CERTAIN HOT-ROLLED CARBON STEEL PLATE FROM THE REPUBLIC OF KOREA

Determination of the Commission in Investigation No. 731-TA-151 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-151 (Final)

CERTAIN HOT-ROLLED CARBON STEEL PLATE FROM
THE REPUBLIC OF KOREA

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured by reason of imports from the Republic of Korea of carbon steel plate other than in coils, provided for in item 607.66 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective April 12, 1984, following a preliminary determination by the Department of Commerce that imports of the subject carbon steel plate from Korea were being sold in the United States at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). 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 it in the Federal Register on May 2, 1984 (49 F.R. 18792). The hearing was held in Washington, D.C., on June 29, 1984, 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)).

2/ Chairwoman Stern dissenting.

VIEWS OF VICE CHAIRMAN LIEBELER, COMMISSIONER ECKES, COMMISSIONER LODWICK, AND COMMISSIONER ROHR

On the basis of the record in investigation No. 731-TA-151 (Final), we determine that an industry in the United States is materially injured by reason of imports of hot-rolled carbon steel plate other than coiled from the Republic of Korea which the Department of Commerce has determined to be sold at less than fair value (LTFV).

The domestic industry 1/

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ Section 771(10), in turn, defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. 3/

The imported product that is the subject of this investigation is hot-rolled carbon steel plate, cut-to-length, which is 0.1875 inch or more in thickness. In a recent investigation, Certain Flat-Rolled Carbon Steel Products from Brazil, 4/ the Commission determined that cut-to-length and coiled carbon steel plate were one like product. This decision was based on a

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1/ Chairwoman Stern joins this section of the majority views.
2/ 19 U.S.C. § 1667(4).
3/ 19 U.S.C. § 1667(10).
4/ Inv. No. 731-TA-123 (Final), USITC Pub. 1499 (1984). The imported products were hot-rolled carbon steel plate, both cut-to-length and in coils.

finding that cut-to-length and coiled plate have essentially the same characteristics and uses. 5/

In the present investigation the imported product is cut-to-length plate only. However, for the same reasons that we found carbon steel plate (both cut-to-length and coiled) to be the like product in the Brazilian investigation, we find the cut-to-length plate imported from the Republic of Korea to be "like" domestically produced hot-rolled carbon steel plate in either cut-to-length or coiled form. Therefore, the domestic industry against which we have assessed the allegations of injury consists of the domestic producers of hot-rolled carbon steel plate, both cut-to-length and coiled.

Condition of the domestic industry 6/

In 1981, the first year for which the Commission sought data for this investigation, the domestic industry was relatively healthy when compared to the years 1982-83. In 1982, the economic indicators fell precipitously. Although in 1984 some of the indicators suggest improvement in the industry, the data available in this investigation indicate that the industry is continuing to experience material injury. The hot-rolled carbon steel plate ("plate") industry has not yet recovered to the levels of production, capacity utilization, and shipments it was experiencing in 1981.

In 1981, the U.S. production of plate was 6.9 million short tons. In 1982, production dropped to 3.6 million short tons, a decline of 48.3 percent. There was a small improvement in 1983 with production increasing to 3.9 million short tons, or by 8.7 percent. In January-March 1984, production

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5/ Cut-to-length and coiled plate have the same metallurgical composition; virtually identical end uses; and they are predominantly interchangeable once coiled plate is leveled and cut. USITC Pub. 1499 at 6-7.

6/ Chairwoman Stern joins this section of the majority views.

increased to 1.2 million short tons as compared with 782,000 in January-March 1983. 7/

Capacity utilization has shown a similar pattern. 8/ In 1981, capacity utilization was 59.4 percent, but declined to 30.8 percent in 1982. Capacity utilization increased slightly to 33.1 percent in 1983. In January-March 1984, capacity utilization increased to 44.1 percent, much improved over the 27.3 percent in January-March 1983. 9/ However, utilization remains significantly below the level in 1981.

U.S. producers' domestic shipments exhibited the same pattern as production and capacity utilization. In 1981, the shipments were 6.3 million short tons. Shipments declined to 3.4 million short tons in 1982 with a slight increase in 1983 to 3.5 million short tons. In January-March 1984, there was improvement to 1.1 million short tons when compared with 800,000 short tons during January-March 1983. 10/

Data on employment and average wages paid during the period of investigation also indicate that the plate industry is continuing to experience material injury. Average employment of production and related workers producing plate in 1981 was 18,666 workers. The average number of workers declined to 10,256 in 1982 and 8,971 in 1983. There were only 8,048 workers in January-March 1983. Employment improved in the first quarter of 1984 to 10,660 workers. 11/

Total compensation paid increased from $18.36 per hour in 1981 to $20.58 per hour in 1982, and then to $20.60 per hour in 1983. Total hourly

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7/ Report of the Commission ("Report") at A-10.
8/ Id.
9/ Id.
10/ Id. at A-11.
11/ Id. at A-14.

compensation declined to $20.25 per hour in January-March 1984, compared with $20.80 per hour in January-March 1983. 12/

Data on the financial experience of U.S. producers' plate operations indicate that profitability declined and losses continued during the period under investigation. Net sales decreased from $3.0 billion in 1981 to $1.6 billion in 1982. This was a 46 percent decrease during 1982. 13/ Net sales continued to decline to $1.4 billion in 1983. Net sales improved in January-March 1984 to $442 million compared with $324 million during the same period in 1983.

The domestic industry had an operating income of $52 million in 1981. In 1982 the industry experienced an operating loss of $200 million and has sustained losses ever since. The operating loss increased to $272 million in 1983. Data for January-March 1984 show that losses decreased from $57 million in January-March 1983 to $40 million in the corresponding period in 1984. 14/

Conditions of Trade 15/

For the purposes of determining material injury and causation, Congress intended that the Commission consider such factors as "the conditions of trade, competition, and development regarding the industry concerned." 16/

12/ Id. at A-17.
13/ Id. at A-20.
14/ Id.
15/ Except as noted, Chairwoman Stern joins this section of the majority views.
16/ S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979). The Senate report explained that:

> For one industry, an apparently small volume of imports may have a significant impact on the market; for another, the same volume might not be significant. Similarly, for one type of product, price may be the key factor in making a decision as to which product to purchase and a small price differential resulting from the amount of the subsidy or the margin of dumping can be decisive; for others, the size of the differential may be of lesser significance.

Among the conditions of trade which we have found important in this investigation are the apparent fungibility of the domestic and imported plate available in the market, the price sensitivity of steel products, the variety of other sources for imported plate and the role of these other imports in the market.

