
Mexico	10	19	53	30	8
Thailand	48	36	33	28	14
Italy	2/	12	18	2/	5
United Kingdom	2/	5	9	2	5
All other	28	34	19	20	25
Total	118	169	162	169	89
	Value (1,000 dollars)				
Canada	14,209	26,619	18,444	48,175	22,077
Mexico	4,340	9,889	27,032	16,759	5,276
Thailand	6,399	6,074	6,542	5,352	1,573
Italy	103	2,686	3,579	194	1,098
United Kingdom	118	1,269	2,306	1,508	1,803
All other	11,533	18,592	15,070	15,631	13,485
Total	36,702	65,129	72,973	87,619	45,312

1/ Includes exports of hot-rolled and cold-rolled carbon steel plate and clad plate, sheet, and strip. In 1978, cold-rolled carbon steel plate accounted for 9 percent of the total quantity of exports shown for that year in the table; data are not available on exports of cold-rolled carbon steel plate since 1978.

2/ Less than 500 tons.

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

U.S. producers' inventories

End users and distributors perform much of the inventory function in the domestic market for carbon steel plate. Producers generally keep minimum stocks of finished plate, preferring to inventory slab, which can be rolled into many steel mill products. End-of-period inventories of hot-rolled carbon steel plate reported by U.S. producers in response to the Commission's questionnaires remained small and relatively constant during 1978-81 and January-September 1982, amounting to about 5 percent of producers' total shipments in each of those periods. Reported end-of-period inventories are shown in the following tabulation:

	Quantity (1,000 short tons)
As of Dec. 31--	
1977	279
1978	308
1979	321
1980	292
1981	263
As of Sept. 30--	
1981	225
1982	146

U.S. employment, wages, and productivity

In domestic establishments producing hot-rolled carbon steel plate, the average employment of all persons, production and related workers producing all products, and production and related workers producing plate followed a similar pattern of increasing in 1979 and then declining in 1980 and 1981. Similar patterns of change can be seen in hours paid for production and related workers in the production of all products and of plate. The average number of workers engaged in producing hot-rolled carbon steel plate increased from 19,177 in 1978 to 20,625 in 1979, but then fell to 19,758 in 1980 and 18,378 in 1981; employment of such workers in 1981 was 11 percent less than that in 1979. Similarly, hours paid for workers engaged in producing plate fell from 41.8 million in 1979 to 36.5 million in 1981, or by almost 13 percent. Employment and hours worked in the production of hot-rolled carbon steel plate during January-September 1982 fell very sharply, by approximately 45 percent, compared with such indicators in January-September 1981 (table 8).

Wages and total compensation paid to production and related workers producing all products and hot-rolled carbon steel plate are shown in table 9. The difference between total compensation and wages is an estimate of workers' benefits.

Table 8.--Average number of employees, total and production and related workers, in U.S. establishments producing hot-rolled carbon steel plate, 1/ and hours paid 2/ for the latter, 1978-81, January-September 1981, and January-September 1982

Item	1978	1979	1980	1981	Jan.-Sept.--	
					1981	1982
Average employment:						
All persons:						
Number	160,761	179,131	147,360	144,830	142,196	107,232
Percentage change	3/	11.4	-17.7	-1.7	3/	-24.6
Production and related workers producing--						
All products:						
Number	134,868	149,083	121,025	119,999	123,483	90,776
Percentage change	3/	10.5	-18.8	-.8	3/	-26.5
Hot-rolled carbon steel plate:						
Number	19,177	20,625	19,758	18,378	16,455	9,198
Percentage change	3/	7.6	-4.2	-7.0	3/	-44.1
Hours paid for production and related workers producing--						
All products:						
Number----thousands	278,353	304,976	238,302	238,343	186,532	132,116
Percentage change	3/	9.6	-21.9	4/	3/	-29.2
Hot-rolled carbon steel plate:						
Number----thousands	39,119	41,806	38,726	36,527	25,373	13,759
Percentage change	3/	6.9	-7.4	-5.7	3/	-45.8

1/ U.S. producers submitting usable data accounted for 95 percent of total shipments of carbon steel plate in 1981 as reported by the American Iron & Steel Institute.

2/ Includes hours worked plus hours of paid leave time.

3/ Not available.

4/ Less than 0.05 percent.

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

Table 9.--Wages and total compensation 1/ paid to production and related workers in establishments producing hot-rolled carbon steel plate, 2/ 1978-81, January-September 1981, and January-September 1982

Item	1978	1979	1980	1981	Jan.-Sept.--	
					1981	1982
Wages paid to production and related workers producing--						
All products:						
Value						
million dollars--	3,018	3,695	3,258	3,621	2,700	2,156
Percentage change----	3/	22.4	-11.8	11.1	3/	-20.1
Hot-rolled carbon steel plate:						
Value						
million dollars--	420	501	517	530	359	207
Percentage change----	3/	19.3	3.2	2.5	3/	-42.3
Total compensation paid to production and related workers producing--						
All products:						
Value						
million dollars--	3,827	4,691	4,260	4,748	3,513	2,999
Percentage change----	3/	22.6	-9.2	11.4	3/	-14.6
Hot-rolled carbon steel plate:						
Value						
million dollars--	538	637	673	691	459	277
Percentage change----	3/	18.4	5.6	2.7	3/	-39.6

1/ Includes wages and contributions to social security and other employee benefits.

2/ U.S. producers submitting usable data accounted for 95 percent of total shipments of carbon steel plate in 1981 as reported by the American Iron & Steel Institute.

3/ Not available.

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

Data on labor productivity, hourly compensation, and unit labor costs in the production of hot-rolled carbon steel plate are presented in table 10. Labor productivity changed by less than 1 percent in 1979 and 1980 and increased 2 percent in 1981; productivity in January-September 1982 was about 5 percent less than that in January-September 1981. Hourly compensation increased continuously throughout the period. Inasmuch as the rise in hourly compensation was not offset by improved labor productivity, unit labor costs increased from $88 per ton in 1978 to $134 per ton in January-September 1982, or by 53 percent.

Table 10.--Labor productivity, hourly compensation, and unit labor costs in the production of hot-rolled carbon steel plate, 1/ 1978-81, January-September 1981, and January-September 1982

Item	1978	1979	1980	1981	Jan.-Sept.--	
					1981	1982
Labor productivity:						
Quantity						
tons per hour--	0.1564	0.1577	0.1565	0.1596	0.1582	0.1500
Percentage change------	2/	0.8	-0.8	2.0	2/	-5.2
Hourly compensation:						
Value--------per hour--	$13.74	$15.24	$17.39	$18.93	$18.08	$20.17
Percentage change------	2/	10.9	14.1	8.8	2/	11.6
Unit labor costs:						
Value---------per ton--	$87.86	$96.61	$111.10	$118.62	$114.26	$134.45
Percentage change------	2/	10.0	15.0	6.8	2/	17.7

1/ U.S. producers submitting usable data accounted for 95 percent of total shipments of carbon steel plate in 1981 as reported by the American Iron & Steel Institute.

2/ Not available.

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

Financial experience of U.S. producers

Operations on hot-rolled carbon steel plate.--U.S. producers' net sales of hot-rolled carbon steel plate increased each year during 1978-81, from $2.1 billion to $2.6 billion (table 11). Overall, their net sales increased 24 percent during the 4-year period; most of the increase occurred in 1979. Net sales fell sharply to $1.0 billion in January-September 1982 from $1.9 billion in the corresponding period of 1981.

The reporting producers' aggregate operations on hot-rolled carbon steel plate were profitable during 1978-81, but unprofitable during January-September 1982. Operating profit amounted to $82 million and $93 million

Table 11.--Profit-and-loss experience of U.S. producers on their operations producing hot-rolled carbon steel plate, 1/ accounting years 1978-81, January-September 1981, and January-September 1982

Item	1978	1979	1980	1981	Jan.-Sept.---	
					1981	1982
Net sales---million dollars--	2,106	2,466	2,538	2,602	1,929	1,031
Cost of goods sold-----do----	1,955	2,302	2,428	2,452	1,814	1,100
Gross profit or (loss) million dollars--	151	164	110	150	115	(69)
Selling and administrative expenses--million dollars--	69	71	76	83	56	53
Operating profit or (loss)----million dollars--	82	93	34	67	59	(122)
Ratio of gross profit or (loss) to net sales----------percent--	7.2	6.7	4.3	5.8	6.0	(6.7)
Ratio of operating profit or (loss) to net sales----------percent--	3.9	3.8	1.3	2.6	3.1	(11.8)
Ratio of cost of goods sold to net sales------percent--	92.8	93.3	95.7	94.2	94.0	106.7
Ratio of selling and administrative expenses to net sales------percent--	3.3	2.9	3.0	3.2	2.9	5.1
Number of firms reporting operating losses----------	4	5	7	4	4	9

1/ Profit-and-loss data for 1978-81 were received from 11 firms accounting for 93 percent of total shipments of hot-rolled carbon steel plate in 1981 as reported by the American Iron & Steel Institute; data for January-September 1982 were received from 9 firms.

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

in 1978 and 1979, respectively, fell sharply to $34 million in 1980, and climbed to $67 million in 1981. U.S. producers reported an operating loss of $122 million in January-September 1982, compared with a profit of $59 million in the corresponding period of 1981. The operating profit margin (ratio of operating profit to net sales) was equal to 3.9 percent in 1978, 3.8 percent in 1979, 1.3 percent in 1980, and 2.6 percent in 1981. The operating loss in January-September 1982 was equal to 11.8 percent of net sales during that period. Four firms sustained operating losses in 1978, as did five firms in 1979, seven in 1980, four in 1981, and nine in January-September 1982.

Capital expenditures.--Five firms supplied data on their expenditures during 1978-81 for land, buildings, and machinery and equipment used in the production of hot-rolled carbon steel plate. Aggregate capital expenditures rose from $246 million in 1978 to $281 million in 1979, declined to $209 million in 1980, and then rose to $243 million in 1981.

Research and development expenditures.--Six firms supplied data on their research and development expenses incurred during 1978-81 in connection with the production of hot-rolled carbon steel plate. Such expenses amounted to $4.3 million in 1978, $3.9 million in 1979, $4.5 million in 1980, and $5.4 million in 1981.

Consideration of Threat of Material Injury to an Industry in the United States

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in subsidized imports, the rate of increase in U.S. market penetration by such imports, the amount of imports held in inventory in the United States, and the capacity of producers in countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of hot-rolled carbon steel plate and of their U.S. market penetration is presented in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized Imports." Discussions of importers' inventories of such merchandise imported from Brazil and the information available on that country's capacity to generate exports follow.

U.S. importers' inventories

End-of-period inventories of hot-rolled carbon steel plate from Brazil, as reported by importers in response to the Commission's questionnaires, are shown in the following tabulation:

Date	Quantity (1,000 short tons)	Ratio of inventories to reported imports (percent)
Dec. 31, 1978--------	***	***
Dec. 31, 1979--------	***	***
Dec. 31, 1980--------	10	7.0
June 30, 1981--------	10	4.5
Dec. 31, 1981--------	25	12.2
June 30, 1982--------	18	31.2

The Brazilian steel industry

The Brazilian steel industry produced 14.6 million tons of raw steel in 1981, ranking Brazil 13th among world steel-producing countries. This represented a 14-percent decrease from production in 1980, when Brazil ranked 10th among world steel producers. However, Brazil's production in 1981 still exceeded its production in any year prior to 1979, as shown in the following tabulation:

	Quantity (1,000 short tons)
1972	7,185
1973	7,881
1974	8,284
1975	9,245
1976	10,200
1977	12,404
1978	13,454
1979	15,314
1980	16,875
1981	14,565

The Siderbras group of companies produced 10.4 million tons of raw steel in 1980, representing 61 percent of total Brazilian production. 1/ Its three largest producers--Usinas Siderurgicas de Minas Gerais (Usiminas), Companhia Siderurgica Paulista (Cosipa), and Companhia Siderurgia Nacional (CSN)--accounted for over 90 percent of Siderbras' raw steel production, and approximately 58 percent of total Brazilian raw steel production, in 1980. These three firms, all fully integrated steel producers, are believed to account for virtually all of Brazil's production of hot-rolled carbon steel plate.

Usiminas was the largest producer within the Siderbras system in 1980, producing 3.6 million tons of raw steel. It makes plate, hot-rolled sheet, and cold-rolled sheet. Its shipments of rolled products in 1980 totaled 3.2 million tons, representing a 15-percent increase over shipments in 1979. Of total shipments, 3.0 million tons went to the domestic market, and 0.2 million tons was exported, principally to the United States. 2/

Cosipa was the second largest producer within the Siderbras system, producing 3.3 million tons of raw steel in 1980. This represented a 16-percent increase over production in the previous year. Cosipa makes plate, hot-rolled sheet and strip, and cold-rolled sheet and strip. Its shipments in 1980 amounted to 2.8 million tons, or 11 percent more than shipments in 1979.

1/ Siderbras, a Government-controlled corporation in charge of federally owned steel corporations, was established in 1973 to promote and stimulate new steel projects involving state participation. As of early 1982, it controlled seven operating Brazilian steel companies; two additional facilities were under construction.

2/ Usiminas' annual report for 1980.

Of total shipments, 2.2 million tons went to the domestic market, primarily the State of Sao Paulo. Exports were principally of plate (82 percent of the total), and the United States was the principal export market. 1/

CSN makes plate, hot- and cold-rolled sheet, galvanized sheet, structural shapes, rails, and round and square bars. CSN produced 2.8 million tons of raw steel in 1980, representing an 8.4-percent increase over production in the previous year. Shipments in 1980 amounted to 2.4 million tons, with 2.1 million tons going to the domestic market and the remainder, to export markets. 2/

According to information obtained from the U.S. Department of State, Brazil produced 1.8 million tons of carbon steel plate in 1980, or 20 percent more than the 1.5 million tons produced in 1979. Production in January-August 1981 amounted to 1.1 million tons, equivalent to an annual rate of 1.7 million tons. As shown in table 12, about one-fifth of Brazil's production of carbon steel plate was exported in 1979, and almost one-third was exported in 1980. The United States took 55 percent of Brazil's aggregate exports of carbon steel plate in 1979 and 68 percent in 1980.

Table 12.--Carbon steel plate: Brazil's production and exports, 1979, 1980, and January-September 1981

(In thousands of short tons)

Item	1979	1980	January-September 1981
Production	1,500	1,800	1/ 1,118
Exports to--			
United States 2/	177	389	65
European Community	19	46	2
All other countries	128	140	53
Total	324	575	120

1/ January-August.

2/ Official U.S. import statistics show the following imports of hot-rolled carbon steel plate from Brazil (in thousands of short tons): 1979--206; 1980--323; and January-September 1981--228.

Source: Information obtained from the U.S. Department of State.

As previously indicated, Usiminas, Cosipa, and CSN account for virtually all of Brazil's production of hot-rolled carbon steel plate. 3/ Usiminas produces carbon steel plate in a plate mill with an annual reported capacity

1/ Cosipa's annual report for 1980.

2/ CSN's annual report for 1980.

3/ A fourth firm, Companhia Acos Especiais Itabira (Acesita), may also produce such merchandise.

of 1.8 million tons. Cosipa is believed to produce carbon steel plate in a hot-strip mill (the annual capacity of this plant is about 1.5 million tons) and a 160-inch plate mill (installed in 1980/81) with an annual capacity of 900,000 tons. CSN reportedly produces plate in a hot-strip mill with an annual capacity of 1.45 million tons. 1/

Usiminas and Cosipa are the only known Brazilian exporters of carbon steel plate to the United States. The following tabulation shows data on production and exports of carbon steel plate by these two firms in 1980 and 1981 (in short tons): 2/

Item and firm	1980	1981
Production:		
Usiminas	***	***
Cosipa	***	***
Exports to--		
United States:		
Usiminas	***	***
Cosipa	***	***
All other countries:		
Usiminas	***	***
Cosipa	***	***
Total exports:		
Usiminas	***	***
Cosipa	***	***

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized Imports

U.S. imports and market penetration

Imports from all sources.--During 1978-81, imports of carbon steel plate accounted for about 10 percent of total U.S. imports of all carbon steel mill products. Imports of carbon steel plate from all sources fell from 2.0 million tons in 1978 3/ to 1.3 million tons in 1979, but subsequently increased to 1.6 million tons in 1980 and to 1.8 million tons in 1981. About 1.2 million tons was imported in 1982, or 37 percent less than imports in 1981 (table 13). As was indicated previously, the ratio of imports from all sources to apparent U.S. consumption decreased from 23.4 percent in 1978 to 15.9 percent in 1979, but then increased to 20.5 percent in 1980, 24.6 percent in 1981, and 28.1 percent in 1982. The ratio of imports to U.S. producers' shipments followed a similar trend (table 14).

1/ The Department of State reported that the utilization of Brazil's capacity to produce carbon steel plate in 1981 ranged from 75 to 85 percent.

2/ These data were obtained from Arter, Hadden & Hemmendinger, counsel for Cosipa and Usiminas. Comparable data for 1982 are not available.

3/ Adjusted to exclude 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

Table 13.--Hot-rolled carbon steel plate: U.S. imports for consumption, by principal sources, 1978-82

Source	1978	1979	1980	1981	1982
	Quantity (1,000 short tons)				
European Community:					
Belgium/Luxembourg	386	214	286	1/ 301	178
France	61	16	28	18	10
Italy	82	16	1	17	60
Netherlands	5	5	4	5	3
United Kingdom	34	10	6	35	25
West Germany	183	75	102	96	51
Other 2/	17	7	7	23	0
Subtotal	768	344	434	496	327
Brazil	80	206	323	309	149
Republic of South Africa	70	41	66	63	128
Korea	72	119	212	115	90
Spain	244	74	110	99	76
Romania	49	15	35	240	4
Canada	244	238	251	228	149
Japan	91	17	33	31	53
Poland	3/ 288	67	60	107	19
All other	244	131	47	153	158
Total, all sources	2,150	1,252	1,571	1,841	1,152
	Value (1,000 dollars)				
European Community:					
Belgium/Luxembourg	96,651	65,492	92,619	1/110,978	62,057
France	15,407	5,310	9,088	6,545	4,068
Italy	17,742	4,909	308	5,501	16,710
Netherlands	1,331	1,705	999	2,537	707
United Kingdom	7,608	3,182	1,764	12,836	7,373
West Germany	49,677	24,023	34,394	37,500	17,077
Other 2/	3,748	2,150	2,128	8,310	-
Subtotal	192,164	106,771	141,300	184,207	107,992
Brazil	22,125	61,754	101,796	112,855	47,528
Republic of South Africa	15,871	12,303	20,031	22,428	40,300
Korea	18,633	35,693	67,887	41,259	31,230
Spain	55,980	23,806	36,306	36,989	24,212
Romania	9,496	4,745	11,297	87,786	1,387
Canada	69,517	78,859	85,557	85,851	57,466
Japan	28,845	7,337	11,846	16,004	22,199
Poland	3/ 47,930	13,732	18,143	36,656	4,778
All other	56,851	41,038	17,654	53,464	53,419
Total, all sources	517,412	386,038	511,817	677,499	390,511

See footnotes at end of table.

Table 13.--Hot-rolled carbon steel plate: U.S. imports for consumption, by principal sources, 1978-82--Continued

Source	1978	1979	1980	1981	1982
	Unit value (per ton)				
European Community:					
Belgium/Luxembourg	$250	$306	$323	1/ $369	$349
France	251	325	326	360	394
Italy	217	313	288	315	276
Netherlands	276	313	277	549	266
United Kingdom	224	324	298	363	294
West Germany	271	318	338	389	334
Other 2/	225	306	310	362	-
Average	250	310	326	372	330
Brazil	278	300	315	365	318
Republic of South Africa	225	298	306	354	316
Korea	258	300	320	359	345
Spain	230	320	330	372	319
Romania	194	314	319	365	392
Canada	285	331	341	377	385
Japan	318	421	357	523	419
Poland	3/ 166	204	302	343	254
All other	233	313	376	349	338
Average, all sources	241	308	326	368	339

1/ Includes 13,600 tons of slab greater than 6 inches in thickness.
2/ Imports from Denmark; no imports were reported from Greece or Ireland.
3/ Includes 167,500 tons of slab greater than 6 inches in thickness.

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

Note.--Because of rounding, figures may not add to the totals shown. Unit values were calculated from the unrounded data.

Table 14.--Hot-rolled carbon steel plate: Ratios of imports, total and from selected countries, to apparent U.S. consumption and to U.S. producers' shipments, 1978-82

(In percent)

Item	1978	1979	1980	1981	1982
Ratio of imports to apparent U.S. consumption:					
European Community:					
Belgium/Luxembourg	4.6	2.7	3.7	1/ 3.9	4.3
France	.7	.2	.4	.2	.2
Italy	1.0	.2	2/	.2	1.5
Netherlands	.1	.1	.1	.1	.1
United Kingdom	.4	.1	.1	.5	.6
West Germany	2.2	1.0	1.3	1.3	1.2
Other 3/	.2	.1	.1	.3	-
Subtotal	9.1	4.4	5.7	6.5	8.0
Brazil	.9	2.6	4.2	4.2	3.6
Republic of South Africa	.8	.5	.9	.9	3.1
Korea	.9	1.5	2.8	1.5	2.2
Spain	2.9	.9	1.4	1.3	1.8
Romania	.6	.2	.4	3.2	.1
All other	4/ 8.2	5.7	5.1	7.0	9.3
Total, all imports	23.4	15.9	20.5	24.6	28.1
Ratio of imports to U.S. producers' shipments:					
European Community:					
Belgium/Luxembourg	5.8	3.1	4.6	1/ 5.0	5.8
France	.9	.2	.4	.3	.3
Italy	1.2	.2	2/	.3	2.0
Netherlands	.1	.1	.1	.1	.1
United Kingdom	.5	.1	.1	.6	.8
West Germany	2.8	1.1	1.6	1.7	1.7
Other 3/	.2	.1	.1	.4	-
Subtotal	11.6	5.0	7.0	8.4	10.8
Brazil	1.2	3.0	5.2	5.4	4.9
Republic of South Africa	1.1	.6	1.0	1.1	4.2
Korea	1.1	1.7	3.4	2.0	3.0
Spain	3.7	1.1	1.8	1.7	2.5
Romania	.7	.2	.6	4.2	.1
All other	4/ 10.6	6.7	6.3	8.9	12.4
Total, all imports	30.1	18.4	25.2	31.7	37.9

1/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness.

2/ Less than 0.05 percent.

3/ Imports from Denmark; no imports were reported from Greece or Ireland.

4/ Adjusted to exclude 167,500 tons of slab greater than 6 inches in thickness.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

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

The principal suppliers of carbon steel plate to the U.S. market during 1978-82 and their shares of total imports were as follows: 1/

Country	Share (percent)
Belgium/Luxembourg	17
Canada	14
Brazil	13
Spain	8
Korea	8
Poland	7
West Germany	6
Romania	4

The European Community (EC) supplied 30 percent of aggregate U.S. imports of carbon steel plate during the period. The principal EC suppliers were Belgium/Luxembourg and West Germany.

Quarterly data show that imports of carbon steel plate from all sources rose irregularly from 344,000 tons in January-March 1980 to a peak of 530,000 tons in July-September 1981 2/ and than fell irregularly to 242,000 tons in October-December 1982 (table 15). The ratio of imports to apparent U.S. consumption increased from 16.3 percent in January-March 1980 to 28.3 percent in July-September 1981, declined to 22.3 percent in January-March 1982, rose to a peak of 31.5 percent in July-September 1982, and then decreased slightly to 30.8 percent in October-December 1982 (table 16). The ratio of imports from all sources to U.S. producers' shipments followed a similar trend.

Imports from Brazil.--Brazil was the third largest foreign supplier (after Belgium and Canada) to the U.S. market during 1978-82, providing 13 percent of total imports in that period. It was the largest supplier in 1980 and 1981. Imports from Brazil rose over 300 percent from 1978 to 1980, or from 80,000 to 323,000 tons, but then slipped to 309,000 tons in 1981. Imports in 1982 amounted to 149,000 tons, or 52 percent less than imports in 1981 (table 13). The ratio of imports of carbon steel plate from Brazil to apparent U.S. consumption of such merchandise increased from 0.9 percent in 1978 to 2.6 percent in 1979 and to 4.2 percent in 1980 and 1981; the ratio in 1982 was 3.6 percent (table 14). Measured on a quarterly basis, imports of plate from Brazil peaked in January-March 1981 at 123,000 tons, equivalent to 6.0 percent of apparent U.S. consumption in that quarter (tables 15 and 16).

1/ Japan was the principal source of imports of carbon steel plate in 1977. However, after the imposition of dumping duties on imports of such merchandise from Japan in 1978, imports declined from 387,000 tons in 1977 to 91,000 tons in 1978 and to 17,000 tons in 1979. Similarly, after dumping duties were imposed on imports of carbon steel plate from Taiwan in 1979, imports from that country fell from 91,000 tons in 1978 to 3,000 tons in 1979; no carbon steel plate from Taiwan was entered in 1980.

2/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness imported from Belgium/Luxembourg.

Table 15.--Hot-rolled carbon steel plate: U.S. imports for consumption, by principal sources and by quarters, January 1980-December 1982

(In thousands of short tons)

Source	1980				1981				1982			
	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.
European Community:												
Belgium/Luxembourg	52	89	60	86	38	92	1/ 88	69	54	62	38	24
France	6	8	7	6	2	2	8	5	3	3	2	2
Italy	2/	0	1	2/	0	8	5	4	7	15	16	22
Netherlands	1	0	2	1	0	3	1	1	1	0	1	1
United Kingdom	4	1	1	2/	1	4	13	16	2	7	15	1
West Germany	18	27	33	24	8	28	30	30	8	21	10	13
Other 3/	0	3	3	0	4	7	11	2	0	0	0	0
Subtotal	81	128	108	117	54	144	157	128	74	109	81	63
Brazil	73	70	75	105	123	32	73	81	70	27	24	29
Republic of South Africa	24	19	18	4	13	26	8	16	31	30	34	32
Korea	52	48	52	61	31	34	27	23	19	33	29	9
Spain	24	16	23	46	16	34	41	8	9	49	17	2/
Romania	3	4	5	23	45	53	86	56	3	2/	2/	2/
Canada	62	69	52	67	68	73	52	34	44	44	33	28
Japan	9	12	6	5	5	15	5	5	21	14	11	7
Poland	7	14	20	19	36	28	32	10	2	2/	2	15
All other	9	10	19	8	20	42	48	42	38	30	32	58
Total, all sources	344	392	379	456	412	482	530	402	311	336	263	242

1/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness.
2/ Less than 500 short tons.
3/ Imports from Denmark; no imports were reported from Greece or Ireland.

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

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

Table 16.--Hot-rolled carbon steel plate: Ratios of imports, total and from selected countries, to apparent U.S. consumption and to U.S. producers' shipments, by quarters, January 1980-December 1982

(In percent)

Item	1980				1981				1982			
	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.
Ratio of imports to apparent U.S. consumption:												
European Community:												
Belgium/Luxembourg	2.5	4.9	3.4	4.4	1.9	4.7	1/ 4.7	4.4	3.9	5.8	4.5	3.0
France	.3	.4	.4	.3	.1	.1	.4	.3	.2	.3	.2	.3
Italy	2/	-	.1	2/	-	.4	.3	.3	.5	1.4	1.9	2.8
Netherlands	2/	-	.1	.1	-	.2	2/	.1	.1	-	.1	.2
United Kingdom	.2	.1	.1	2/	2/	.2	.7	1.0	.1	.7	1.8	.1
West Germany	.8	1.5	1.9	1.2	.4	1.4	1.6	1.9	.6	1.9	1.2	1.6
Other 3/	-	.2	.2	-	.2	.4	.6	.1	-	-	-	-
Subtotal	3.8	7.1	6.1	5.9	2.7	7.3	8.4	8.2	5.3	10.0	9.7	8.1
Brazil	3.5	3.9	4.2	5.3	6.0	1.6	3.9	5.2	5.0	2.5	2.8	3.7
Republic of South Africa	1.1	1.0	1.0	.2	.6	1.3	.4	1.0	2.2	2.8	4.1	4.1
Korea	2.4	2.6	3.0	3.1	1.5	1.8	1.4	1.4	1.4	3.1	3.4	1.2
Spain	1.1	.9	1.3	2.3	.8	1.7	2.2	.5	.7	4.5	2.1	2/
Romania	.1	.2	.3	1.2	2.2	2.7	4.6	3.6	.2	2/	2/	2/
All other	4.2	5.9	5.5	5.0	6.4	8.0	7.4	5.9	7.5	8.0	9.4	13.7
Total, all imports	16.3	21.7	21.5	23.1	20.3	24.5	28.3	25.8	22.3	30.9	31.5	30.8
Ratio of imports to U.S. producers' shipments:												
European Community:												
Belgium/Luxembourg	2.9	6.0	4.2	5.5	2.3	6.0	1/ 6.3	5.8	4.9	8.2	6.4	4.1
France	.3	.5	.5	.4	.1	.1	.6	.4	.3	.4	.3	.4
Italy	2/	-	.1	2/	-	.5	.4	.4	.6	2.0	2.7	3.9
Netherlands	.1	-	.1	.1	-	.2	.1	.1	.1	-	.1	.2
United Kingdom	.2	.1	.1	2/	.1	.3	1.0	1.4	.2	1.0	2.5	.1
West Germany	1.0	1.8	2.3	1.5	.5	1.8	2.2	2.5	.7	2.7	1.6	2.2
Other 3/	-	.2	.2	-	.2	.5	.8	.1	-	-	-	-
Subtotal	4.5	8.7	7.6	7.5	3.3	9.4	11.3	10.7	6.7	14.3	13.6	11.0
Brazil	4.1	4.7	5.3	6.7	7.5	2.1	5.2	6.8	6.3	3.5	3.9	5.1
Republic of South Africa	1.3	1.3	1.3	.2	.8	1.7	.6	1.3	2.8	4.0	5.8	5.6
Korea	2.9	3.2	3.7	3.9	1.9	2.2	1.9	1.9	1.7	4.4	4.8	1.6
Spain	1.3	1.1	1.6	2.9	1.0	2.2	3.0	.6	.8	6.4	2.9	2/
Romania	.2	.3	.4	1.5	2.7	3.4	6.1	4.7	.3	2/	2/	2/
All other	4.9	7.2	6.8	6.3	7.8	10.3	10.0	7.6	9.5	11.6	13.1	18.7
Total, all imports	19.2	26.6	26.7	29.2	25.0	31.3	38.1	33.6	28.1	44.2	44.1	42.0

1/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness.
2/ Less than 0.05 percent.
3/ Imports from Denmark; no imports were reported from Greece or Ireland.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

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

Prices

Market conditions in industries that require steel as an input, such as automobiles, construction, energy, and utilities, have long affected demand in the steel industry. For example, demand for carbon steel plate and its price depend largely on the level of activity in the construction industry. The construction industry, in turn, is highly influenced by the business cycle, particularly movements in interest rates, and the level of Government spending. Because of falling construction levels, demand for carbon steel plate decreased in 1978-81 and fell sharply in 1982. As demand for plate falls, competition and discounting increase, and the price of plate softens. Public nonresidential building construction, measured by value put in place, was down 9.2 percent in real terms in 1981 from its peak in 1978. 1/ Nonbuilding construction on the same basis was 19.4 percent below the 1978 level. 2/ Private nonresidential building construction (office buildings) was the only strong segment of this market in 1981 and January-June 1982. Public nonresidential and nonbuilding construction continued their downward trend during January-June 1982, declining by 11 and 13 percent, respectively, in real terms, from their levels in January-June 1981.

U.S. producers usually quote prices for carbon steel products at the time of shipment on an f.o.b. mill basis. 3/ Importers of such products from Brazil generally quote prices at the time of the order, either f.a.s. port of entry or f.o.b. warehouse. Prices consist of a base price for each product plus additional charges for extras such as differences in length, width, thickness, chemistry, and so forth. Prices can be changed by changing the base price, the charges for extras, or both. According to Bureau of Labor Statistics data, there were seven announced base-price increases for hot-rolled carbon steel plate during January 1979-June 1982, the most recent one occurring in April 1982.

U.S. producers maintain published list prices; however, according to industry sources, discounting from list prices has increased in recent months. Discounting can take several forms. Freight absorption is one method; others are forgoing the cost of extras and pricing primary quality steel mill products as secondary quality. Also, discounts can be simply a reduction in base price.

1/ These percentages are based on Bureau of Census data on the value of construction put in place, in constant 1972 dollars.