Imported and domestic plate are fungible products. Once certain objective criteria, such as availability, dimensions, and quality, are met to the satisfaction of the purchaser, price becomes the major factor in the decision to purchase. 17/ Ultimately imported and domestic steel compete on the basis of price in the same end-user market. 18/ The presence of lower-priced imports can affect the ability of the domestic steel producer to cover costs and to generate funds for capital improvements. 19/

Another important condition of trade relevant to this product is that the LTFV imports from Korea enter the U.S. market at the same time as imports from a variety of sources. 20/ Additionally, LTFV imports from Korea increased their penetration levels during 1981-83 when U.S. consumption of plate was depressed and the domestic industry was operating at very low levels of capacity utilization. Given these conditions, the impact of small import volumes and penetrations is magnified in the marketplace. In the plate industry, which is characterized by a high level of fixed costs, the loss of sales to LTFV imports in a depressed market reduces the ability of domestic producers to maintain sufficient revenues to cover costs. All of the above

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17/ Id. at A-52.
18/ Id. at A-3.
19/ Chairwoman Stern does not join the majority views beyond this point. See her separate views which follow.
20/ Vice Chairman Liebeler does not reach the issue of cumulation in this case.

factors regarding the conditions of trade relating to this industry are significant in our analysis of the impact of LTFV imports from the Republic of Korea.

Material injury by reason of LTFV imports

While U.S. consumption of plate declined by 43 percent from 1981 to 1982, Korean imports declined by only 22 percent. Further, U.S. consumption remained steady from 1982 to 1983, while Korean imports increased by 10 percent. During the period of investigation, plate from Korea, as a share of declining apparent U.S. consumption, continually increased from 1.2 percent in 1981, to 1.6 percent in 1982, and then to 1.8 percent in 1983. Imports relative to U.S. producers' shipments of plate also increased from 1.5 percent in 1981, to 2.2 percent in 1982, and then to 2.3 percent in 1983. 21/ In the first quarter of 1984, the level of imports from Korea and the import penetration declined when compared with the first quarter of 1983. We note a decline in imports following commencement of an investigation is not uncommon.

The information available on prices in this investigation demonstrates a consistent pattern of underselling by imports of plate from Korea. 22/ Data on comparative prices of the imports and domestic products were obtained from questionnaire responses by steel service centers and end users located in seven metropolitan areas: Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York and Portland/Seattle. Of those prices for which comparisons were possible the vast majority, roughly 90 percent, involved underselling by the Korean imports. Based on these

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21/ Id. at A-28.
22/ Id. at A-36.

comparisons, imports of plate from Korea undersold the domestic product in 26 out of 29 comparisons; the margins were usually in the 10-20 percent range. In the few instances where the domestic product undersold the subject imports, the margin of underselling was by 1-3 percent. 23/

Finally, there were several verified lost sales in which U.S. consumers purchased Korean imports instead of the domestic product because of the lower price of the Korean product. 24/ The record also supports allegations of lost revenues by domestic producers due to price reductions forced by competition from the low-priced Korean imports. 25/

Conclusion

The relevant economic indicators show that the domestic plate industry suffered material injury during the period of investigation despite improvement in the first quarter of 1984. At the same time, imports of plate from Korea increased relative to consumption and shipments. Given the conditions of trade faced by the industry, we determine that the relative increase in imports is significant. Further, we determine that significant price undercutting by imports of plate from Korea has occurred. Therefore, we determine that an industry in the United States is materially injured by reason of imports of hot-rolled carbon steel plate from Korea.

23/ Id. at A-37-38.
24/ Id. at A-39.
25/ Id. at A-41.

VIEWS OF CHAIRWOMAN PAULA STERN

These views explain my determination that an industry in the United States is not materially injured or threatened with material injury by reason of imports of hot-rolled carbon steel plate from the Republic of Korea sold at less than fair value (LTFV). I find myself in the somewhat curious position of agreeing with and joining the Commission majority on the definition of the domestic industry, the condition of the domestic industry, and virtually all of the majority's observations on the conditions of trade. Unfortunately, despite having traversed so much of the road in unison, I must choose a different path at the conclusion. The critical issue is the lack of a causal link between LTFV imports and the performance of the U.S. industry. My views thus concentrate on an examination of whether LTFV sales of the subject imports have caused or threaten to cause material injury to the U.S. industry. My examination demonstrates that LTFV sales have played no material role in the success of the Korean imports.

Regional Industry

Producers located in the West Coast geographical area consisting of California, Oregon, and Washington do meet the criteria for a "regional industry." I have conducted my analysis at both the national and regional levels. The regional industry question has not been dispositive to my determination.

First, West Coast producers sell almost all of their production within the area. 1/ Second, the area is not substantially dependent on domestic

1/ Report at A-44. Exact figures on West Coast production are confidential.

shipments from other areas of the United States. In the most recent period, January-March 1984, U.S. producers outside the West Coast area accounted for over one-quarter of domestic shipments in the area. However, this was largely the result of the closure of Kaiser Steel Corporation's (Kaiser) plant in Fontana, California. Thus, this figure is unusual and represents one aspect of the recent injury to West Coast producers. Prior to Kaiser's closure, a small percentage 2/ of domestic West Coast shipments originated outside the West Coast area. Thus, the West Coast market is sufficiently isolated from the national market to be considered a distinct region.

Third, the subject imports are concentrated in the West Coast area. Their market penetration as a percentage of total sales in the area is more than double what it is at the national level. In 1983, Korean imports captured 6.1 percent of the West Coast market, while their share of the national market was 1.8 percent.

I therefore conclude that plate producers in the states of Washington, Oregon, and California constitute a regional industry for purposes of the Act.

Cumulation

LTFV imports from another country entered the U.S. market during the period of investigation. Plate products from Brazil were the subject of a final antidumping determination by the Commission made in March 1984. 3/ However, the conditions of trade have been so markedly different for the Korean imports as to preclude the possibility of cumulation.

2/ Id. at A-48.

3/ See Certain Flat-Rolled Carbon Steel Products from Brazil, Determination of the Commission in Inv. No. 731-TA-123 (Final) under Section 735(b) of the Tariff Act of 1930. I joined the unanimous Commission affirmative determination in that case.

Specifically, the LTFV margins on the Brazilian imports were found by the Department of Commerce to range from 31-226 percent. The unfair activity -- selling at LTFV -- clearly explained the success of the Brazilian imports in displacing domestic production. In the present case, the LTFV margins are a much more modest five percent, several orders of magnitude smaller.

I believe cumulation can be an appropriate tool of analysis only when it can first be demonstrated that the potentially unfair activity -- sales at LTFV -- plays a meaningful role in the overall sales of the subject imports. The concept of cumulation depends on the notion that LTFV imports from a number of sources can cause material injury by the collective "hammering" effect of the unfair acts on domestic producers. As will be seen below, the overall performance of Korean imports is not dependent on sales at LTFV. Such imports cannot be properly conceived of as "hammering" in concert with Brazilian imports whose sales have been critically dependent on LTFV sales. In a final investigation, cumulation of these two sources of imports would ignore the totally different role that LTFV sales have had in the two cases. 4/

4/ Other factors also indicate that cumulation is not appropriate in this investigation. Imports from Korea enter the United States through Korean trading companies which generally do not deal with imports from Brazil. In addition, Korean imports are heavily concentrated in the West Coast. In January-March 1984, 76 percent of imports from Korea entered through West Coast ports while only 28 percent of imports from Brazil did so, and only 17 percent of all imports did so. In January-March 1984, imports from Brazil were concentrated on the Gulf Coast markets where 65 percent of the imports entered, while only four percent of imports from Korea entered through the Gulf Coast ports.

No causal link between LTFV imports and injury to U.S. industry.

An analysis of pricing shows that there is no evidence that LTFV sales have played any measureable role in the overall success of Korean plate in the United States or West Coast markets.

The available information on prices in this investigation demonstrates a consistent pattern of underselling by imports of plate from Korea. 5/ Comparative data on prices of the imports and domestic products were obtained from questionnaire responses by steel service centers and end users located in seven metropolitan areas: Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York and Portland/Seattle. In those instances for which comparisons were possible, the vast majority -- roughly ninety percent -- involved underselling by the Korean imports. There were 29 instances where direct price comparisons were possible. Of these 26 showed margins of underselling ranging from one to 23 percent, with most instances in the 10-20 percent range. In the few instances where the domestic product undersold the subject imports, the margins of underselling were one to three percent. 6/

Yet the LTFV margins found by Commerce were only 5 percent. Had the modest price advantage conferred by the LTFV sales not been present, the subject imports might have had increased difficulties in making a few marginal sales. But the statute calls for the Commission to determine whether material injury to an industry has been caused by the LTFV imports. It is clear that removing the five percent LTFV margin with an equivalent antidumping duty would have no measureable impact at the industry level on the ability of the Korean imports to continue to undersell the domestic product by significant

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5/ Report at A-37.
6/ Report at A-37-38.

margins. Title VII is designed to remedy only any unfair advantage enjoyed by imports. It is not meant to be activated in response to imports whose success is not dependent on unfair price advantages. 7/

It may be noted that the pricing comparisons have been made on the basis of a price sample not limited to the West Coast region. But the national pricing data on Korean imports are heavily weighted in favor of the West Coast region because the imports are concentrated there. Furthermore, the most complete comparisons are for the West Coast region. 8/ Finally, there is nothing in the record to indicate that the Korean margins of underselling are any smaller on the West Coast, where Korean imports are relatively more plentiful. Therefore, the pricing analysis I have given is made on the basis of the best available information and should apply to the regional as well as the national level.

No Threat

As noted in the majority's discussion of the condition of the domestic industry, which I have joined, the domestic plate industry's economic performance improved markedly at the national level in the first quarter of 1984 as measured by all economic indicia considered. Furthermore, the share of the market held by the subject imports declined in the first quarter of 1984. At the regional level, the change in performance in the first quarter of 1984 is mixed. But the subject LTFV imports have not and do not portend to become a major factor in the West Coast industry's performance. Having found

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7/ Furthermore, it should be noted that the LTFV margins are calculated by Commerce on the basis of the foreign market value of imports. That value is significantly lower than the landed duty-paid U.S. price of imports which the Commission uses in calculating the margins of underselling. Thus, applying an antidumping duty of five percent will result in a smaller reduction than five percent in the Korean margin of underselling in the United States. One must conclude the performance of Korean plate sales in the United States will be -- and would have been -- quite similar with or without the presence of the five percent LTFV margins.

8/ Id.

that the LTFV imports have not caused material injury, I find no basis for concluding that they threaten to cause material injury to the domestic industry in a real and imminent manner.

Conclusion

Less than fair value sales are unfair and remediable under Title VII if and only if they can be shown to cause or threaten to cause material injury. No such conclusion can be reached based on the facts of the present case. Therefore, I have found in the negative.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Following a preliminary determination by the U.S. Department of Commerce that imports of hot-rolled carbon steel plate 1/ from the Republic of Korea (Korea) are being sold in the United States at less than fair value (LTFV) within the meaning of the antidumping law, the U.S. International Trade Commission instituted investigation No. 731-TA-151 (Final) under section 735(b) of the Tariff Act of 1930 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. 2/ Notice of the institution of the Commission's final 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 May 2, 1984 (49 F.R. 18792). 3/ The public hearing was held on June 29, 1984. 4/

The Department of Commerce notified the Commission of its final determination as to the question of LTFV sales in this investigation on July 2, 1984. 5/ The applicable statute directs that the Commission make its final determination within 45 days after Commerce's final determination, or in this case by August 15, 1984. 6/

The Product

Description and uses

The imported product from Korea which is the subject of this investigation is hot-rolled carbon steel plate, 0.1875 inch or more in thickness, not in coils, as provided for in items 607.6620 and 607.6625 7/ of the Tariff Schedules of the United States Annotated (TSUSA). 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. Substantially identical products are produced in the United States.

1/ As of Jan. 1, 1984, the hot-rolled carbon steel plate covered by this investigation is provided for in items 607.6620 and 607.6625 of the Tariff Schedules of the United States Annotated (TSUSA).

2/ This case is a result of a petition filed on Oct. 31, 1983, by counsel on behalf of the Gilmore Steel Corp. (Gilmore), Portland, Oreg.

3/ A copy of the Commission's notice is presented in app. A.

4/ A list of witnesses appearing at the hearing is presented in app. B.

5/ A copy of Commerce's notice is presented in app. C.

6/ The Commission's work schedule calls for its determination to be transmitted to Commerce on Aug. 9, 1984, 120 days after Commerce's preliminary determination.

7/ Prior to Jan. 1, 1984, the subject product was classified under TSUSA item 607.6615, which was subdivided into these two annotations.