2/ Nonbuilding construction includes such construction project categories as bridges; military facilities; development projects such as dams, sewer and water supply systems; railways; and subways.

3/ Domestic producers usually charge freight to the purchaser's account. One exception is the practice of freight equalization, in which a producer supplying a customer located closer to a competing producer will absorb any differences in freight costs. The more distant producer charges the customer's account for freight costs as if the product were shipped from the closer producer.

The Commission requested data on average net selling prices for specific products from domestic producers and importers; these prices are used to analyze trends. In order to make direct comparisons of prices, the Commission also requested data on prices paid by steel purchasers.

Trends in prices.--The Commission asked domestic producers and importers for their average net selling prices to steel service centers/distributors and end users for four specified carbon steel plate products, by quarters, during January 1980-September 1982. 1/ Domestic producers' selling prices are weighted-average f.o.b. mill prices, net of all discounts and allowances (including freight allowances), and excluding inland freight charges. Importers' selling prices are weighted-average duty-paid prices, ex-dock, port of entry, net of all discounts and allowances, and excluding U.S. inland freight charges. These are average prices charged in many different transactions and do not include delivery charges. Such data cannot be used to compare the levels of domestic producers' and importers' prices from the purchasers' viewpoint, but are useful for comparing trends in these prices and should reflect any discounting that may have occurred.

The f.o.b. net selling prices reported by domestic producers and importers are presented as indexes in table 17. 2/ In 1980 and 1981, domestic producers' prices for the four plate products generally increased--those on sales to end users rising faster than those on sales to service centers/distributors. The lone exception was in 1980 for product 12, when the domestic price to end users decreased but the price to service centers/distributors increased. During January-September 1982, domestic producers' prices for the four plate products fell to levels sharply lower than those reached in October-December 1981. In each instance, this reversed the generally upward trend in domestic hot-rolled carbon steel plate prices established in 1980 and 1981.

Generally complete price data were reported for Brazilian plate products 10, 11, and 12 sold to service centers/distributors and for products 10 and 12 sold to end users. Prices to service centers/distributors for such plate generally increased during 1980 and 1981, but trended downward in January-September 1982 to levels below peaks reached in 1981. The reported prices to end users for products 10 and 12 fluctuated without any clear trends, although prices in 1982 remained unchanged for both products.

Comparisons between domestic and import price trends can be made for plate products 10, 11, and 12 sold to service centers/distributors and products 10 and 12 sold to end users. For sales to service centers/distributors, the import prices generally changed more than the domestic prices. Hence, the generally larger import price increases in 1980 and 1981 are likely to be the bases for the larger import price declines in 1982.

1/ As a basis for price trend analyses, the Commission selected four representative plate products covering the carbon steel plate subject to this investigation. These products (which are numbered 9 through 12) and their specifications are listed in app. E.

2/ The ranges and weighted-average transaction prices on which these indexes were based are presented in app. F, table F-1.

Table 17.--Indexes of weighted-average net f.o.b selling prices for sales of domestic and Brazilian hot-rolled carbon steel plate, by types of customers, by types of products, and by quarters, January 1980-September 1982

(January-March 1980=100)

Product 1/ and period	Price paid by service centers/distributors		Price paid by end users	
	Domestic price	Import price	Domestic price	Import price
Product 9:				
1980:				
January-March	100	100	100	-
April-June	104	-	104	-
July-September	102	-	105	-
October-December	104	-	106	-
1981:				
January-March	104	113	108	-
April-June	104	-	112	-
July-September	106	-	113	-
October-December	107	-	113	-
1982:				
January-March	108	-	115	2/
April-June	105	-	115	-
July-September	103	-	109	-
Product 10:				
1980:				
January-March	100	100	100	100
April-June	104	118	105	102
July-September	103	104	105	99
October-December	106	102	107	99
1981:				
January-March	109	112	109	103
April-June	113	116	115	108
July-September	113	117	117	111
October-December	113	118	119	112
1982:				
January-March	110	112	115	107
April-June	106	99	114	107
July-September	101	92	108	-
Product 11:				
1980:				
January-March	100	100	100	-
April-June	103	114	105	-
July-September	102	-	106	-
October-December	103	114	107	-
1981:				
January-March	104	110	109	-
April-June	105	117	114	-
July-September	105	115	116	-
October-December	107	119	119	-
1982:				
January-March	106	116	116	-
April-June	105	101	113	-
July-September	103	86	106	-

Table 17.--Indexes of weighted-average net f.o.b selling prices for sales of domestic and Brazilian hot-rolled carbon steel plate, by types of customers, by types of products, and by quarters, January 1980-September 1982--Continued

(January-March 1980=100)

Product 1/ and period	Price paid by service centers/distributors		Price paid by end users	
	Domestic price	Import price	Domestic price	Import price
Product 12:				
1980:				
January-March	100	100	100	100
April-June	104	108	103	106
July-September	104	109	103	104
October-December	106	111	99	108
1981:				
January-March	108	109	109	110
April-June	113	112	116	105
July-September	112	114	117	106
October-December	112	116	119	108
1982:				
January-March	109	113	115	107
April-June	104	100	114	107
July-September	98	82	110	-

1/ See product list for specifications.
2/ Comparable data base for indexing was not available.

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

Decreases in the indexes of import prices in 1982 ranged from 17.9 percent to 27.4 percent; in contrast, comparable domestic price indexes fell less precipitously, with decreases ranging from 2.8 to 10.1 percent. Comparisons of domestic and import price trends for the plate products sold to end users do not clearly indicate any significant relationships.

Purchase prices.--The Commission asked purchasers to furnish the delivered prices they paid for eight representative imported and domestically produced carbon steel plate products covering the steel plate subject to this investigation, by quarters, during January 1981-September 1982. 1/ Purchasers were asked for prices, including delivery charges, paid in specific transactions. To insure that these prices would be comparable, the purchasers were identified by their locations, and questionnaires were sent to firms in six metropolitan areas: Atlanta, Chicago, Detroit, Houston, Los Angeles, and Philadelphia. The information obtained was used to compare the levels of importers' and domestic producers' prices.

Fifty-eight purchasers responding to this questionnaire provided usable price data, most of which were for purchases of domestically produced products. Purchase prices were reported on all steel mill products produced domestically, but not necessarily for each quarter, each metropolitan area, or each type of customer. Fewer prices were reported for hot-rolled plate imported from Brazil, and, in many instances, these could not be matched with corresponding purchases of domestically produced products because of differences in time periods, metropolitan areas, or type of purchasers for which such prices were reported. Nevertheless, purchasers reported data that provided 61 comparisons of domestic and import delivered prices for hot-rolled carbon steel plate; the data covered all six geographic areas and seven of the eight plate products.

Tables 18 and 19 present average margins by which imports of Brazilian hot-rolled carbon steel plate undersold the domestic material. 2/ Of the 61 average margins presented in these tables, 48 show underselling by Brazilian plate, ranging from 2 to 31 percent, and 13 show overselling, ranging from 1 to 10 percent.

Table 18 presents the 44 average margins based on purchases reported by service centers/distributors. These price comparisons show 32 average margins of underselling (ranging from 2 to 26 percent) and 12 average margins of overselling (ranging from 1 to 10 percent). Of the five geographic areas covered by these 44 price comparisons, the Philadelphia, Houston, and Los Angeles areas together accounted for 38 comparisons, with Detroit (4) and Atlanta (2) accounting for the remainder.

1/ In order to facilitate purchase price comparisons, the Commission supplemented the product list used in the analysis of trends in prices with four additional products (app. E). These products are numbered 9 to 16.

2/ The ranges and weighted-average delivered purchase prices on which these margins of underselling were based are presented in app. F, tables F-2 through F-7.

Table 18.--Average margins by which imports of Brazilian hot-rolled carbon steel plate undersold 1/ U.S.-produced plate based on average net delivered purchase prices for the largest purchases of selected representative products by service center/distributor customers, by geographic areas and by quarters, January 1981-September 1982

Product and period 2/	Atlanta area		Detroit area		Houston area		Los Angeles area		Philadelphia area	
	Dollars per ton	Percentage	Dollars per ton	Percentage	Dollars per ton	Percentage	Dollars per ton	Percentage	Dollars per ton	Percentage
Product 10:										
1981:										
Jan.-Mar---	***	5	-	-	-	-	-	-	-	-
July-Sept--	***	12	-	-	-	-	-	-	-	-
1982:										
Apr.-June--	-	-	-	-	-***	-5	***	11	-	-
Product 11:										
1981:										
Apr.-June--	-	-	-	-	-	-	-***	-10	-	-
July-Sept--	-	-	-	-	-	-	-	-	***	14
1982:										
Jan.-Mar---	-	-	-	-	-	-	-	-	***	13
Product 12:										
1981:										
Jan.-Mar---	-	-	-	-	-	-	-	-	***	6
Apr.-June--	-	-	-	-	***	15	-***	-7	-	-
July-Sept--	-	-	-	-	-	-	-	-	***	11
1982:										
Jan.-Mar---	-	-	-	-	-	-	***	4	-	-
Apr.-June--	-	-	***	26	-	-	-***	-1	***	23
Product 13:										
1981:										
Jan.-Mar---	-	-	-	-	***	11	-	-	***	5
Apr.-June--	-	-	-	-	***	11	-***	-6	-	-
July-Sept--	-	-	-	-	***	7	-	-	-	-
Oct.-Dec---	-	-	-	-	-	-	-***	-3	***	12
1982:										
Jan.-Mar---	-	-	-	-	***	2	-***	-2	***	16
Apr.-June--	-	-	-	-	-	-	-***	-5	***	20
Product 14:										
1982:										
Jan.-Mar---	-	-	-	-	-	-	-***	-6	-	-
Product 15:										
1981:										
Jan.-Mar---	-	-	-	-	***	7	-	-	***	5
Apr.-June--	-	-	-	-	***	7	-	-	-	-
Jul.-Sept--	-	-	***	12	-	-	-	-	***	12
Oct.-Dec---	-	-	-	-	-***	-2	-	-	-	-
1982:										
Jan.-Mar---	-	-	-	-	***	15	-	-	***	14
Product 16:										
1981:										
Jan.-Mar---	-	-	***	9	-***	-3	-	-	-***	-1
Apr.-June--	-	-	***	13	***	7	***	13	-	-
1982:										
Jan.-Mar---	-	-	-	-	-	-	-	-	***	11
Apr.-June--	-	-	-	-	-	-	-	-	***	25

1/ Overselling is shown with a negative (-) sign.
2/ See product list for specifications.

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

Table 19.--Average margins by which imports of Brazilian hot-rolled carbon steel plate undersold 1/ U.S.-produced plate based on average net delivered purchase prices for the largest purchases of selected representative products by end-user customers, by geographic areas and by quarters, January 1981-September 1982

Product and period 2/	Atlanta area		Chicago area	
	Dollars per ton	Percentage	Dollars per ton	Percentage
Product 10:				
1981:				
April-June	-***	-5	-	-
Product 13:				
1981:				
January-March	-	-	***	22
April-June	-	-	***	22
July-September	-	-	***	20
1982:				
January-March	-	-	***	31
April-June	-	-	***	31
Product 15:				
1981:				
January-March	-	-	***	17
April-June	-	-	***	14
October-December	-	-	***	19
1982:				
January-March	-	-	***	30
April-June	-	-	***	30
Product 16:				
1981:				
January-March	-	-	***	15
April-June	-	-	***	14
July-September	-	-	***	18
October-December	-	-	***	18
1982:				
January-March	-	-	***	19
April-June	-	-	***	18

1/ Overselling is shown with a negative (-) sign.

2/ See product list for specifications.

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

Note: Price comparisons were not reported for July-September 1982; as a result no average margins could be calculated for this period.

In the Philadelphia area, 14 of the 15 price comparisons show average margins of underselling, ranging from 5 to 25 percent. For three of the five products covered in this area (products 12, 13, and 15), underselling increased from 1981 to 1982 for the quarters shown. For product 11, underselling in January-March 1982 was about the same as that in July-September 1981. For product 16 (the remaining product covered), overselling of 1 percent occurred in January-March 1981 and there was underselling of 11 percent in January-March 1982 and 25 percent in April-June 1982.

In the Houston area, 9 of the 12 price comparisons show average margins of underselling, ranging from 2 to 15 percent. The price data reported for this area covered plate products 10, 12, 13, 15, and 16. For products 10 and 12, price comparisons were reported for only one quarter, showing overselling of 5 percent in April-June 1982 and underselling of 15 percent in April-June 1981, respectively. For product 13, average margins of underselling generally declined in the quarters shown, from 11 percent in January-March 1981 to 2 percent in January-March 1982. For product 15, there was underselling of 7 percent in January-March and April-June 1981, overselling of 2 percent in October-December 1981, and then underselling of 15 percent in January-March 1982. For product 16, there was overselling of 3 percent in January-March 1981 but underselling of 7 percent in April-June 1981.

In the Los Angeles area, only 3 of the 11 price comparisons show average margins of underselling, ranging from 4 to 13 percent. The price data reported for this area covered plate products 10-14 and 16. For products 10, 11, 14, and 16, price comparisons were reported for only one quarter, showing underselling of 11 and 13 percent for products 10 and 16, respectively, and overselling of 10 and 6 percent for products 11 and 14, respectively. For product 12, average margins fluctuated, from overselling of 7 percent in April-June 1981 to underselling of 4 percent in January-March 1982 and then overselling of 1 percent in April-June 1982. For product 13, overselling of 6 percent in April-June 1981 fell to 2 percent by January-March 1982 but then rose to 5 percent in April-June 1982.

In the Detroit area, all four price comparisons show average margins of underselling, ranging from 9 to 26 percent. For two of the three products covered in this area (products 12 and 15), comparisons were reported for only one quarter, showing underselling of 26 and 12 percent, respectively. For product 16 (the remaining product covered), average margins of underselling increased in 1981, from 9 percent in January-March to 13 percent in April-June.

In the Atlanta area, both comparisons show underselling (only product 10 was covered), which increased from 5 percent in January-March 1981 to 12 percent in July-September 1981.

Table 19 presents the 17 available price comparisons based on purchases by end users. Sixteen of these comparisons show average margins of underselling in the Chicago area (ranging from 14 to 31 percent) and the one remaining average margin shows overselling in the Atlanta area (5 percent). For each of the three plate products covered in the Chicago area (products 13, 15, and 16), margins of underselling generally increased from January-March 1981 to April-June 1982.

Lost sales

The following section presents the information concerning alleged lost sales that was obtained during the Commission's preliminary and final investigations concerning imports from Brazil of the hot-rolled carbon steel plate subject to this investigation.

In the preliminary investigation, domestic producers submitted a total of 34 specific allegations of sales of hot-rolled carbon steel plate in 1980 and 1981 lost to imports of such merchandise from Brazil. Of the six allegations checked by the Commission's staff, four were found to have been made chiefly because of the lower price of the imported merchandise. Purchasers in two of these four instances stated that they buy foreign plate almost exclusively.

In the final investigation, domestic producers submitted 18 additional specific allegations of sales of hot-rolled carbon steel plate in 1982 lost to imports of plate from Brazil. The allegations involved a total of about 8,500 tons of hot-rolled plate. The Commission's staff checked 14 of these additional allegations, which are discussed below. * * *.

The first of these instances involved * * *, an alleged purchaser of * * * tons of Brazilian plate in * * * 1982. * * *, buyer for the firm, stated that over 90 percent of * * *'s plate was purchased from U.S. producers. The subject purchase of Brazilian plate was made from a broker. * * * stated that the price, which was about $150 per ton lower than the competing domestic price, was the overriding consideration in his purchasing decision, and noted that it was necessary "to meet specific price competition in their market." 1/ The product met * * *'s standards but was heavily rusted. This was a one-time-only buy, * * * explained, adding that domestic mills since then have "sharpened their pencils," and that as a company policy, * * * favors domestic products.

* * * was named as the alleged purchaser of * * * tons of Brazilian plate during * * * 1982. The firm's purchasing manager, * * *, stated that * * * had "no alternative" to increasing its purchases of imported plate. 2/ He acknowledged that not only Brazil, but also * * * and * * *, were competing against * * * and * * * for the firm's business. * * * buys imported plate from * * *. In the instance cited, * * * also purchased plate from * * * at the same prices quoted for the Brazilian product. The imported plate (A-36), regardless of source, was priced $80 to $100 below discounted domestic prices, or some $250 below list prices. According to * * *, plate prices have dropped from $25 per hundredweight to a current level of $13 per hundredweight. Price, said * * *, is the only reason for buying imported plate. Although there are problems with the imported product's surface, its quality meets * * *'s standards.

1/ Telephone conversation of Jan. 14, 1983, between the Commission's staff and * * *.

2/ Telephone conversation of Feb. 2, 1983, between the Commission's staff and * * *.

Another allegation involved * * *. * * * allegedly purchased * * * tons of Brazilian plate during * * * 1982. * * *, buyer for the firm, agreed that the alleged imported tonnage was accurate, but * * * was uncertain as to the source. * * * buys imports through a warehouse, * * *, that purchases from various foreign mills. After checking with * * *, * * * reported that the imported plate purchased during that period came from three countries--Brazil, * * *, and * * *--at prices $3 to $4 per hundredweight below domestic prices. * * * bought the lower priced imported product "in order to be competitive in international markets" with their * * * equipment. 1/

* * * was cited as an alleged purchaser of * * * tons of Brazilian plate in * * *. * * *, purchasing agent, stated that the firm buys no imported plate. * * *. * * * said that he went to service centers for plate during recent months to save inventory costs, thus reducing his inventory level by * * *. Moreover, he bought domestic plate from service centers delivered at f.o.b. mill prices.

A fifth allegation involved * * * as a purchaser of * * * tons of Brazilian plate in * * * 1982. * * *, buyer, acknowledged buying some imported plate, but stated that the alleged quantity seemed a bit high for the level of business in 1982. * * * buys mostly domestic plate, but does purchase some lower priced imported plate through brokers importing Brazilian, * * *, and * * * products. * * * stated that it is very likely that some of * * *'s imported plate purchases were from Brazil, but added that it would take an exhaustive records search to be more specific.

The sixth alleged lost sale cited * * * as the purchaser of * * * tons of Brazilian plate in * * * 1982. * * *, purchasing manager, identified the instance cited as a bid competition for plate to be used for * * *. * * * did not win that * * * contract, but the bid was won by * * *. * * *'s request for quotes on plate went only to domestic and * * * plate mills. * * * used Brazilian plate for the * * * contract, but * * * did not know the price of the Brazilian plate or the margin by which * * * lost the bid.

* * * was named as an alleged purchaser of * * * tons of Brazilian plate in * * * 1982. * * *, purchasing manager of * * *, confirmed buying imported plate on a spot-purchase basis in 5- and 10-ton quantities from brokers such as * * *. He noted that domestic producers are not directly quoting in advance, but are responding to inquiries that involve a negotiated price. Import prices are at least 10 percent less than domestic product prices. Consequently, * * * is not buying much domestic plate. The imported plate purchased by the firm during recent months has not been from Brazil, but rather from * * * and * * *. As to quality, * * * said that the imported and domestic products meet identical specifications, but the quality of the imported plate is superior in some cases.

1/ Telephone conversation of Feb. 1, 1983, between the Commission's staff and * * *.

The eighth lost-sale allegation involved * * * as a purchaser of * * * tons of Brazilian plate in * * * 1982. * * *, purchasing agent, acknowledged buying Brazilian plate through a broker, * * *, but noted that the * * * purchase involved only about * * * tons. His firm currently has no orders on the books for Brazilian plate, but it purchased plate imported from Brazil earlier in 1982 at prices $100 per ton less than discounted domestic prices. This margin has recently narrowed appreciably to about $20 per ton, as domestic mills discounted more sharply. Because of the lower price, * * *'s purchases of Brazilian plate have increased as a share of the firm's total plate purchases. * * * added that, lately, the quality of plate from Brazil was better than that of domestic plate, and the Brazilian plate had good customer acceptance.

* * * was an alleged purchaser of * * * tons of Brazilian plate during * * * 1982. * * *, buyer for * * *, labeled the tonnage too high, explaining that his firm had purchased about * * * tons of A-36 plate during the last half of 1982, including imports from * * * and Brazil as well as domestic plate from * * * and * * *. * * * indicated that domestic mills are trying to compete on the basis of price, but imported Brazilian and * * * plate was priced in 1982 about $4 per hundredweight ($80 per ton) lower than the domestic product. Consequently, the share of * * *'s total plate purchases coming from Brazil has increased slightly. As to quality, * * * rated Brazilian plate as a "no problem product."

* * * allegation checked by the Commission's staff involved * * *, which was alleged to have purchased * * * tons of Brazilian plate in * * * 1982. * * *, vice president of the firm, acknowledged that * * * had purchased * * * tons of Brazilian plate in * * * from * * *, a New York broker. The product was * * *. * * * insisted that * * * did not consider a domestic source in competition for this purchase involving the * * * offer. Competition with domestic plate occurred at the next purchase level, * * * believes. Price is the main consideration in such "* * *" sales, * * * emphasized. In contrast, * * * has increased its purchases of domestic plate for its warehouse sales. It has turned to more domestic purchases from * * * and * * * in order to avoid carrying large inventories and to avoid buying imports that are not price competitive when they arrive (because of the keen price competition among importers). * * * paid * * * per hundredweight for the * * *-ton order in question, compared with domestic prices of * * * per hundredweight at that time.

* * *'s allegations of sales of plate lost to competing imports from Brazil involved a total of * * * tons. One instance identified * * * as a purchaser of * * * tons of Brazilian plate. 1/ * * *, buyer, acknowledged the purchase of * * * tons of Brazilian plate and stated that it was priced at least $7 per hundredweight ($140 per ton) below the price of the domestic product. * * * added that the quality of the Brazilian plate is "just fine." * * * also purchased plate imported from * * * in the past 2 years.

Another * * * allegation named * * * as a purchaser of * * * tons of Brazilian plate in * * * 1982. * * *, buyer, affirmed the purchase of

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1/ * * *.

Brazilian plate, stating that the imported plate was priced $80-$100 below the domestic product at that time and was comparable in quality. Recently, he added, domestic mills are more competitive; * * * is now only $40 per ton higher. * * * believed that the domestic mills can't reduce prices any further, as they are already losing money. He emphasized that, especially now, * * * has to buy imports in order to be competitive.

A third allegation by * * * cited * * * as the purchaser of * * * tons of Brazilian plate. * * *, purchasing agent, affirmed that * * * had bought an increasing amount of Brazilian plate. He estimated that in 1982 he had purchased about * * * tons of Brazilian plate, * * * tons of * * * plate, and about * * * tons of domestic plate. * * * plate was priced $3 per hundredweight below domestic plate, and Brazilian plate was priced $6 to $7 lower than the * * * product. In terms of quality, * * * rated Brazilian plate as "good enough for today's market at that price."

The fourth * * * allegation cited * * * as a purchaser of * * * tons of Brazilian plate. (* * * also listed this firm as an alleged purchaser of * * * tons of plate from Brazil.) The telephone of the firm had been disconnected.

Lost revenue

* * * provided two instances involving sales of plate that allegedly required reductions in price as a result of competition from hot-rolled plate imported from Brazil. One instance cited * * * as a purchaser of * * * tons of plate from * * * in * * *. After rejecting an initial offer price of * * * per ton, * * * allegedly accepted a discounted price of * * * per ton, compared with a competing price of * * * per ton for Brazilian plate. * * *, * * * acknowledged purchasing domestic plate after receiving discounts from domestic mills facing competition from plate imported from * * * and Brazil. The lost revenue involved * * * per ton, or about * * * on that order.

A second allegation of lost revenue named * * * as a purchaser of * * * tons of plate from * * * after an initial price of * * * was discounted to * * *. * * *, buyer, affirmed that this purchase was made for * * *. * * * did not have information as to the initial and accepted quotes for the plate requirements.

APPENDIX A

FEDERAL REGISTER NOTICES OF SUSPENSION OF INVESTIGATION BY THE DEPARTMENT OF COMMERCE AND THE COMMISSION

Carbon Steel Plate From Brazil; Suspension of Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of Suspension of Investigation.

SUMMARY: The Department of Commerce has decided to suspend the countervailing duty investigation involving carbon steel plate from Brazil. The basis for the suspension is an agreement by the government of Brazil to offset with an export tax all benefits which we find to be subsidies on exports of the subject product to the United States.

EFFECTIVE DATE: September 7, 1982.

FOR FURTHER INFORMATION CONTACT: Paul J. McGarr, 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) 377-2786.

SUPPLEMENTARY INFORMATION:

Case History

On January 11, 1982, we received petitions from United States Steel Corporation, and counsel for Republic Steel Corporation, Inland Steel Company, Jones & Laughlin Steel, Inc., National Steel Corporation, and Cyclops Corporation filed on behalf of the U.S. industry producing carbon steel plate. The petitions alleged that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided, directly or indirectly, to the manufacturers, producers, or exporters in Brazil of carbon steel plate.

We found the petitions to contain sufficient grounds upon which to initiate a countervailing duty investigation, and on February 1, 1982, we initiated a countervailing duty investigation (47 FR 5751). We stated that we expected to issue a preliminary determination by April 6, 1982. We subsequently determined that the investigation is "extraordinarily complicated," as defined in section 703(c) of the Act, and postponed our preliminary determination for 65 days until June 10, 1982 (47 FR 11738).

We presented a questionnaire concerning the allegations to the government of Brazil in Washington, D.C. On April 22, 1982, we received the response to the questionnaire. A supplemental reponse was received on June 7, 1982. During July 5–9, 1982, we verified this information by a review of government documents and company books and records of Companhia Siderurgica Paulista (COSIPA) and Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS), the only known exporters in Brazil of carbon steel plate to the United States.

On June 10, 1982, we preliminarily determined that the government of Brazil is providing subsidies to manufacturers, producers,or exporters of carbon steel plate under three programs. The programs preliminarily found to confer subsidies were IPI rebates for capital investment, the IPI export credit premium, and preferential working capital financing for exports. Based upon verification, we also found benefits constituting subsidies were received on machinery imported under the Industrial Development Council (CDI) program. This program is countervailable because it allows an exemption of 80 percent of the customs duties and 80 percent of the IPI tax on certain imported machinery for projects approved by the CDI.

Notice of the preliminary affirmative countervailing duty determination was published in the **Federal Register** on June 17, 1982 (47 FR 26310). We directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise, entered or withdrawn from warehouse, for consumption on or after June 17, 1982, and to require a cash deposit or bond in the amount of 8.58 percent of the f.o.b. value of the merchandise.

On July 23, 1982, the Department of Commerce (the Department) initialed a proposed agreement to suspend the countervailing duty investigation involving carbon steel plate from Brazil. The basis for the suspension is an agreement between the Department and the government of Brazil that the latter will offset by an export tax the entire amount of benefits we find to confer subsidies on exports of carbon steel plate to the United States.

On the same date, in compliance with the procedural requirements of section 704(e) of the Act, we called counsel for the petitioners and counsel for Bethlehem Steel informing them of the proposed agreement. At that time, we read them the essential points of the proposed agreement and offered to answer any questions. Each of these parties also received a copy of the proposed agreement on that date.

Scope of the Investigation

The product covered by this investigation is hot-rolled carbon steel plate manufactured in Brazil and exported, directly or indirectly, from Brazil to the United States. The term "carbon steel plate" covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; 0.1875 inch or more thickness and over 8 inches in width; as currently provided for in items 607.6615 or 607.94, of the *Tariff Schedules of the United States Annotated (TSUSA);* and hot- or cold-rolled carbon steel plate which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710 or 608.11 of the TSUSA. Semi-finished products of solid rectangular cross section with a width at least four times the thickness in the as cast condition or processed only through primary mill hot rolling are not included.

The period for which we are measuring subsidization is calendar year 1981.

Suspension of the Investigation

The Department consulted with the petitioners and has considered the comments submitted with respect to the proposed suspension agreement. We have determined that the agreement will offset the subsidies completely with respect to the subject merchandise exported directly or indirectly to the United States, that the agreement can be monitored effectively, and that the agreement is in the public interest. We find, therefore, that the criteria for suspension of an investigation pursuant to section 704 of the Act have been met. The terms and conditions of the agreement, signed August 24, 1982, are set forth in Annex 1 to this notice.

Pursuant to section 704(f)(2)(A) of the Act, the suspension of liquidation of all entries, entered or withdrawn from warehouse, for consumption of carbon steel plate from Brazil effective June 17, 1982, as directed in our notice of "Preliminary Affirmative Countervailing Duty Determination, Carbon Steel Plate from Brazil" is hereby terminated. Any cash deposits on entries of carbon steel plate from Brazil pursuant to that suspension of liquidation shall be refunded and any bonds shall be released.

The Department intends to conduct an administrative review within twelve months of the anniversary date of publication of this suspension as provided in section 751 of the Act.

Notwithstanding the suspension agreement, the Department will continue the investigation if we receive such a request in accordance with section 704(g) of the Act within 20 days after the date of publication of this notice.

This notice is published pursuant to section 704(f)(1)(A) of the Act.

Dated: August 24, 1982.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

Annex I.—Suspension Agreement

Carbon Steel Plate From Brazil

Pursuant to section 704 of the Tariff Act of 1930, as amended ("the Act"), and section 355.31 of the Commerce Regulations, the United States Department of Commerce ("the Department") and the government of Brazil enter into the following suspension agreement ("the agreement") on the basis of which the Department shall suspend its countervailing duty investigation initiated on February 1, 1982 (47 FR 5751) with respect to carbon steel plate from Brazil. The agreement shall be in accordance with the terms and provisions set forth below.

A *Scope of the Agreement.* The agreement applies to all carbon steel plate manufactured in Brazil and exported, directly or indirectly, from Brazil to the United States (hereinafter referred to as the "subject product"). The term "carbon steel plate" covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in items 607.6615, or 607.94, of the *Tariff Schedules of the United States Annotated ("TSUSA");* and hot- or cold-rolled carbon steel plate which has been coated or plated with zinc, including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710 or 608.11 of the TSUSA. Semifinished products of solid rectangular cross section with a width at least four times the thickness in the as cast condition or processed only through primary mill hot rolling are not included.

B. *Basis of the Agreement.* 1. The government of Brazil hereby agrees to offset completely the amount of the net subsidy determined by the Department to exist with respect to the subject product. The offset shall be accomplished by an export tax applicable to the subject product exported on or after September 30, 1982. The export tax shall be utilized to offset completely any benefits found to exist with respect to the following programs:

(a) The IPI export credit premium,

(b) Resolution 674 financing,

(c) Decree Law 1547 rebates for investment,

(d) Benefits on imported machinery received under the CDI program,

(e) The income tax exemption for export earnings, and

(f) Any other program subsequently determined by the Department in this proceeding to constitute a subsidy under the Act to the subject product.

The Department shall officially notify the government of Brazil of any determination made under item (f) above.

2. The government of Brazil certifies that no new or equivalent benefits shall be granted on the subject product as a substitute for any benefits offset by the agreement.

3. The offset of these benefits does not constitute an admission by the government of Brazil that such benefits are subsidies within the meaning of the U.S. countervailing duty law.

4. The government of Brazil agrees that from the effective date of the suspension of the investigation and until the imposition of an export tax no later than September 30, 1982 that completely offsets the net subsidy determined by the Department to exist, the rate of exports of the subject product will not exceed the average monthly rate of exports to the U.S. in 1981. The Department will monitor the exports of the subject product to the United States from the effective date of the suspension of the investigation until the imposition of the export tax and will issue instructions to the Customs Service to deny entry, or withdrawal from warehouse, for consumption of the subject product exported in excess of the average monthly rate in 1981.

5. The Department will continue to monitor the volume of exports of the subject product to the United States during the six-month period following the effective date of the imposition of the export tax. The government of Brazil agrees to report to the Department by January 15, 1983 and April 15, 1983, the monthly volume of exports of the subject product for the preceding three-month period.

C. *Monitoring of the Agreement.* 1. The government of Brazil agrees to supply to the Department such information as the Department deems necessary to demonstrate that it is in full compliance with the agreement.

2. The government of Brazil shall notify the Department if any exporters of the subject product transship the subject product through third countries or apply for or receive, directly or indirectly, the benefits of the programs described in paragraph B(1) regardin the manufacture of the subject produ

3. The government of Brazil shall certify to the Department within 15 d after the first day of each three-mont period beginning on January 1, 1983 whether it continues to be in compli with the agreement by offsetting the subsidy referred to in paragraph B(1) and whether it has substituted any n or equivalent benefits for the benefit offset by the agreement. Failure to supply such information or certificati in a timely fashion may result in the immediate resumption of the investigation or issuance of a countervailing duty order.