The TSUSA describes the subject product as flat-rolled carbon steel plate whether or not corrugated or crimped, cut to length, 0.1875 inch (3/16 inch or 4.76 millimeters) or more in thickness (item 607.6620 covers plate over 6 inches in thickness; item 607.6625 covers plate 6 inches or less in thickness) and over 8 inches in width; not cut, not pressed, and not stamped to nonrectangular shape; not coated or plated with metal and not clad; not pickled and not cold rolled; and not in coils. 1/ Carbon steel slab which for tariff purposes is classified as hot-rolled plate is not included. 2/

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. 3/ During 1981-83, an increasing share of all domestically produced carbon steel plate 4/ went to service centers and distributors. In 1981, such shipments accounted for 24 percent of domestically produced plate shipments; they increased to 35 percent in 1983 and to 41 percent in January-March 1984. The remaining share 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 22, 12, and 8 percent, respectively, of total U.S. shipments in 1983 (table 1). Other significant end-user markets included the oil and gas industry (4 percent) and rail transportation (2 percent). Carbon steel plate is primarily used in the construction of bridges, storage tanks, pressure vessels, railroad freight and passenger cars, ships, industrial machinery, and other capital goods.

Production processes

Carbon steel plate is produced in various types of mills, including universal plate mills, sheared-plate mills, and hot-strip mills (in which all coiled plate is produced). Universal mills are characterized by vertical rolls preceding and following horizontal rolls. In these mills, only the length of the plate is increased, and the vertical rolls control its 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. The majority of sheared-plate mills are reversing, although some plate mills are semicontinuous or continuous. Hot-strip mills are continuous and roll plate in the longitudinal

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1/ Comparable plate in coils is classified for tariff purposes under TSUSA item 607.6610. Gilmore, the petitioner, did not allege that plate in coils from Korea is being, or is likely to be, sold in the United States at LTFV. Such coiled plate is, therefore, not included within the scope of this investigation. Nevertheless, separate data on cut-to-length and coiled plate (total plate) are presented in this report to permit an analysis of the larger industry's operation.

2/ "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 flat-rolled semifinished products more than 6 inches in thickness are classified as plate under TSUSA item 607.6620.

3/ Large, integrated domestic producers such as United States Steel Corp. (U.S. Steel) and Bethlehem Steel Corp. (Bethlehem) 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.

4/ Excluding coiled plate.

Table 1.—Carbon steel plate: 1/ U.S. producers' shipments, by major markets, 1981-83, January-March 1983, and January-March 1984

Market	1981	1982	1983	January-March 1983	January-March 1984
	Quantity (1,000 tons)				
Steel service centers and distributors	1,370	826	971	181	349
Construction and contractors' products	1,242	772	611	156	131
Machinery, industrial equipment, and tools	933	461	335	86	91
Shipbuilding and marine equipment	781	215	216	37	66
Oil and gas industry	238	107	112	23	18
Rail transportation	223	95	52	11	21
All other	985	561	507	128	168
Total	5,772	3,038	2,804	622	844
	Percent of total				
Steel service centers and distributors	23.7	27.2	34.6	29.1	41.4
Construction and contractors' products	21.5	25.4	21.8	25.1	15.5
Machinery, industrial equipment, and tools	16.2	15.2	11.9	13.8	10.8
Shipbuilding and marine equipment	13.5	7.1	7.7	5.9	7.8
Oil and gas industry	4.1	3.5	4.0	3.7	2.1
Rail transportation	3.9	3.1	1.9	1.8	2.5
All other	17.1	18.5	18.1	20.6	19.9
Total	100.0	100.0	100.0	100.0	100.0

1/ Excluding coiled plate.

Source: American Iron & Steel Institute.

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 normally coiled and then either shipped in that configuration or cut to length on a separate production line.

The production of steel plate in plate mills begins with the uniform heating of slabs in reheating furnaces. 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 2,200° F. and sent to a scalebreaker. The scalebreaker removes furnace scale by the use of high-pressure water sprays

and sends the slabs to either a roughing or 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. 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 reduces 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 semicontinuous and continuous plate mills is generally greater, and their roll wear is less, which reduces time lost in replacing worn components. On the other hand, continuous plate mills have more limited width and thickness ranges than reversing mills.

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. The plates 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.

Coiled plate, which is produced on hot-strip mills, must also be leveled and cut to length before it can be used. This is sometimes done by the producer, but it is increasingly done by independent firms known as processors. There are basically two types of processors--toll processors, which level the plate and cut it to specified lengths for a fee paid by a distributor or end-user customer; and steel service centers/distributors, which purchase the coiled plate and level and cut it themselves in their own facilities. The leveling equipment, for the most part, has a maximum leveling capacity of about 1/2 inch.

U.S. tariff treatment

As mentioned, the imported products subject to this investigation are classified for tariff purposes under item 607.66 (annotations 607.6620 and 607.6625) of the TSUSA. 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

1/ The 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 TSUSA. However, these rates would 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/ Final concession rates granted under the Tokyo round of the MTN are the result of staged duty reductions of col. 1 rates which began Jan. 1, 1980. The reductions will occur annually, with the final rates becoming effective Jan. 1, 1987.

developing countries (LDDC's), 1/ and column 2 duty rates 2/ are shown in table 2. As indicated, such imports are currently dutiable at a column 1 rate of 6.8 percent ad valorem. Imports of the subject hot-rolled carbon steel plate are not eligible for duty-free treatment under the General System of Preferences (GSP). 3/ However, such imports, if the product of designated beneficiary countries, are eligible for duty-free treatment under the Caribbean Basin Initiative (CBI) 4/.

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 5/ from Brazil, Japan, and Taiwan 6/ and countervailing duties are currently in effect with respect to imports from Brazil, 7/ Korea, 8/ and Spain. A table showing recent investigations conducted by the Commission on carbon steel plate and sheet is presented in app. D.

1/ 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.

2/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

3/ 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.

4/ The CBI is a program of nonreciprocal tariff preferences granted by the United States to developing countries in the Caribbean Basin area to aid their economic development by encouraging greater diversification and expansion of their production and exports. The CBI, as enacted in Title II of Public Law 98-67 and implemented by Presidential Proclamation No. 5133 of Nov. 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after Jan. 1, 1984, and is scheduled to remain in effect until Sept. 30, 1995. It provides for duty-free entry of eligible articles imported directly from designated countries in the Caribbean Basin area.

5/ Excluding coiled plate (item 607.6610).

6/ A finding of dumping was made with respect to imports of carbon steel plate from Taiwan. However, in its latest administrative review of that antidumping finding, the Department of Commerce found that no dumping margins existed for the period June 1, 1981, through May 31, 1982 (48 F.R. 43366, Sept. 23, 1983). In addition, a preliminary determination of sales at LTFV was made by Commerce with respect to imports of carbon steel plate from Romania (47 F.R. 35666, Aug. 16, 1982). However, Commerce and the only known exporter of carbon steel plate in Romania entered into a suspension agreement and the investigations by Commerce and the Commission were terminated.