4. The government of Brazil shall permit such verification and data collection as is requested by the Department in order to monitor the agreement. The Department will requ such information and perform such verification periodically pursuant to administrative reviews conducted un section 751 of the Act.

5. The government of Brazil shall promptly notify the Department, with appropriate documentation, of any change in the amount of benefits to t subject product, of any change in the rate of the export tax, or if it decides alter or terminate its obligations with respect to any of the terms of the agreement.

D. *Violation of the Agreement.* If t Department determines that the agreement is being or has been viola or no longer meets the requirements section 704(b) or (d) of the Act, then section 704(i) shall apply.

E. *Effective Date.* The effective dat the agreement is September 7, 1982.

Signed on this 24th day of August 1982.

For the Government of Brazil

Luiz Felipe P. Lampreia,

Minister-Counselor, Brazilian Embassy.

I have determined that the provisio of paragraph B completely offset the subsidies that the government of Bra is providing with respect to carbon st plate exported directly or indirectly from Brazil to the United States and t the provisions of paragraph C ensure that this agreement can be monitored effectively pursuant to section 704(d) the Act. Furthermore, I have determi that the agreement meets the requirements of section 704(b) of the and suspension of the investigation i the public interest.

U.S. Department of Commerce.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 82-23874 Filed 8-31-82; 8:45 am]

BILLING CODE 3510-25-M

[Investigation No. 701-TA-87 (Final)]

Hot-Rolled Carbon Steel Plate From Brazil

AGENCY: United States International Trade Commission.

ACTION: Suspension of final countervailing duty investigation.

SUMMARY: On September 7, 1982, the United States Department of Commerce suspended its countervailing duty investigation involving hot-rolled carbon steel plate from Brazil (47 FR 39394, September 7, 1982). The basis for the suspension is an agreement by the Government of Brazil to offset all benefits which Commerce found to constitute subsidies with an export tax on all exports of the subject products to the United States. Accordingly, the United States International Trade Commission hereby gives notice of the suspension of its countervailing duty investigation involving hot-rolled carbon steel plate, provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated, from Brazil (investigation No. 701-TA-87 (Final)).

EFFECTIVE DATE: September 13, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. Robert Eninger (202-523-0312), Office of Investigations, U.S. International Trade Commission.

This notice is published pursuant to section 207.40 of the Commission's Rules of Practice and Procedure (19 CFR 207.40).

Issued: September 14, 1982.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-26114 Filed 9-21-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

FEDERAL REGISTER NOTICE OF THE COMMISSION'S CONTINUATION OF ITS INVESTIGATION

[Investigation No. 701-TA-87 (Final)]

Hot-Rolled Carbon Steel Plate From Brazil

AGENCY: United States International Trade Commission.

ACTION: Continuation of final countervailing duty investigation.

EFFECTIVE DATE: September 22, 1982.

SUMMARY: On September 7, 1982, the United States Department of Commerce suspended its countervailing duty investigation concerning hot-rolled carbon steel plate from Brazil (47 FR 39394). The basis for the suspension was an agreement by the Government of Brazil to offset all benefits which Commerce found to constitute subsidies with an export tax on all exports of the subject products to the United States. Accordingly, pursuant to section 704(f)(1)(B) of the Tariff Act of 1930 (19 U.S.C. 1671c(f)(1)(B)), the United States International Trade Commission suspended its countervailing duty investigation on hot-rolled carbon steel plate from Brazil (47 FR 41884). On September 22, 1982, however, a request to continue the investigation was filed with Commerce and the Commission pursuant to section 704(g)(2) of the tariff Act (19 U.S.C. 1671c(g)(2)) by counsel for Republic Steel Corp., Inland Steel Co., Jones & Laughlin Steel, Inc., National Steel Corp., and Cyclops Corp. Similar requests were received from United States Steel Corp on September 24, 1982, and from counsel for Bethlehem Steel Corp. on September 27, 1982. Accordingly, the Commission hereby gives notice of the continuation of investigation No. 701-TA-87 (Final), Hot-Rolled Carbon Steel Plate from Brazil.

FOR FURTHER INFORMATION CONTACT: Mr. Lynn Featherstone (202-523-0242), Office of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Commission determination.—The Commission will make its determination in this investigation within 45 days of the date on which Commerce publishes its final net subsidy determination.

Hearing.—The Commission does not intend to schedule an additional hearing in connection with this continued investigation since the hearing of September 1, 1982, on this investigation was held prior to the suspension.

Written submissions.—Any person may submit to the Commission a written statement of information pertinent to the subject of this investigation. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission on or before December 6, 1982. All written submissions except for confidential business data will be available for public inspection.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

Service of documents.—Any interested person may appear in this investigation as a party, either in person or by representative, by filing an entry of appearance with the Secretary in accordance with section 201.11 of the Commission's rules (19 CFR 201.11). Each entry of appearance must be filed with the Secretary no later than 21 days after the publication of this notice in the Federal Register.

The Secretary will compile a service list from the entries of appearance filed in this final investigation and from the Commission's record in the preliminary investigation. Any party submitting a document in connection with these investigations shall, in addition to complying with section 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 section 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR Part 207, 44 FR 76457 as amended in 47 FR 6190 and 47 FR 12792) and part 201, subparts A through E (19 CFR Part 201).

This notice is published pursuant to section 207.20 of the Commission's Rules of Practice and Procedure (19 CFR 207.20).

By order of the Commission.

Issued: October 20, 1982.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-29537 Filed 10-26-82; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 701-TA-87 (Final)]

Hot-Rolled Carbon Steel Plate From Brazil

AGENCY: International Trade Commission.

ACTION: Scheduling of the date for written submissions in connection with the subject investigation.

SUMMARY: On January 20, 1983, the U.S. Department of Commerce published notice of its final determination that subsidies are being provided in Brazil to manufacturers, producers, or exporters of hot-rolled carbon steel plate (48 FR 2568). Accordingly, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), the United States International Trade Commission must determine whether 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 such merchandise. The Commission must make its determination by March 7, 1983 (19 CFR 207.25), and will accept written submissions in connection with the investigation until the close of business on February 14, 1983.

EFFECTIVE DATE: January 20, 1983.

FOR FURTHER INFORMATION CONTACT: Mr. Robert Eninger (202-523-0312), Office of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION: A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 47 FR 6188, Feb. 10, 1982, and 47 FR 13791, Apr. 1, 1982). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform

with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list maintained by the Secretary to the Commission), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), as amended by 47 FR 33682, Aug. 4, 1982).

For further information concerning the conduct of the investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207, as amended by 47 FR 6190, Feb. 10, 1982, and 47 FR 33682, Aug. 4, 1982), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 47 FR 6188, Feb. 10, 1982; 47 FR 13791, Apr. 1, 1982; and 47 FR 33682, Aug. 4, 1982).

This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20, as amended by 47 FR 6190, Feb. 10, 1982).

By order of the Commission.

Issued: February 2, 1983

Kenneth R. Mason,

Secretary.

[FR Doc. 83-3490 Filed 2-8-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

DEPARTMENT OF COMMERCE'S FINAL DETERMINATION AS PUBLISHED IN THE FEDERAL REGISTER

DEPARTMENT OF COMMERCE

International Trade Administration

Final Affirmative Countervailing Duty Determination; Cabron Steel Plate From Brazil

AGENCY: International Trade Administration,

ACTION: Final Affirmative Countervailing Duty Determination.

SUMMARY: We have determined that certain benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of carbon steel plate. The estimated net subsidy is 11.75 percent *ad valorem*. The U.S. International Trade Commission (ITC) will determine within 45 days of the publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

The Department of Commerce (the Department) and the government of Brazil have entered into a suspension agreement. We continued the investigation at the request of the petitioners. If the final determination by the ITC is negative, the suspension agreement shall have no force or effect. If the final determination by the ITC is affirmative, the suspension agreement shall remain in force.

EFFECTIVE DATE: January 20, 1983.

FOR FURTHER INFORMATION CONTACT: Paul J. McGarr, 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) 377-2786.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we have determined that certain benefits that constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Brazil of carbon steel plate. The following programs are found to confer subsidies:

- Industrialized Products Tax (IPI) export credit premium.
- IPI rebates for capital investment.
- Preferential working capital financing for exports: Resolution 674.
- Industrial Development Council program.

We determine the estimated net subsidy on carbon steel plate from Brazil to be 11.75 percent *ad valorem*.

The Department and the government of Brazil have entered into a suspension agreement. If the ITC makes a final affirmative determination, the agreement will remain in force, and we will not issue a countervailing duty order as long as the requirements of section 704(f)(3)(B) of the Act are met.

Case History

On January 11, 1982, the Department received petitions from United States Steel Corporation, and counsel for Republic Steel Corporation, Inland Steel Company, Jones & Laughlin Steel, Inc., National Steel Corporation, and Cyclops Corporation (the Five), filed on behalf of the U.S. industry producing carbon steel plate. The petitions alleged that certain benefits that constitute subsidies within the meaning of section 701 of the Act are being provided, directly or indirectly, to manufacturers, producers, or exporters in Brazil of carbon steel plate. Counsel for the Five alleged that "critical circumstances" exist, as defined in section 703(e) of the Act.

We found the petitions to contain sufficient grounds upon which to initiate a countervailing duty investigation and on February 1, 1982, we initiated a countervailing duty investigation (47 FR 5751).

We stated that we expected to issue a preliminary determination by April 6,

1982. We subsequently determined that the investigation was "extraordinarily complicated", as defined in section 703(c) of the Act, and postponed our preliminary determination for 65 days until June 10, 1982 (47 FR 11738).

Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. Therefore, we notified the ITC of our initiation. On February 26, 1982, the ITC determined that there is a reasonable indication that these imports are materially injuring, or threatening to materially injure, a U.S. industry (47 FR 9087).

On February 18, 1982, we presented a questionnaire concerning the allegations to the government of Brazil in Washington, D.C. On April 22, 1982, we received the response to the questionnaire. A supplemental response was received on June 7, 1982.

On June 10, 1982, we issued our preliminary determination in this investigation (47 FR 26310). We stated in our preliminary determination that the government of Brazil was providing its manufacturers, producers, or exporters of carbon steel plate with benefits that constitute subsidies. The programs preliminarily determined to bestow subsidies were:

- IPI export credit premium.
- IPI rebates for capital investment.
- Preferential working capital financing for exports: Resolution 674.

On August 24, 1982, the Department and the government of Brazil signed a suspension agreement, as provided for under section 704 of the Act. The agreement became effective with its publication in the Federal Register on September 7, 1982 (47 FR 39394). Under the agreement, the government of Brazil is required to offset completely by an export tax the amount of the net subsidy determined by the Department to exist on Brazilian exports of carbon steel plate to the United States. The petitioners are challenging this agreement in the Court of International Trade in the case of *United States Steel Corp. v. United States,* Court No. 82-10-01361.

By letters of September 21, 22 and 27, 1982, counsel for the Five, United States Steel and counsel for Bethlehem Steel, respectively, requested that the investigation be continued under section 704(g) of the Act. Therefore, we are required to complete the investigation and issue a final determination.

United States Steel submitted new allegations too late to offer the Department a reasonable opportunity to investigate prior to August 24, 1982. Following petitioners' request to continue the investigation, the Department presented a supplemental questionnaire on October 29, 1982 to the government of Brazil, which addressed these late allegations. The supplemental questionnaire addressed the following new programs:

- Non-indexation of overdue accounts payable.
- FINAME loans to producers of steel-making equipment.
- Partial relief from payment of retirement benefits to employees.
- Charcoal used in steel production.
- Ferrovia do Aco, the "Steel Railway".

We received a response to that questionnaire on November 26, 1982.

Scope of Investigation

The product covered by this investigation is hot-rolled carbon steel plate manufactured in Brazil and exported, directly or indirectly, from Brazil to the United States. The term "carbon steel plate" covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in items 607.6615 or 607.94 of the *Tariff Schedules of the United States Annotated (TSUSA);* and hot- or cold-rolled carbon steel plate which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710 or 608.11 of the TSUSA. Semi-finished products of solid rectanglar cross section with a width at least four times the thickness in the as cast condition or processed only through primary mill hot rolling are not included.

Companhia Siderurgica Paulista (COSIPA) and Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS) are the only known exporters in Brazil of carbon steel plate to the United States. The period for which we are measuring subsidization is calendar year 1981. COSIPA's and USIMINAS' fiscal years coincide with the calendar year.

Analysis of Programs

In its responses, the government of Brazil provided data for the applicable periods. Throughout this notice, general principles and conclusions of law applied by the Department of Commerce to the facts of this investigation are described in detail in Appendices 2 and 4, which appeared with the notice of "Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Belgium" (47 FR 39304).

I. Programs Determined To Confer Subsidies

We have determined that subsidies are being provided under the program described below to manufacturers, producers, or exporters in Brazil of carbon steel plate.

A. Industrialized Products Tax (IPI) Export Credit Premium. The IPI expor credit premium has been found to be a subsidy in previous countervailing dut investigations involving Brazilian products. After having suspended this program in December 1979, the government of Brazil reinstated it on April 1, 1981.

Exporters of carbon steel plate are eligible for the maximum IPI export credit premium. During the applicable period, 15 percent of the "adjusted" f.o.b. invoice price of the exported merchandise was reimbursed in cash t the exporter through the bank involve in the export transaction. Subsequentl the government of Brazil reduced the benefit to 14 percent on March 31, 198 12.5 percent on June 30, 1982, and 11 percent on September 30, 1982.

In calculating the amount the export is to receive, several deductions may b made to the invoice price to obtain the "adjusted" f.o.b. value. These adjustments include: any agent commissions, rebates, or refunds resulting from quality deficiencies or damage during transit, contractual penalties, and the value of imported inputs. In order to receive the maximu export credit premium, the exported product must consist of a minimum of percent value added in Brazil. If this minimum limit is not met, there is a specific calculation to reduce the f.o.b. invoice price when calculating the bas upon which the IPI export credit premium is paid. Since the companies involved in this investigation import large quantities of slab, they received substantially less than a 15 percent benefit on the gross value of many shipments.

Our preliminary determination on thi program was based on IPI credits received from July 1, 1981 to December 31, 1981, divided by the value of export for the same period. We noted at the time two concerns: (1) That the subsidy may have been understated, and (2) tha the import of slab may have been a temporary phenomenon.

At verification, the first concern proved correct. The companies record IPI credits when received, which are based on shipments that may have taken place two to three months before The export figures we used as the denominator in the preliminary

determination bore little relation to the IPI credits received during the same period.

We stated in our preliminary determination that we would ascertain whether the use of imported slab, a major factor in reducing the level of subsidy from this program, was a temporary situation. At verification, we examined imports of slab and determined that COSIPA, which was responsible for 80 percent of the exports of carbon steel plate from Brazil, was still importing substantial quantities of slab which, having entered under duty drawback, must be further manufactured and exported.

To calculate the value of the IPI credits, we sampled COSIPA's and USIMINAS' receipts of IPI credits and traced each to the appropriate shipment. We established that a substantial portion of plate shipments are made with imported slab which enters subject to duty drawback, the value of which is deducted from the value of the shipment before the IPI is calculated. For each shipment, we calculated the value of the IPI credits as a percentage of the gross value of the shipment. We made this calculation as of the date of shipment rather than the date of receipt and did not take into account the devaluation of the cruzeiro between the date of shipment and the date of receipt in accordance with section 771(6)(B) of the Act.

Instead of the 5.40 percent *ad valorem* subsidy reported in our preliminary determination, we calculated a subsidy value during 1981 of 11.05 percent. This rate is premised on an IPI export credit premium of 15 percent.

The government of Brazil has made three reductions in the level of the IPI credit during 1982, the most recent on September 30, 1982 to 11 percent. Accordingly, we have made a proportional reduction in our calculation above. On this basis, we calculated a current *ad valorem* export subsidy of 8.10 percent.

B. IPI Rebates for Capital Investment. Decree Law 1547 (April 1977) provides funding for the expansion of the Brazilian steel industry through a rebate of the IPI, the Brazilian federal excise tax. Under this tax system, a company determines its liability for the tax at the end of each month. The net tax owed is calculated as the difference between the total IPI the company paid on purchases and the total IPI it collected on domestic sales. Normally, within five months after the end of each month, a company must pay the amount of the net tax owed directly to the Brazilian government. This net IPI tax is the basis for calculating the rebate for investment. A Brazilian steel company may deposit 95 percent of the net IPI tax due in a special account with the Banco do Brasil. The amounts deposited are to be applied to steel expansion projects, and when rebated to the firms constitute tax-free capital reserves which must eventually be converted into subscribed capital.

COSIPA and USIMINAS received benefits under this program from 1977 to 1981. With the enactment of Decree Law 1843 (December 1980), COSIPA and USIMINAS must now pay the IPI tax to the government which in turn rebates 95 percent to SIDERBAS, the government holding company to which COSIPA and USIMINAS belong, to increase its capital.

We consider the amount rebated each year as an untied capital grant received in that year. As such, we have allocated the grants over 15 years, the estimated average life of capital assets in integrated steel mills (based on Internal Revenue Service studies of actual experience in integrated mills in the United States).

In making the calculation for our preliminary determination, we took the amount of the rebate received in each year, converted the cruzeiro value to dollars by using the average exchange rate for the year, and used as the discount rate for each year the average LIBOR (London Interbank Offered Rate) plus the prevailing spread over LIBOR in Brazil in that year. The grants were amortized over 15 years and the total benefit for 1981 was divided by the total value of sales, converted into dollars using the average exchange rate for 1981.

We chose the above method for our preliminary determination because at that time we did not have sufficient information to employ the indexing procedure that establishes the rate of return on long-term cruzeiro debt instruments in Brazil. At verification we learned that government bonds and long-term cruzeiro loans are fully indexed to the inflation rate in Brazil and have fixed real interest rates. The index used is the ratio established for the Readjustable Bonds of the National Treasury (ORTN). In the case of a loan, the cruzeiro value is converted to an ORTN value by using the ORTN index rate in the month of receipt. The stream of principal and interest payments over the life of the loan is then calculated in ORTN and when a payment is made, the ORTN value due is converted into cruzeiros at the ORTN index rate in the month of payment.

Based on this information, we have recalculated the benefit from these grants in accordance with Appendix 2. We have taken the amount of the rebate received in each month, converted the cruzeiro value to an ORTN value by using the ORTN index rate in the month of receipt, added the monthly ORTN amounts to determine the amount of the grant in each year, and used as the discount rate for each year the interest rate of 4% on ORTN-indexed government debt. The total benefit in ORTN for 1981 was converted into cruzeiros using the average ORTN index rate for the year and then divided by the total value of sales for 1981. The *ad valorem* benefit of this subsidy is 0.67 percent.

C. Preferential Working Capital Financing for Exports: Resolution 674. Under this program, companies are declared eligible to receive working capital loans by the Department of Foreign Commerce of the Banco Central do Brasil (CACEX). These loans may have a duration of up to one year. Firms in the steel industry can obtain this financing at preferential rates for up to 20 percent of the net f.o.b. value of the previous year's exports. The maximum dollar eligibility under this program is established by CACEX and is stated on the "Certificado de Habilitacao" issued to recipients. We have determined that such financing is an export subsidy.

The net export value is calculated by taking numerous deductions from the export value of the merchandise, including agent commissions, contractual penalties or refunds, exports denominated in cruzeiros, imported inputs over 20 percent of the export value, and a deduction for the company's trade deficit as a percentage of the value of its exports.

To determine the value of loans in existence under this program during the 1981 fiscal year, we prorated under this program during the 1981 fiscal year, we prorated any loans that straddled other fiscal years. For loans taken out in fiscal year 1980, only that portion extending into fiscal year 1981 was included in our calculation. Any fiscal year 1981 loans extending into fiscal year 1982 were similarly adjusted. We then divided the total value of these loans by the total value of exports of the two companies under investigation to calculate the amount of preferential financing they received.

As in previous Brazilian countervailing duty cases, we are using the rate established by the Banco do Brasil for discounting sales of accounts receivable as the commercial rate for the acquisition of short-term working capital. We have used this comparison because information provided by the government of Brazil indicates that,

within the Brazilian financial system, working capital is normally raised through the sale of accounts receivable. Currently, the annual rate for discounting sales of accounts receivable is 59.6 percent plus a 6.9 percent tax on financial transactions (IOF). The subsidy is the difference between the interest rate available under Resolution 674 and the commercial rate.

The interest rate on loans under Resolution 674 is 40 percent, with interest payable semiannually and the principal fully payable on the due date of the loan. The effective rate of interest for these loans is 44 percent. These loans are also exempt from the IOF. Therefore, the differential between these two types of financing is 22.5 percent. When multiplying this differential by the amount of preferential financing received as a percent of exports, we calculated an *ad valorem* export subsidy of 1.73 percent.

D. Industrial Development Council (CDI) Program. This program allowed an exemption of 80 percent of the customs duties and 80 percent of the IPI tax on certain imported machinery for projects approved by the CDI. Decree Law 1726 repealed this program in 1979 and no new projects are eligible for these benefits. However, companies with projects approved prior to repeal may still receive these benefits pending the completion of the project. The government of Brazil stated in its response that neither COSIPA nor USIMINAS received such benefits during 1981. Consequently, we preliminarily determined that this program was not used.

During verification we discovered that benefits had been received in 1981 under this program. We consider this subsidy a savings on current expenses and have allocated the entire benefit to the year received. For equipment puchased during 1981, we added the savings in import duties and in IPI taxes and divided the benefit received by the total sales of the companies under investigation. We calculated the *ad valorem* benefit of this subsidy to be 1.25 percent.

II. Programs Determined Not to Confer Subsidies

We have determined that subsidies are not being provided under the following programs described below to manufacturers, producers, or exporters in Brazil of carbon steel plate.

A. Government Purchase of Equity. The government of Brazil has owned a portion of the equity in USIMINAS and COSIPA since they were established in the 1950's and 1960's respectively. This ownership takes several institutional forms but consists chiefly of shares owned by SIDERBRAS and the National Bank for Economic Development (BNDE). Currently, COSIPA is 99.9 percent owned by government entities (81.5 percent SIDERBRAS, 12.4 percent BNDE, 6.0 percent others) and USIMINAS is 80.7 percent owned by them (34.3 percent SIDERBRAS, 46.4 percent BNDE). Nippon Steel has owned shares in USIMINAS since it was established and currently holds 17.3 percent of the equity. Neither company's stock is freely traded.

Between the years 1977–81, COSIPA made a profit in only one year, 1978. USIMINAS has made a profit in all but one of these years, 1979, which was a difficult year financially for COSIPA, USIMINAS and any other company with substantial foreign currency debt, because of a 30 percent devaluation of the cruzeiro in December 1979.

In the 1977–81 period, both companies experienced significant growth financed largely through debt, but also by government equity infusions. COSIPA's growth has been more substantial, and it has been the greater beneficiary of the government equity purchases. Most of this equity funding has come from government purchases of SIDERBRAS' equity, which in turn has purchased equity in its subsidiaries.

The petitioners alleged that these equity infusions are capital grants which constitute subsidies, in that they are investments in unprofitable companies without expectations of a reasonable return. They further alleged that prudent investors would not invest in COSIPA and USIMINAS, that government investment is "on terms inconsistent with commercial considerations," and that the government purchase of equity is "the grant of funds * * * to cover operating losses." As set forth in Appendix 2, where such allegations were made we looked to see whether the companies concerned appeared to present sound investment opportunities when an investment was made.

USIMINAS has a history of being profitable. For the one year in the recent past when it was not, 1979, that failure was largely attributable to the cruzeiro devaluation.

For COSIPA, the losses have been frequent in recent years, but the government of Brazil stated that this was largely because of the strain placed on the company's resources by expansion. To support its claim that COSIPA is a commercially sound investment, the Brazilian government cited a 1975 feasibility study prepared by the World Bank regarding COSIPA's Phase III expansion project, which included a financial and commercial analysis of the project. Some of the conclusions of that analysis were as follows: (1) "the project provides a * * * rate of return (after taxes) of 10.7 percent in constant terms;" (2) "the company's financial position is expected to allow reaonable dividends after project completion;" and (3) "by 1982, the first full year of Stage III production, net profits * * * as a percentage of average equity * * * would be about 12 percent." In the context of its analysis, the World Bank report noted the substantial increase in steel consumption in Brazil during the previous two decades, particularly for flat products. In addition, COSIPA has been able to attract loans from numerous foreign private banks from the 1970's to the present.

Because of USIMINAS' record of profits in recent years and the returns reasonably expected by the government of Brazil when COSIPA's expansion project began, we have determined that the purchase of equity in these companies by the government is not "inconsistent with commercial considerations."

B. Long-Term Loans. We stated in our preliminary determination that we required addditional information on long-term loans to COSIPA and USIMINAS before making a determination on the allegation that such loans confer subsidies. At verification, we examined several foreign currency loans, both guaranteed and unguaranteed by the government, and found that guarantees apparently made no difference in the terms of the loans and that such loans are granted with interest rates of LIBOR plus a spread that approximates the average spread available on such LIBOR loans in Brazil. We further verified that loans from BNDE and FINAME, a program of BNDE for the purchase of capital equipment manufactured in Brazil, are fully indexed and are made at fixed real interest rates ranging from 5 to 11 percent, depending on the time and the program under which the loan was granted. FINAME loans are granted through commercial banks rather then directly from BNDE and carry higher real interest rates than BNDE loans.

Because long-term financing in cruzeiros is available in Brazil only through government-controlled financial institutions such as BNDE, we do not have a benchmark in Brazil for fixed interest rate long-term loans to compare with the interest rates on these loans. However, since these loans are indexed by ORTN, the interest rates are real interest rates. This allows us to constuct a benchmark based on the real interest

rates of the only private long-term loans commercially available in Brazil—the foreign currency loans mentioned above. The comparison of that constructed benchmark and the interest rates on these loans, as described below, suggests that they are not made at preferential rates.

Since LIBOR loans are continually readjusted at the prevailing interest rates, we constructed the benchmark by calculating the average real interest component of LIBOR-plus-spread on long-term loans to Brazil for the period 1977–81 during which these BNDE and FINAME loans were made. We then compared that average real interest rate-plus-spread to the rates at which the long-term BNDE and FINAME loans were made. Our comparison showed that all the BNDE and FINAME loans to COSIPA and USIMINAS were made at rates above the benchmark, which indicates that they were not made at preferential rates. We will monitor loans made by BNDE and FINAME to COSIPA and USIMINAS in future section 751 administrative reviews in order to evaluate whether such loans were made at preferential rates.

C. Investment Credit to the Corporate Income Tax. Brazilian tax law allows any corporation that owes corporate income taxes to elect to apply up to 51 percent of its corporate income taxes owed to the government to specified investment funds. The investment funds generally are for the economic development of certain regions, industries or national interests (e.g., the Amazon, the Northeast, fisheries, tourism and reforestation). The steel industry is not among the targeted sectors. If a corporation elects to direct the taxes it owes to the government into one or more of the specified investment funds, it receives stock for its investment in those funds. Upon receipt of the stock, which must be held at least five years, the investment is included in the equity holdings of the corporation.

COSIPA and USIMINAS have taken part in this program, but not during the applicable period. We have determined that election to participate in this program does not constitute a subsidy to carbon steel plate, however, since all corporations which pay corporate income taxes are eligible to participate in the program on equal terms.

D. Export Financing Under Communication 331. Communication 331 is a set of rules and regulations established by the Brazilian government to govern foreign exchange contracts for export transactions. Beyond establishing these rules, the government has not further involvement. Banks that act as intermediaries in export transactions operate under these rules but are free to choose whether they will discount an account receivable denominated in foreign currency, the type of transaction at issue in this program.

The government of Brazil has stated that it provides no resources to banks to enable them to perform these operations nor does it establish the discount rates. The rate of discount reflects commercial considerations such as the bank's relationship with its customer, its own circumstances, and market rates of interest, which generally track LIBOR rates. As such, we have determined that the discounting of foreign exchange accounts receivable under these conditions is not a subsidy.

E. Purchase of Inputs from a Related Company. Companhia Siderurgica Nacional (CSN) is a member of the SIDERBRAS group and both COSIPA and USIMINAS have purchased slab from CSN. The petitioners alleged that CSN received the same types of subsidies from the government as COSIPA and USIMINAS and that subsidies to CSN are consequently indirect subsidies to COSIPA and USIMINAS.

The government of Brazil stated that COSIPA's and USIMINAS' purchases the slab from CSN have ended and this slab was not used in producing carbon steel plate. We have verified information that this situation was temporary and that the last purchase of CSN slab by COSIPA was in August 1981 and by USIMINAS in June 1981.

F. Transportation Subsidies. The Brazilian government stated that COSIPA and USIMINAS receive no preferential rates when using railroads and ports. At verification, we found no evidence that any programs exist which give preferential freight or insurance rates to steel exporters.

G. Income Tax Deductions for Employee Training and Meals. COSIPA and USIMINAS have tax deductible training programs for which they may take special deductions for training costs, and COSIPA also has a program for which it may take special deductions for employee meals. The maximum deduction for training costs is 10 percent of taxes owed, and for meals 5 percent of taxes owed, although the combined deduction may not exeed 10 percent of taxes owed. Neither company received any benefits under these programs during the applicable period.

The government of Brazil stated that under applicable tax law any manufacturer, without sectoral or regional preference, may take above deductions for training and meal expenditures for employees. Consequently, we have determined that the benefits conferred under this program are not countervailable because they are generally available on equal terms.

H. Non-Indexation of Overdue Accounts Payable. U.S. Steel alleged that public sector companies, such as COSIPA and USIMINAS, have substantial overdue debts with private suppliers, and that these companies are not required to index the value of late payments to private sector companies while such a requirement exists for late payments by the private sector to public sector companies. U.S. Steel argues that such preferential treatment confers a subsidy to state-owned companies.

The government of Brazil stated that no standard accounting principle exists for indexing accounts payable nor is there a special provision which provides preferential treatment for late payments by public sector companies. The terms for payment and adjustments for inflation are negotiated with individual suppliers and are specifically indicated in contracts with suppliers. The government of Brazil provided several examples of such contracts entered into by COSIPA, some of which provided for indexing from the date of sale and others which required indexing only if payment was late. Based on this information, we have determined that the provisions for indexing accounts payable in Brazil do not confer a subsidy to state-owned steel companies.

I. FINAME Loans to Producers of Steel-Making Equipment. U.S. Steel alleged that long-term FINAME loans to producers of steel-making equipment are made at preferential rates and that these subsidized loans provide indirect subsidies to producers of carbon steel plate.

We have determined that long-term FINAME loans to COSIPA and USIMINAS are not made at preferential rates (see discussion on *Long-Term Loans*). The government of Brazil has stated that FINAME loans to producers of steel-making equipment are made according to the same criteria and at approximately the same rates as to all other sectors. Therefore, we have determined that there is no indirect subsidy to producers of carbon steel plate from FINAME loans granted to producers of steel-making equipment.

III. Programs Determined Not To Be Used

We have determined that the following programs which were listed in the notice of "Initiation of Countervailing Duty Investigation" were not used by manufacturers, producers,

or exporters in Brazil of carbon steel plate.

A. Income Tax Exemption for Export Earnings. Exporters of carbon steel plate are eligible to participate in this program, under which the percentage of their profit attributable to export revenue is exempt from income tax. To arrive at this percentage, export revenue is divided by total revenue. The amount of profit exempt from the income tax is then multiplied by the 35 percent corporate income tax rate to determine the amount of the benefit.

In a program of this kind, benefits cannot be determined with finality until the books are closed sometime in the following year. Therefore, we must look at fiscal year 1980 income tax statements to determine if any benefit was received in fiscal year 1981. Since neither COSIPA nor USIMINAS had a taxable profit in fiscal year 1980, neither company was eligible to receive benefits under this program.

B. The Commission for the Granting of Fiscal Benefits for Special Export Programs (BEFIEX). BEFIEX grants several types of benefits to companies that are part of certain targeted industries and that sign contracts that include specific export commitments. These benefits include the following: A reduction of between 70 percent and 90 percent of the import duties and the IPI tax on the import of machinery, equipment, apparatus, instruments, accessories and tools necessary to meet the approved export commitment; an extension of the period for carrying tax losses forward from four to six years, provided no dividends are paid during that time; and amortization of pre-operational expenses of BEFIEX projects at the discretion of the company rather than the normal straight-line amortization over ten years. As a general rule, companies that sign BEFIEX contracts guaranteeing these and any other benefits must make an export commitment that over the life of the project it will generate export earnings of at least three times the value of imports for the project. The government of Brazil has stated that the steel industry in Brazil has been developed primarily to supply the domestic market. Since manufacturers of carbon steel plate export only a small portion of their production, they are not in a position to make the required export commitment. In addition, because COSIPA and USIMINAS have large trade deficits, they are effectively ineligible for this program and did not receive any benefits in 1981.