7/ Commerce made a final affirmative countervailing duty determination (48 F.R. 2568, Jan. 20, 1983) and the Commission made a final affirmative injury determination with respect to cut-to-length carbon steel plate from Brazil. However, Commerce and the Government of Brazil entered into a suspension agreement under which the amount of the subsidies are to be offset by means of an export tax on all exports of the subject merchandise to the United States. Coiled plate from Brazil is also subject to countervailing duties as a result of an affirmative determination in investigation No. 701-TA-205 (Final), Coiled Carbon Steel Plate From Brazil.

8/ Coiled plate from Korea is also subject to countervailing duties as a result of an affirmative determination in investigation No. 701-TA-171 (Final), Hot-Rolled Carbon Steel Sheet From the Republic of Korea.

Table 2.--Hot-rolled carbon steel plate: U.S. rates of duty as of Jan. 1, 1980, Jan. 1, 1984, and Jan. 1, 1987

Article description (abridged) 1/	Rate of duty				
	Col. 1				
	Jan.1, 1980 2/	Jan. 1, 1984	Jan.1, 1987	LDDC's	Col. 2
Carbon steel plate, not in coils, not coated or plated with metal, not pickled, and not cold rolled.	7.5% ad val.	6.8% ad val.	6.0% ad val.	6.0% ad val.	20% ad val.

1/ In 1977-79, such imports entered under TSUSA item 608.8415. In 1980-83, such imports entered under item TSUSA 607.6615.

2/ The rate shown for Jan. 1, 1980, was also the rate prior to the first staged reduction under the Tokyo round.

Moreover, certain steel products, including plate, are subject to the "Arrangement Concerning Trade in Certain Steel Products" concluded by the European Coal and Steel Community (ECSC) and the United States in October 1982. Under the Arrangement, European Community (EC) exports to the United States of 10 categories of steel products are to be limited to a specified share of apparent U.S. consumption from November 1, 1982, to December 31, 1985. Cut-to-length plate is included in a category in which exports are limited to 5.36 percent of consumption; coiled plate is included in a different category in which exports are limited to 6.81 percent of consumption.

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. 1/

Nature and Extent of Sales at LTFV

On July 2, 1984, the Department of Commerce notified the Commission that it had made a final determination that certain hot-rolled carbon steel plate from Korea is being sold in the United States at LTFV. Commerce determined

1/ The Buy American Act, 41 U.S.C. 10a-10d (1978), is the primary congressionally mandated 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. The preferences may be waived in the public interest, however. 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.

that one Korean producer, Pohang Iron & Steel Co., Ltd. (POSCO), accounted for well over 95 percent of the exports of this merchandise to the United States. Commerce therefore limited its investigation to this one firm. All sales of carbon steel plate by POSCO during the period June 1, 1983, through November 30, 1983, were investigated.

To determine whether sales of the subject merchandise in the United States were made at LTFV, Commerce compared the United States price with the foreign market value. Foreign market value was based on POSCO's home-market price. Commerce determined the weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price to be 5.0 percent of the f.o.b. value.

U.S. Producers

About 15 firms produce cut-to-length 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 cut-to-length carbon steel plate (as reported by AISI) in 1983:

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

As indicated, domestic production of hot-rolled carbon steel plate is highly concentrated, with the * * * largest producers—* * *, * * *, * * *, * * *, and * * *—together accounting for *** percent of total producers' shipments in 1983. Most of the producers are fully integrated firms that produce a wide range of steel mill products. * * *.

Domestic producers currently operate approximately 30 establishments in which hot-rolled carbon steel plate is produced. These plants are scattered throughout the United States, but are concentrated in the Great Lakes area and in Pennsylvania. Hot-rolled carbon steel plate is rolled in a variety of sizes and in an assortment of rolling mills.

The following facilities are among those which have been closed by domestic producers of carbon steel plate in recent years: Bethlehem's facilities in Johnstown, Pa. (plate and galvanized sheet), 1977; Jones & Laughlin's (J&L) Campbell Works (plate, hot-rolled and cold-rolled sheets) and Brier Hill Works (plate-finishing mill), both in Youngstown, Ohio, 1977 and its Pittsburgh works (plate and hot-rolled sheets), 1981; 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. Bethlehem reported that its 110-inch plate mill at Chesterton, Ind., which had first opened in 1978, has been closed since April 1982, and its 56-inch hot-strip mill has been shut down since October 1981. U.S. Steel reported that its plate-producing

operations at South Works, in South Chicago, Ill., and Clairton Works in Clairton, Pa., have been suspended since May 1982 and June 1982, respectively. Kaiser, which stopped producing raw steel in Fontana, Calif., in 1982, phased out the rolling of plate and sheet products in December 1983. On August 11, 1983, Phoenix Steel Corp. of Claymont, Del., filed for Bankruptcy under Chapter 11 of the Bankruptcy Code. Armco shut down its facilities in Houston, Tex., in January 1984.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about *** firms that imported carbon steel plate from Korea during 1983. The three largest firms together accounted for approximately *** percent of imports from Korea. The largest importer in 1983, * * *, is a * * *. * * * accounted for *** percent of U.S. imports of cut-to-length carbon steel plate from Korea in 1983. The second and third largest importers (* * *, and * * *) each accounted for approximately *** percent. * * * is a wholly owned subsidiary of * * *. Both * * * and * * * have offices throughout the United States. The remaining *** importers accounted for approximately *** percent of imports in 1983, with none of them accounting for more than *** percent.

Apparent U.S. Consumption

Apparent U.S. consumption of cut-to-length plate declined by 45 percent from 1981 to 1982, then dropped by an additional 8 percent to 3.8 million tons 1/ in 1983 (table 3). Consumption increased, however, in January-March 1984 to 1.2 million tons compared with 0.8 million tons in the corresponding period of 1983, representing an increase of almost 50 percent.

The share of the market supplied by U.S. producers for cut-to-length carbon steel plate declined from 75.5 percent in 1981 to 72.2 percent in 1982, then increased to 73.0 percent in 1983. A decline is indicated in January-March 1984 compared with the share of the market in the corresponding period of 1983.

Apparent U.S. consumption of all plate (i.e., cut-to-length and coiled) declined by 43 percent from 1981 to 1982, then increased slightly, by less than 0.1 percent, in 1983. Consumption increased by 43 percent, however, in January-March 1984, when compared with that in January-March 1983. The share of the total plate market supplied by U.S. producers dropped from 76.3 percent in 1981 to 72.5 percent in 1982, then increased to 76.5 percent in 1983. U.S. producers' share dropped again in January-March 1984, to 74.0 percent (it was 79.1 percent in January-March 1983).