C. Preferential Financing for the Storage of Merchandise Destined for Export: Resolution 330. This program provides financing for up to 80 percent of the value of merchandise placed in a warehouse and destined for export. Interest rates for such loans are 40 percent per annum, with interest payable semiannually. Neither COSIPA nor USIMINAS used this program because both companies' exports are manufactured to order and there is no need to warehouse their merchandise.

D. Accelerated Depreciation for Capital Goods Manufactured in Brazil. This program allows companies that purchase Brazilian-made capital equipment as part of an approved CDI expansion project to depreciate this equipment at twice the rate normally permitted under tax laws. Since neither COSIPA nor USIMINAS used the accelerated depreciation provisions to reduce its tax liabilities in its fiscal year 1980 income tax statement, no benefit was received in fiscal year 1981.

E. Export Financing Under Resolution 68. This program provides financing for the export of Brazilian goods for a minimum period of 181 days. Such financing is granted on a transaction-by-transaction basis and may cover up to 85 percent of the f.o.b. invoice price of the merchandise (plus freight and insurance). To be eligible, the exporter must show that the foreign purchaser has prepaid 15 percent of the invoice price. Neither COSIPA nor USIMINAS used Resolution 68 to finance exports of carbon steel plate to the United States in 1981.

F. Partial Relief from Payment of Retirement Benefits to Employees. Two major pension funds exist in Brazil to provide retirement benefits for employees: PIS for private sector employees and PASEP for public sector employees. PIS is funded through employer contributions and PASEP through an earmarked portion (1 percent) of the state value-added (ICM) tax. U.S. Steel alleged that employees of state-owned companies such as COSIPA and USIMINAS are members of PASEP, and that these companies receive a subsidy because they can partially finance their contributions for employees by using a portion of the ICM tax they have collected on sales while private sector companies, whose employees are members of PIS, must fully finance contributions for employees from their own resources.

The government of Brazil stated that employees of COSIPA and USIMINAS are not participants in the PASEP program. This program is mainly for municipal, state and federal employees, and COSIPA and USIMINAS are treated as private enterprises in this regard, and as such are participants in the PIS program. Therefore, we have determined that no subsidy is conferred to manufacturers, producers or exporters of carbon steel plate under this program.

G. Charcoal Used in Steel Production. U.S. Steel alleged that government incentives for reforestation and the expansion of charcoal production for use as a fuel in the steel industry confer indirect subsidies to the production of carbon steel plate. The government of Brazil stated that neither COSIPA nor USIMINAS use wood charcoal to produce steel. Thus, we have determined that no benefit to carbon steel plate is conferred under this program.

H. Ferrovia do Aco, the "Steel Railway". U.S. Steel alleged that construction of a steel railway by the government, solely to benefit steel companies, constitutes a subsidy. They claim that the railway was designed to reduce the reliance on trucking and thus reduce transportation costs.

The government of Brazil stated that no section of this railway is in operation. Since no companies, steel or otherwise, have yet used this railway, we have determined that no benefit was received by manufacturers, producers or exporters of carbon steel plate.

IV. Program Determined To Be No Longer in Existence

We have determined that the following program which was listed in the notice of "Initiation of Countervailing Duty Investigation" is no longer in existence.

Merchandise Circulation Tax (ICM) Export Credit Premium. This program, which provided Brazilian companies an overrebate of a state value-added tax on goods destined for export, was eliminated by Convention 01-79, published January 12, 1979.

Petitioners' Comments

In addition to comments made at the hearing, in pre- and post-hearing briefs, and with respect to the suspension agreement, U.S. Steel submitted further comments (after their request for a continuation of the investigation) on October 29 and November 19, 1982. Counsel for Bethlehem Steel submitted additional comments on November 23, 1982. All comments applicable to this final determination are addressed below.

Comment 1

The petitioners state that the absence of private investment in COSIPA and USIMINAS in recent years is a stong indication that government investment is inconsistent with commercial considerations and therefore

countervailable. In addition, petitioners argue that in measuring the reasonableness of an investment, the standard should be whether the government could have obtained a higher return at comparable risk, while the Five claim that the Department's preliminary determination of this issue was inconsistent with its own standards as set forth in Appendix B to the notice of "Preliminary Affirmative Countervailing Duty Determinations: Certain Steel Products from Belgium" (47 FR 26300).

DOC Position

The Department is required to determine whether government equity purchases are inconsistent with commercial considerations at the time made. The presence or absence of private investment is not dispositive of the issue. The Department remains consistent with the standards set forth in Appendix 2. These standards on equity did not change substantially from the position the Department set forth in Appendix B. If a company has a record of profitability, as does USIMINAS, we do not normally consider government purchase of equity based on that record to be inconsistent with commercial considerations. In the case of COSIPA, there is a recent history of losses. Accordingly, we examined whether government purchase of equity was inconsistent with commercial considerations.

As noted in our preliminary determinations, there is evidence on the record (a 1975 World Bank appraisal of COSIPA's Phase III expansion) that COSIPA would achieve a respectable level of profitability once the expansion project was completed. On this basis, we preliminarily determined that the government's purchase of equity in COSIPA was not inconsistent with commercial considerations. Because we did not consider government purchase of equity in COSIPA and USIMINAS a subsidy, we did not make a comparison with the average rate of return on equity investment in Brazil. We use this standard as a measure of the amount of a subsidy after we have determined that the government purchased equity is on terms inconsistent with commercial considerations, *not* as the criterion for determining *whether* government equity purchases constitute a subsidy.

Petitioners have noted press reports of 1976 and 1977 World Bank analyses that were critical of COSIPA's expansion project, and they claim that the 1975 World Bank report relied on by the Department is no longer valid. These analyses are discussed in some detail in an April 1981 draft World Bank project audit report of COSIPA's Phase II expansion project, which also includes a financial analysis of the Phase III expansion project. Apparently these reports strongly criticized COSIPA's management in handling the Phase II expansion project, which led to financial difficulties for the company. The 1981 draft World Bank report states that these management problems were expeditiously corrected and that COSIPA's financial picture has improved. While the effects of these financial problems are still being felt, and COSIPA in 1981 was a riskier investment than in 1975, the World Bank in its appraisal of Phase III indicates that the Phase III expansion was a viable commercial venture from 1975 to 1981 and it continues to expect that the ongoing Phase III expansion project will bring a respectiable return once fully operational. We will monitor the financial performance of COSIPA in future section 751 administrative reviews in order to evaluate whether equity purchases made in the future are inconsistent with commercial considerations.

Comment 2

U.S. Steel claims that private Brazilian investors are, as a rule, willing to provide loans to a company but are almost never willing to provide equity capital. Consequently, the Department must follow its practice of examining the provision of capital and loans in the context of the capital market of the country of the recipients and make a determination that, in Brazil, the provision of equity capital to COSIPA and USIMINAS is "on terms inconsistent with commercial considerations."

DOC Position

Both the provision of loans and the purchase of equity involve risk-taking for which there should be a commensurate rate of return. Generally, purchasing equity is riskier than making a loan and the provider of the capital expects a higher rate of return on an equity purchase. If it is expected that an equity purchase will provide an adequate return, then the purchase of that equity is not "on terms inconsistent with commercial considerations."

A company's choice of how to raise capital or the factors influencing a provider of that capital either to purchase equity or make a loan are not at issue. There may well be a host of institutional or legal factors which influence where and in what form capital is provided to various companies in a particular country. The relevant question is whether, given the relative riskiness of purchasing equity, the expected return was sufficient to warrant the risk.

In Brazil, the capital market consists of three main actors: the government, private Brazilian investors and foreign investors. The relative strength of these actors and the Brazilian government's definition of its national interests have influenced where capital is invested and by whom. The Department cannot rule on these circumstances; it can only examine whether in a particular case there have been benefits provided that constitute subsidies. With respect to the government purchase of equity in COSIPA and USIMINAS, we have determined that no subsidy was conferred.

Comment 3

U.S. Steel alleges that the government of Brazil has been providing loss coverage through its equity purchases in COSIPA, since the company has experienced frequent losses in recent years while receiving equity from the government. U.S. Steel argues that, under the Act, funds provided for loss coverage constitute a countervailable subsidy regardless of whether the terms of the equity purchases were consistent with commercial considerations.

DOC Position

Since funds for loss coverage are noted separately under the Act, it is necessary to examine this potential subsidy on its own rather than simply considering the equity purchases. This does not mean, however, that equity purchases in a company experiencing losses necessarily constitute funds to cover those losses rather than a sound commercial investment. In this regard, the losses experienced by COSIPA were moderate and it was reasonable to assume at the time of the government purchases of equity that the company could provide a fair return on the investment. Further, COSIPA was making investments at the time that far exceeded the amount of the equity purchases, while the amount of the losses was much less than the amount of the government equity purchases. Strong evidence to the contrary would be needed to alter a conclusion that the equity purchases represented an investment and did not involve the coverage of the losses incurred.

Comment 4

U.S. Steel and the Five state that artificially low rates of depreciation prior to 1981 understate COSIPA's losses, creating a distortion which COSIPA itself belatedly recognized in

its 1981 financial statements. Further, the petitioners suggest that such depreciation methods have overstated the profits of USIMINAS.

DOC Position

In its 1975 financial statements, COSIPA notes that it adopted the system of depreciation, criticized by the Five, based on "criteria approved by an independent consulting engineering company." The Department will not second-guess the validity of this depreciation method, which is legally permissible in Brazil. In its 1981 financial statement, COSIPA noted a change in its depreciation method based on a standardization of accounting practices within the SIDERBRAS group. Without commenting on the accuracy of the prior practice, it noted that the new system sought "to conform the estimated economic useful lives with the international parameters adopted in similar companies." As a result of this change, COSIPA experienced a considerable depreciation cost in 1981 with a significant negative effect on its profitability.

USIMINAS notes in its 1981 financial statements that the change in depreciation methods established by SIDERBRAS in 1981 represented a shift from an 8-year to a 15-year estimate of the useful life of mill assets. Thus, the shorter depreciation schedule used by USIMINAS prior to 1981 led to higher depreciation costs and lower profits in those years.

Comment 5

U.S. Steel contends that the government's true rate of return on its equity purchases can be measured only if all other government subsidies to COSIPA and USIMINAS are subtracted out. Further, U.S. Steel states that, when relying on the 1975 World Bank report concerning COSIPA, the Department must consider the extent to which World Bank predictions of COSIPA's future profitability depended on the existence of such government subsidies.

DOC Position

To subtract out all government assistance from a company's income statement before determing whether government purchases of equity constitute a subsidy would be to judge the government's investment behavior by a different standard than that used for private investors. The purchase of equity by the government of Brazil is not a subsidy *per se*. In order to determine whether government equity purchases are on terms consistent with commercial considerations, it is necessary to look at the reasonableness of an investment from the viewpoint of the private investor. One assumes that a private investor, when assessing the prospects of a reasonable return on an investment, would consider any government subsidies an important factor in his investment decision. Those government subsidies may be separately countervailable, but the investment made with those subsidies taken into account may itself be reasonable.

The World Bank, in its 1975 report on COSIPA's Phase III expansion project, did not address the question of government subsidies in its evaluation of the financial merits of the project. Primarily, the World Bank discussed the growing market for steel in Brazil, COSIPA's capabilities for handling a project that was designed to help meet that demand, and the anticipated rate of return which justified the World Bank's investment in the project.

Comment 6

U.S. Steel and the Five assert that in calculating the net subsidy under Resolution 674 financing, the Department used an incorrect benchmark. They state that the rate for discounting accounts receivable is not a proper benchmark because that market is "illiquid" and the Department must factor in the resulting high compensating balances (although illegal in Brazil) to determine an effective interest rate; that the Department has not used its own standard of a national average commercial rate as a benchmark; that the Department should follow the standards of Paragraph (k) of Annex A of the Subsidies Code when determining such a benchmark, or use as a basis of comparison the rate for borrowing in international financial markets.

DOC Position

The Department believes from evidence available to it that there is no meaningful commercial market for short-term working capital loans in Brazil. Instead, most firms meet their needs for working capital through the sale of accounts receivable. Therefore, the Department has determined that the discounting of accounts receivable provides the most appropriate basis for comparison.

In determining a national benchmark, the Department chose the Banco do Brasil rate because prior case precedent and statements of the government of Brazil suggested that this was the appropriate standard. As the largest single banking entity in Brazil (representing 35–40% of all banking assets), the Banco do Brasil acts as a price leader from which the rates of other banks vary. Documents received at verification support our preliminary determination in several respects. First, the annual Banco do Brasil discount rate is 59.6 percent, as claimed; numerous banks, both state-owned and private, discount receivables at rates near (both above and below) the rate set by the Banco do Brasil. Second, as it applies to COSIPA and USIMINAS, the market is not "illiquid". During the period of investigation both companies discounted a significant percentage of their domestic accounts receivable with a wide variety of banks, and used this facility as the chief method of raising working capital. During verification, we found no evidence of compensating balances in company records; the amount received by the company after discounting a receivable was the value of the receivable minus the discount rate, the tax on financial transactions (IOF) and a small commission. Third, Paragraph (k) does not apply in this analysis. It is concerned with official export credits for medium- and long-term loans. Resolution 674 financing is not comparable to such export financing. Lastly, in our preliminary determination we addressed the issue of comparability between cruzeiro and foreign currency sources for working capital. Our analysis has not changed since that time.

Comment 7

Counsel for Bethlehem Steel contends that the investment subsidy from credit to the corporate income tax program is countervailable, even though generally available.

DOC Position

We have determined that this program is not countervailable because it is generally available on equal terms to all industries in Brazil. For our position on generally available programs see Appendix 4.

Comment 8

U.S. Steel and counsel for Bethlehem Steel argue that, without the availability of long-term cruzeiro loans from BNDE and FINAME, firms would have to borrow short-term. In particular, they claim that a short-term line of credit can be transformed into a longer-term arrangement because short-term financing is often rolled over, effectively turning it into long-term, variable-rate financing. Therefore, in the absence of a benchmark for long-term cruzeiro loans, the Department should use as a benchmark the interest rate on short-term cruzeiro loans, which serve as a measure of long-term interest rates.

DOC Position

We do not consider short-term interest rates and long-term interest rates comparable because they reflect different types of borrower needs and different degrees of risk on the part of the lender.

A short-term line of credit, even if constantly renewed over a long period of time, is still short-term financing. It provides working capital on an ongoing basis, and the borrower's need, the lender's risk and the rate of interest are subject to constant re-evaluation which may lead to readjustments. Such is not the case with a long-term loan. At the outset, need and risk must be determined. Generally, funds from a long-term loan are disbursed early on to finance major expenditures, such as capital equipment with a long useful life, and a borrower cannot meet these needs through short-term credit lines.

Further, short-term interest rates may be very volatile, reflecting ongoing changes in the credit markets and government monetary policy. Long-term interest rates change more gradually and, as one would expect, the rise in interest rates for short-term borrowing in Brazil since early 1981 has also led to a notable, through less dramatic, rise in the real interest rate on long-term loans.

Comment 9

U.S. Steel and counsel for Bethlehem Steel allege that explicit and implicit guarantees from the Brazilian government with regard to loans obtained from non-governmental sources by COSIPA and USIMINAS constitute countervailable benefits.

DOC Position

Government ownership of a firm does not implicitly guarantee the debt of the firm, and thus does not confer *per se* a subsidy. An explicit loan guarantee by the government, however, bestows a benefit to the extent that the recipient of the guaranteed loan pays less for the debt than it would have absent the guarantee. In the cases of COSIPA and USIMINAS, we found that, while some of the long-term loans to the two companies obtained in foreign currency were explicitly guaranteed by the Brazilian government, others were guaranteed by the companies' own assets. Loans explicitly guaranteed by the Brazilian government carried terms no more favorable than loans guaranteed by company assets. Therefore, we determine that the guarantee of COSIPA's and USIMINAS' loans by the Brazilian government does not provide a countervailable benefit.

Comment 10

U.S. Steel contends that the benefits received by COSIPA and USIMINAS since at least 1975 on imported machinery under the CDI program reduce the cost of capital equipment and therefore are capital subsidies. Thus, the Department should follow its standard practice and allocate such benefits over several years.