1/ Unless otherwise noted, all quantities shown in this report are in short tons (2,000 lbs.).

Table 3.--Carbon steel plate: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, by types, 1981-83, January-March 1983, and January-March 1984

Item and period	Domestic shipments	Imports	Apparent consumption	Ratio of-- Domestic shipments to consumption	Ratio of-- Imports to consumption
	1,000 short tons			Percent	
Cut-to-length plate:					
1981	5,651	1,837	7,488	75.5	24.5
1982	2,986	1,149	4,135	72.2	27.8
1983	2,778	1,027	3,805	73.0	27.0
January-March					
1983	614	189	803	76.5	23.5
1984	838	366	1,204	69.6	30.4
Total plate:					
1981	7,545	2,349	9,894	76.3	23.7
1982	4,053	1,538	5,591	72.5	27.5
1983	4,279	1,317	5,596	76.5	23.5
January-March					
1983	949	250	1,199	79.1	20.9
1984	1,271	447	1,718	74.0	26.0

Source: Shipments of cut-to-length carbon steel plate, compiled from statistics of the American Iron & Steel Institute; shipments of coiled plate, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Consideration of Material Injury to an Industry in the United States

The information in this section of the report is compiled from questionnaire data. It is therefore understated to the extent that a few domestic firms that are believed to produce hot-rolled carbon steel plate did not respond to the Commission's questionnaires. Nevertheless, all of the major producers of the products have responded, and they are believed to account for more than 80 percent of U.S. shipments of such merchandise.

U.S. production, capacity, and capacity utilization

U.S. production of cut-to-length carbon steel plate declined from 4.9 million short tons in 1981 to 2.5 million short tons in 1982, representing a decline of 48.7 percent. It dropped to 2.3 million short tons in 1983, or by 5.8 percent. U.S. production increased, however, in January-March 1984 by 278,736 short tons, or by 56.8 percent, compared with that in the corresponding period of 1983 (table 4).

U.S. production of all plate declined from 6.9 million short tons in 1981 to 3.6 million short tons in 1982, representing a decline of 48.3 percent,

Table 4.—Carbon steel plate: U.S. production, 1/ practical capacity, 2/ and capacity utilization, by types, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Cut-to-length plate:					
Production					
1,000 short tons	4,911	2,517	2,372	491	770
Capacity—do	8,695	8,716	8,717	2,165	2,165
Capacity utilization					
percent	56.5	28.9	27.2	22.7	35.6
Total plate:					
Production					
1,000 short tons	6,879	3,554	3,863	782	1,209
Capacity—do	11,584	11,525	11,659	2,866	2,741
Capacity utilization					
percent	59.4	30.8	33.1	27.3	44.1

1/ Production and capacity figures are understated to the extent that not all producers responded to the questionnaires of the U.S. International Trade Commission.

2/ 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.

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

then increased by 8.7 percent to 3.9 million short tons in 1983. Production of all plate increased significantly (by 54.6 percent) to 1.2 million tons in January-March 1984, compared with 782,000 short tons in January-March 1983.

The capacity of the U.S. industry to produce cut-to-length carbon steel plate increased slightly from 1981 to 1982, but otherwise it remained steady throughout the investigative period. Capacity utilization, therefore, declined throughout 1981-83, dropping significantly from 56.5 percent in 1981 to 28.9 percent in 1982 and 27.2 percent in 1983. Capacity utilization increased to 35.6 percent in January-March 1984 compared with 22.7 percent in the corresponding period of 1983.

The capacity of the industry to produce all plate declined slightly from 1981 to 1982, then increased by 1.2 percent in 1983. It declined by 4 percent in January-March 1984 compared with that in January-March 1983. Capacity utilization dropped from 59.4 percent in 1981 to 30.8 percent in 1982, then increased slightly to 33.1 percent in 1983. Capacity utilization increased to 44.1 percent in January-March 1984 compared with 27.3 percent in January-March 1983.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of cut-to-length carbon steel plate declined throughout 1981-83, dropping from 4.5 million short tons in 1981 to 2.1 million short tons in 1983, representing a drop of 2.4 million short tons, or 53.5 percent. Shipments increased by 216,000 short tons, or 44.5 percent in January-March 1984 compared with those in the corresponding period of 1983 (table 5).

Table 5.--Carbon steel plate: U.S. producers' domestic shipments, 1/ by types, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Cut-to-length plate:					
Quantity					
1,000 short tons	4,475	2,344	2,083	487	703
Value-million dollars	2,185	1,137	857	217	277
Unit value-per ton	$488	$485	$411	$446	$394
Total plate:					
Quantity					
1,000 short tons	6,253	3,356	3,514	800	1,120
Value-million dollars	2,826	1,483	1,300	312	409
Unit value-per ton	$452	$442	$370	$390	$365

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

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

The unit value of producers' shipments of cut-to-length carbon steel plate dropped from $488 in 1981 to $411 in 1983 and to $394 in January-March 1984.

U. S. producers' domestic shipments of all plate dropped from 6.3 million short tons in 1981 to 3.4 million short tons in 1982, then increased to 3.5 million short tons in 1983. Domestic shipments increased significantly to 1.1 million short tons in January-March 1984, compared with shipments of 800,000 short tons in January-March 1983, representing an increase of 40 percent. The unit values of these shipments declined throughout the period, from $452 per ton in 1981 to $370 per ton in 1983 and to $365 per ton in January-March 1984.

U.S. producers' export shipments

U.S. producers' exports of cut-to-length carbon steel plate declined throughout the period, from 75,000 short tons in 1981 to 14,000 short tons in 1983, representing a decline of 61,000 short tons, or 81.3 percent (table 6). A continued drop of 1,000 short tons, or 33.3 percent, is shown in January-March 1984 compared with exports in the corresponding period of 1983.

Table 6.--Carbon steel plate: U.S. exports of domestically produced merchandise, 1/ by types, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Cut-to-length plate:					
Quantity					
1,000 short tons	75	32	14	3	2
Value-million dollars	32	16	7	2	1
Unit value-per ton	$427	$500	$500	$675	$409
Total plate:					
Quantity					
1,000 short tons	106	37	14	3	2
Value-million dollars	39	18	7	2	1
Unit value-per ton	$368	$486	$500	$675	$409

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

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

U.S. producers' exports as a share of their total shipments declined steadily from 1.7 percent in 1981 to 0.7 percent in 1983. A continued drop to 0.3 percent is indicated in January-March 1984, compared with 0.6 percent in the corresponding period of 1983.

U.S. producers' exports of all plate declined throughout the period, from 106,000 short tons in 1981 to 14,000 short tons in 1983, representing a decline of 87 percent. Exports continued to drop, by 33 percent, in January-March 1984 compared with exports in January-March 1983. As a share of domestic shipments of all plate, exports declined from 1.7 percent in 1981 to 0.4 percent in 1983. They continued to decline to 0.2 percent of domestic shipments in January-March 1984, compared with 0.4 percent in January-March 1983.

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 carbon steel plate, as reported by U.S. producers in response to the Commission's questionnaires, remained small during 1981-83, equal to between 4 and 7 percent of domestic shipments in each of these periods. Reported end-of-period inventories are shown in the following tabulation (in thousands of short tons):

Cut-to-length plate	
As of Dec. 31—	
1981	196
1982	120
1983	117
As of Mar. 31—	
1983	109
1984	120
Total plate	
As od Dec. 31—	
1981	348
1982	228
1983	210
As of Mar. 31—	
1983	174
1984	219

U.S. employment, wages, and productivity

In domestic establishments producing cut-to-length carbon steel plate, the average employment of all persons declined steadily during 1981-83, with an increase reported in January-March 1984 compared with January-March 1983. The number of production and related workers producing cut-to-length carbon steel plate declined significantly from 15,320 workers in 1981 to 8,087 workers in 1982, representing a decline of 7,233 workers, or 47.2 percent. The number of production and related workers then declined again in 1983, by 18.5 percent, to 6,589 workers. The number of workers increased, however, in January-March 1984 compared with those in the corresponding period of 1983, from 6,263 to 7,927, or by 26.6 percent. The number of workers producing all plate dropped by 45.1 percent from 1981 to 1982, with a continued drop of 12.5 percent reported in 1983. The number of production and related workers producing all plate increased by 32.5 percent in January-March 1984 compared with those in the corresponding period of 1983 (table 7).

The number of hours worked by production and related workers producing cut-to-length carbon steel plate declined throughout 1981-83. The number of hours worked declined by 43.9 percent from 1981 to 1982, then declined by an additional 18.1 percent in 1983. Hours worked increased by 30.8 percent in January-March 1984 compared with those in the corresponding period of 1983. The number of hours worked by production and related workers producing all plate declined by 43.0 percent from 1981 to 1982, and declined by an additional 12.1 percent in 1983. The number of hours worked then increased by 22.0 percent in January-March 1984 compared with those in January-March 1983.

Wages and total compensation paid to production and related workers are shown in table 8. The difference between total compensation and wages is an estimate of workers benefits. Wages paid to production and related workers producing cut-to-length plate dropped by 58.6 percent from 1981 to 1983 but then increased by 36.6 percent in January-March 1984 compared with those in the corresponding period of 1983. Wages paid to production and related workers producing all plate declined by 53.4 percent from 1981 to 1983 and then increased by 35.1 percent in January-March 1984 compared with those in January-March 1983.

Table 7.--Average number of employees, total and production and related workers, in U.S. establishments producing carbon steel plate, and hours paid 1/ for the latter, by types, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Average employment:					
All persons:					
Number	152,424	113,452	107,951	100,566	100,719
Percentage change	2/	-25.6	-4.8	2/	0.2
Production and related workers producing--					
All products:					
Number	129,462	93,771	71,342	83,339	87,058
Percentage change	2/	-27.6	-23.9	2/	4.5
Cut-to-length plate:					
Number	15,320	8,087	6,589	6,263	7,927
Percentage change	2/	-47.2	-18.5	2/	26.6
Total plate:					
Number	18,666	10,256	8,971	8,048	10,660
Percentage change	2/	-45.1	-12.5	2/	32.5
Hours worked by production and related workers producing--					
All products:					
Number--thousands	271,409	209,854	211,969	42,654	46,699
Percentage change	2/	-22.7	1.0	2/	9.5
Cut-to-length plate:					
Number--thousands	32,844	18,416	15,086	3,037	3,972
Percentage change	2/	-43.9	-18.1	2/	30.8
Total plate:					
Number--thousands	39,627	22,603	19,874	17,312	21,122
Percentage change	2/	-43.0	-12.1	2/	22.0

1/ Includes hours worked plus hours of paid leave time.
2/ Not available.

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

Table 8.—Wages and total compensation 1/ paid to production and related workers in establishments producing carbon steel plate, by types, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Wages paid to production and related workers producing—					
All products:					
Value-million dollars—	3,920	2,856	2,560	625	669
Percentage change—	2/	-27.1	-10.4	2/	7.0
Cut-to-length plate:					
Value-million dollars—	418	229	173	41	56
Percentage change—	2/	-45.2	-24.5	2/	36.6
Total plate:					
Value-million dollars—	521	297	243	57	77
Percentage change—	2/	-43.0	-18.2	2/	35.1
Total compensation paid to production and related workers producing—					
All products:					
Value-million dollars—	3,231	2,664	2,409	617	608
Percentage change—	2/	-17.5	-9.6	2/	1.5
Cut-to-length plate:					
Value-million dollars—	548	317	270	63	80
Percentage change—	2/	-42.2	-14.8	2/	27.0
Total plate:					
Value-million dollars—	680	410	368	86	110
Percentage change—	2/	-39.7	-10.3	2/	27.9

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

2/ 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 cut-to-length plate are presented in table 9. Labor productivity dropped by 8.6 percent from 1981 to 1982, then increased by 15.0 percent in 1983. Labor productivity then increased again, by 19.2 percent, in January-March 1984 compared with that in January-March 1983. Wages, based on total compensation paid excluding fringe benefits, increased from $14.00 per hour in 1981 to $14.89 per hour in 1982, then dropped to $13.24 per hour in 1983. Wages increased to $14.16 per hour in January-March 1984, compared with $13.38 per hour in January-March 1983, representing an increase of 5.8 percent.

Unit labor costs increased from $116.19 per ton in 1981 to $134.12 per ton in 1982 (an increase of 15.4 percent), then dropped to $124.86 per ton in 1983. Unit costs (per ton) dropped again, by 18.8 percent, in January-March 1984 compared with those in January-March 1983.

Labor productivity in the production of all plate dropped by 4.4 percent from 1981 to 1982, then increased by 20.3 percent in 1983, and by an additional 20.2 percent in January-March 1984, compared with that in January-March 1983. Hourly wages increased by 6.9 percent from 1981 to 1982, then dropped by 10.1 percent in 1983, before increasing slightly by 2.4 percent in January-March 1984 compared with those in the corresponding period of 1983. Unit labor costs increased by 17.6 percent from 1981 to 1982, then declined by 12.3 percent in 1983. Unit labor costs dropped by an additional 19.3 percent in January-March 1984 compared with such costs in January-March 1983.