DOC Position

The benefits under this program are a reduction of taxes. It is the Department's policy to expense tax-based benefits in a single year rather than carry them forward.

Comment 11

Counsel for Bethlehem Steel has noted that with the decline in imports of steel into Brazil in 1982, it is unlikely that the import content of exports of carbon steel plate, in 1982, has exceeded the 25 percent level that would lead to a reduction in the value of the IPI export credit premium on these exports. Accordingly, counsel urged that we use the nominal rate of the IPI export credit premium, verified by the Department to be received by carbon steel plate manufacturers in 1982, in determining the benefits bestowed under this program.

DOC Position

General statistics of imports of steel into Brazil are not a relevant indicator of the import content of carbon steel plate exports. The average import content of total exports does not determine the amount of the IPI export credit premium received on exports of a product. The deduction for imported slab in the calculation of the amount of the IPI export credit premium received is done on a *shipment-by-shipment* basis. The amount of the benefit received under this program is the sum of the IPI credits earned on all shipments divided by the total value of those shipments.

Further, we cannot take into account conjecture about what may have occurred with respect to the import content of a company's carbon steel plate exports in 1982. Whatever the situation, it will be addressed during a section 751 administrative review.

Respondent's Comments

Comment 1

The respondent claims that IPI rebates for capital investment under Decree Law 1547 are not countervailable for the following three reasons. First, as a result of a revamping of legislation concerning the IPI tax that began in 1979, the IPI tax is currently applicable to only fourteen product sectors and exemption from the tax is the rule while the obligation to pay is the exception. Thus, the elimination of the tax is the generally available situation and the reduction of the tax on any of the remaining sectors subject to it does not constitute a subsidy. Second, since the IPI tax is paid by the Brazilian steel producers, the funds for the rebates do not originate from the government of Brazil. Thus, the rebates do not constitute subsidies. Third, the rebates are generated solely by domestic, not export, sales and it is not within the purview of the U.S. countervailing duty law to countervail benefits received on production not destined for the United States.

DOC Position

The IPI tax is an indirect tax and as such is passed forward to the consumer. A steel company collects this tax on sales as the agent for the government; the company does not, itself, pay the tax. Decree Law 1547 is a mechanism by which a steel company is permitted to collect funds due the government and then receive a 95 percent rebate of the taxes due. The program does not involve the rebate of payments made from the company's own funds.

Not all steel companies receive this rebate. Although the same level of IPI tax is applicable to all steel products, only companies producing certain priority products, with approved expansion projects, can receive the rebate. Fabricators of steel products, such as pipe and tube manufacturers who purchase coil, are not eligible for the rebate. Even COSIPA and USIMINAS have not been eligible for the rebates since December 1980, when Decree Law 1843 directed that rebates of the IPI tax collected on sales by state-owned steel companies go to SIDERBRAS. Thus, the rebates are not generally available within the steel sector and represent a selective benefit to priority producers.

These rebates, when received, are applied to capital investment projects. The IPI tax is collected on domestic sales and the rebate is simply a mechanism to raise capital for the companies that receive them. That the rebates are generated only by domestic sales does not alter the fact that they benefit all production, including exports.

Comment 2

The respondent claims that the IPI rebates, which are capital contributions that eventually become equity shares, are one method of fulfilling the government's capital commitments to the Phase II and Phase III expansion

programs of COSIPA and USIMINAS. They further claim that these funds were invested for the same purposes and under the same assumptions concerning the viability of COSIPA and USIMINAS as the government purchases of equity which the Department has determined do not constitute subsidies.

DOC Position

The Department has determned that government purchases of equity in COSIPA and USIMINAS were not made "on terms inconsistent with commercial considerations." We made this determination based upon an analysis of the government's investment in each of these companies in which it, through SIDERBRAS, acted as an individual investor expecting a reasonable return on its investment. Although funds derived from the IPI rebates for capital investment also become equity, and in the case of COSIPA and USIMINAS most of the equity shares go to the government, we have determined that government equity shares derived from this program are grants and are countervailable.

Decree Law 1547 established a mechanism for generating capital funds to expand the steel sector and meet certain priority needs. Under this program, the government gives grants to both privately-owned and state-owned steel companies. When issued, equity shares derived from these funds are distributed proportionately to current shareholders in accordance with their ownership of the company's outstanding shares. Accordingly, the government receives no equity in privately-owned companies that receive these grants.

Further, these grants are earned through domestic sales performance, not disbursed based upon separate investment decisions as to the amount, the need and the appropriate timing of equity purchases. That state-owned steel companies received grants and the government received equity in this manner does not make it any less a subsidy. The subsidy nature of a program to aid the steel sector does not change depending upon who owns the steel companies.

An indication that the government of Brazil has sought to give greater direction to the use of these funds going to state-owned companies can be seen in Decree Law 1843. With this law, COSIPA, USIMINAS and other state-owned steel companies no longer receive these rebates; instead, the rebates earned by their sales go to fund the investments of SIDEBRAS, the government steel holding company. SIDEBRAS may use these funds where it chooses, investing in a particular company more or less than the amount it has generated, or none at all. Our determination that the government purchase of equity was not countervailable concerned the purchases of equity by SIDEBRAS; it was not a general determination concerning government equity acquired by whatever means.

Comment 3

The respondent claims that, absent a showing of immediate competitive advantage by the Department, we must allocate in equal installments the *face* value of the grants received from the IPI rebates for capital investment over the full useful life of the assets purchased, as required by the legislative history and the Court of International Trade in *Michelin Tire Corporation v. United States*, 2 C.I.T. 143 (1981). Respondent further alleges that the use of the present value methodology for the calculation of grant benefits violates Article 4(2) of the Subsidies Code in that the U.S. government will collect countervailing duties in excess of the face value of a grant.

DOC Position

We have allocated these grants over the full useful life of the assets purchased in accordance with *Michelin Tire Corporation v. United States*, Slip Op. 82-115 (December 15, 1982). In this case, the Court did not rule how the Department should allocate the benefit from a grant over the useful life of the asset. The Court did, however, suggest that a method which recognizes the time value of money be "an acceptable and recognizable means of analyzing financial benefit" from a grant. The present value concept is such a recognized principle of financial analysis and its use is fully consistent with the Subsidies Code and U.S. countervailing duty law. So long as the present value (in the year of grant receipt) of the amounts allocated over time does not exceed the face value of the grant, the amount countervailed will not exceed the total net subsidy.

Comment 4

The respondent claims that the government of Brazil has the right to exempt loans received under Resolution 674 from the IOF tax because it is the exemption of an indirect tax on the financing of products for export. Therefore, for the Department to determine the interest-rate subsidy by considering the IOF tax an integral part of the commercially-available rate (considering exemption of the IOF tax a subsidy) is contrary to the GATT and U.S. law.

DOC Position

We addressed this issue in our preliminary determination. Our analysis has not changed since that time.

Comment 5

The respondent argues that the Department, based upon information for 1982 it has verified, must make adjustments in the amount of net subsidy determined to exist under Resolution 674 financing and the IPI export credit premium. Otherwise, the Department overstates the amount of subsidy conferred on 1982 exports.

DOC Position

When conducting an investigation to determine the existence and extent of subsidization, we choose an appropriate period of investigation. In this case, the period for which we are measuring subsidization is calendar year 1981. Normally, the period of investigation provides the most current information available.

We recognize that for any one company the level of benefit from a particular subsidy program (such as Resolution 674 financing) may change after the period of investigation and that in some cases this may be known prior to the final determination. But, we cannot make adjustments for that program when complete information is unavailable for determining the amount of subsidization in its entirety from any of the several programs that a company may be eligible for and use. For this reason, we determine the estimated net subsidy based on the period of investigation. Changes in the amount of benefit a company receives from a program subsequent to the period of investigation, whether that increases or decreases the level of subsidization, can be adjusted for during a section 751 administrative review.

However, when there is a fundamental change in the benefit from a program after the period of investigation (or after the review period in a section 751 administrative review), which is applicable to all recipients, we take cognizance of that change if we have been able to confirm that the change has occurred and if there is no reason to believe that there has been a shift of these benefits to other programs. We then announce the adjustment in the rate for the deposit of estimated countervailing duties in the next notice published in the normal course of the proceeding. In the case of the IPI export credit premium, there have been three verified reductions in the maximum available benefit during 1982. Currently, the rate is 11 percent as opposed to the

APPENDIX D

CURRENT STATUS OF COUNTERVAILING DUTY AND/OR ANTIDUMPING INVESTIGATIONS CONCERNING IMPORTS OF HOT-ROLLED CARBON STEEL PLATE FROM SPECIFIED COUNTRIES

Status of Investigations as of Feb. 17, 1983 1/

Country	Status
Belgium	2/
Brazil	3/ 4/
France	5/
Italy	5/
Luxembourg	5/
Netherlands	5/
Republic of Korea	6/ 7/
Romania	8/ 9/
Spain	6/ 10/
United Kingdom	2/
West Germany	2/

1/ Except as noted, all countries identified involve both countervailing duty and antidumping investigations.

2/ Subject to settlement agreement; investigation terminated (47 F.R. 49104, Oct. 29, 1982, and 47 F.R. 51020, Nov. 10, 1982).

3/ Final countervailing duty investigation in progress; Commission determination due Mar. 7, 1983.

4/ Preliminary antidumping investigation in progress; Commission determination due Mar. 17, 1983. This investigation concerns certain flat-rolled carbon steel products in coils that are not included in the other investigations involving hot-rolled carbon steel plate.

5/ Negative "reasonable indication of material injury" determination by the Commission (47 F.R. 9087, Mar. 3, 1982).

6/ Countervailing duty investigation only.

7/ Final affirmative "material injury" determination made by the Commission on Feb. 2, 1983; determination transmitted to Commerce on Feb. 9, 1983.

8/ Antidumping investigation only.

9/ Effective Jan. 4, 1983, investigation suspended subsequent to an agreement by the Romanian exporter to eliminate any sales of carbon steel plate to the United States at less than the Department of Commerce's estimate of its fair value.

10/ Final affirmative "material injury" determination made by the Commission on Dec. 7, 1982; determination transmitted to Commerce on Dec. 21, 1982.

APPENDIX E

PRODUCT LIST

The products identified below are those used by the Commission to collect pricing information from producers and importers of the hot-rolled carbon steel plate subject to this investigation:

Product 9: Hot-rolled carbon steel plate, 0.33 percent carbon maximum, sheared or mill edge, not heat treated, not cleaned or oiled, in cut lengths, 0.1875 inch through 0.2499 inch in thickness, over 90 inches through 100 inches in width.

Product 10: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 0.3750 inch through 0.4999 inch in thickness, over 90 inches through 100 inches in width.

Product 11: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1/4 inch to under 5/16 inch in thickness, over 60 inches through 72 inches in width.

Product 12: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1-1/2 inches through 3 inches in thickness, over 90 inches through 100 inches in width.

The products identified below are those used by the Commission to collect pricing information from purchasers of the hot-rolled carbon steel plate subject to this investigation:

Product 9: Hot-rolled carbon steel plate, 0.33 percent carbon maximum, (ASTM A36, or equivalent), sheared or mill edge, not heat treated, not cleaned or oiled, in cut lengths, 3/16 inch to under 1/4 inch in thickness, over 90 inches through 100 inches in width.

Product 10: Hot-rolled carbon steel plate (hot-rolled bands, cut to length), ASTM A36 or similar, sheared or mill edge, not heat treated, not cleaned or oiled, 5/16 inch through 3/4 inch in thickness, 48 inches through 72 inches in width, 96 inches through 240 inches in length.

Product 11: Hot-rolled carbon steel plate, ASTM A36 or similar, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1/4 inch to under 5/16 inch in thickness, over 60 inches through 72 inches in width.

Product 12: Hot-rolled carbon steel plate, ASTM A36 or similar, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1/4 inch to under 5/16 inch in thickness, over 90 inches through 100 inches in width.

Product 13: Hot-rolled carbon steel plate, ASTM A36 or similar, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 3/8 inch to under 1/2 inch in thickness, over 90 inches through 100 inches in width.

Product 14: Hot-rolled carbon steel plate, ASTM A36 or similar, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1 inch through 1 3/16 inches in thickness, over 36 inches through 48 inches in width.

Product 15: Hot-rolled carbon steel plate, ASTM A36 or similar, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1 inch through 1 3/16 inches in thickness, over 90 inches through 100 inches in width.

Product 16: Hot-rolled carbon steel plate, ASTM A36 or similar, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, over 1 1/2 inches through 3 inches in thickness, over 90 inches through 100 inches in width.

APPENDIX F

PRICING TABLES

Table F-1.--Hot-rolled carbon steel plate: Ranges and weighted average net selling prices for sales of imports from Brazil and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-September 1982

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Brazil low	Brazil hi	Brazil avg	Domestic low	Domestic hi	Domestic avg	Brazil low	Brazil hi	Brazil avg	Domestic low	Domestic hi	Domestic avg
Product 9												
1980												
January-March	***	***	***	391	524	400	-	-	-	400	460	414
April-June	-	-	-	401	531	416	-	-	-	395	651	431
July-September	-	-	-	343	523	409	-	-	-	416	532	434
October-December	-	-	-	351	551	417	-	-	-	418	484	439
1981												
January-March	***	***	***	394	706	415	-	-	-	415	588	448
April-June	-	-	-	405	563	417	-	-	-	416	530	462
July-September	-	-	-	384	599	423	-	-	-	430	531	468
October-December	-	-	-	379	665	427	-	-	-	425	716	468
1982												
January-March	-	-	-	386	636	431	***	***	***	418	757	474
April-June	-	-	-	379	651	422	-	-	-	428	537	476
July-September	-	-	-	344	459	412	-	-	-	420	525	449
Product 10												
1980												
January-March	384	440	390	390	429	412	***	***	***	390	435	408
April-June	419	463	461	412	445	429	443	463	447	415	445	428
July-September	359	431	404	397	448	423	431	443	437	415	448	428
October-December	368	439	397	414	465	435	423	443	437	419	466	437
1981												
January-March	387	475	435	430	476	450	439	475	455	430	474	444
April-June	433	491	451	431	506	465	430	491	474	454	494	471
July-September	428	496	455	435	512	463	465	496	489	462	503	476
October-December	413	500	461	420	514	466	460	500	494	473	526	487
1982												
January-March	411	473	436	420	498	454	450	473	472	451	508	470
April-June	370	473	385	401	511	437	***	***	***	434	511	468
July-September	***	***	***	390	510	415	-	-	-	425	493	441
Product 11												
1980												
January-March	387	440	395	390	437	400	-	-	-	389	473	408
April-June	***	***	***	401	498	413	-	-	-	419	470	428
July-September	-	-	-	342	434	408	-	-	-	416	488	434
October-December	***	***	***	349	493	412	-	-	-	418	488	439
1981												
January-March	430	436	435	398	479	417	-	-	-	417	530	446
April-June	451	484	460	405	480	421	-	-	-	416	505	467
July-September	448	459	453	383	482	421	-	-	-	427	528	473
October-December	463	470	468	381	504	429	-	-	-	435	530	487
1982												
January-March	***	***	***	385	551	425	-	-	-	432	522	473
April-June	390	398	397	381	513	421	-	-	-	428	529	461
July-September	***	***	***	345	451	411	-	-	-	408	591	433
Product 12												
1980												
January-March	410	473	426	409	482	442	***	***	***	409	482	450
April-June	389	501	459	425	478	460	***	***	***	426	502	464
July-September	403	492	464	423	496	459	***	***	***	429	496	464
October-December	394	512	473	449	528	470	***	***	***	426	528	446
1981												
January-March	389	522	467	453	515	476	490	522	521	443	515	491
April-June	459	495	477	449	563	497	485	495	495	479	563	522
July-September	465	501	486	475	569	495	492	500	500	476	569	528
October-December	406	510	494	470	565	493	482	510	509	441	565	537
1982												
January-March	400	505	482	453	506	483	480	505	504	466	551	518
April-June	397	505	427	430	524	462	475	505	504	477	531	512
July-September	350	397	351	405	508	432	-	-	-	428	519	493

1/ See product list for specifications.
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Much of the information presented in tables F-2 through F-6 reflects prices reported by only one firm in response to the Commission's purchasers' questionnaire. Accordingly, it cannot be included in this public version of the report. When direct comparisons were possible for domestic and Brazilian products, the margins of underselling or overselling are discussed in the text.