Table 9.--Labor productivity, hourly wages, and unit labor costs in the production of carbon steel plate 1/, by types, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Labor productivity:					
Cut-to-length plate:					
Quantity--tons per hour	0.1490	0.1362	0.1566	0.1593	0.1896
Percentage change	2/	-8.6	15.0	2/	19.2
Total plate:					
Quantity--tons per hour	0.1750	0.1674	0.2014	0.1778	0.2138
Percentage change	2/	-4.4	20.3	2/	20.2
Hourly wages: 3/					
Cut-to-length plate:					
Value--per hour	$14.00	$14.89	$13.24	$13.38	$14.16
Percentage change	2/	6.4	-11.1	2/	5.8
Total plate:					
Value--per hour	$14.22	$15.20	$13.67	$13.86	$14.20
Percentage change	2/	6.9	-10.1	2/	2.4
Unit labor costs:					
Cut-to-length plate:					
Value--per ton	$116.19	$134.12	$124.86	$134.56	$109.24
Percentage change	2/	15.4	-6.9	2/	-18.8
Total plate:					
Value--per ton	$106.24	$124.91	$109.61	$117.60	$94.87
Percentage change	2/	17.6	-12.3	2/	-19.3

1/ These figures are not calculated from the data on tables 4, 7, and 8 because of different reporting bases.

2/ Not available.

3/ Based on wages paid excluding fringe benefits.

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

Financial experience of U.S. producers

Operations on cut-to-length plate.--Income-and-loss data were received from 10 firms which accounted for 83 percent of total reported shipments of cut-to-length carbon steel plate (as reported by AISI) in 1983. These data are presented in table 10.

U.S. producers' net sales of cut-to-length plate declined from $2.3 billion in 1981 to $1.2 billion in 1982, or by 48 percent, and then declined by an additional 23 percent to $944 million in 1983. During the interim period ending March 31, 1984, net sales increased by 33.6 percent to $306 million, compared with $229 million in the corresponding period of 1983.

In 1982 and 1983, the firms sustained aggregate operating losses of $141 million, or 11.5 percent of net sales, and $235 million, or 24.9 percent of net sales, compared with an operating income of $66 million, or 2.8 percent of net sales, in 1981. During the interim period ending March 31, 1984, U.S. producers reported an aggregate operating loss of $48 million, equivalent to 15.7 percent of net sales, compared with an operating loss of $57 million, or 24.9 percent of net sales, for the corresponding period of 1983.

In the aggregate, the firms experienced a positive cash flow of $107 million in 1981 compared with negative cash flows of $109 million in 1982 and $210 million in 1983. In the interim periods of 1983 and 1984, the firms experienced negative cash flows of $50 million and $41 million, respectively.

Operations on all plate.--Combined income-and-loss data for the production of cut-to-length and coiled plate are presented in table 11. U.S. producers' net sales of these products declined by 47.3 percent from $3.0 billion in 1981 to $1.6 billion in 1982, and by 12.8 percent to $1.4 billion in 1983. In the interim period ending March 31, 1984, net sales increased by 36.4 percent to $442 million as compared with $324 million in the interim period ending March 31, 1983.

In 1982, the firms reported an aggregate operating loss of $200 million, or 12.8 percent of net sales, compared with an operating income of $52 million (1.7 percent of net sales) in 1981, and an operating loss of $272 million (19.9 percent of net sales) in 1983. During the interim period ending March 31, 1984, U.S. producers reported an aggregate operating loss of $57 million, equivalent to 12.9 percent of net sales, compared with an operating loss of $75 million, or 23.1 percent of net sales, for the corresponging period of 1983.

Six firms reported operating losses in 1981, 11 did so in 1982, and 10 in 1983. Ten firms sustained operating losses during the interim period of 1984, compared with 11 firms in the interim period of 1983.

Table 10.—Income-and-loss experience of 10 U.S. producers 1/ on their operations producing cut-to-length carbon steel plate, accounting years 1981-83, and interim periods ending Mar. 31, 1983, and Mar. 31, 1984

Item	1981	1982	1983 2/	Interim period to Mar. 31—	
				1983 3/	1984 3/
Net sales—million dollars	2,343	1,231	944	229	306
Cost of goods sold—do	2,202	1,308	1,127	272	342
Gross income or (loss)—do	140	(77)	(183)	(43)	(36)
General, selling, and administrative expenses—do	74	64	52	14	12
Operating income or (loss)—do	66	(141)	(235)	(57)	(48)
Depreciation and amortization expenses 4/—do	41	32	25	7	7
Cash flow or (deficit) from operations 4/—do	107	(109)	(210)	(50)	(41)
Ratio to net sales of—					
Gross income or (loss) percent	6.0	(6.3)	(19.4)	(18.8)	(11.8)
Operating income or (loss)—do	2.8	(11.5)	(24.9)	(24.9)	(15.7)
Cost of goods sold—do	94.0	106.3	119.4	118.8	111.8
General, selling, and administrative expenses—do	3.2	5.2	5.5	6.1	3.9
Number of firms reporting losses	3	10	8	10	10

1/ These 10 firms accounted for 83 percent of 1983 shipments of cut-to-length plate, as reported in response to the Commission's questionnaires.

2/ In 1983, 9 firms reported data (CF&I Steel Corp. stopped producing cut-to-length carbon steel plate in that year).

3/ In the interim periods of 1983 and 1984, 11 firms reported data.

4/ Because 3 firms did not provide depreciation and amortization expense cash flow from operations is somewhat understated and deficits are somewhat overstated.

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

Table 11.—Income-and-loss experience of 11 U.S. producers 1/ on their operations producing cut-to-length and coiled carbon steel plate, accounting years 1981-83, and interim periods ending Mar. 31, 1983, and Mar. 31, 1984

Item	1981	1982	1983	Interim period to Mar. 31—	
				1983	1984
Net sales—million dollars	2,978	1,568	1,368	324	442
Cost of goods sold—do	2,838	1,692	1,574	381	482
Gross income or (loss)—do	140	(124)	(206)	(57)	(40)
General, selling, and administrative expenses—do	88	76	66	18	17
Operating income or (loss)—do	52	(200)	(272)	(75)	(57)
Depreciation and amortization expenses 2/—do	54	43	38	11	10
Cash flow or (deficit) from operations 2/—do	106	(157)	(234)	(64)	(47)
Ratio to net sales of—					
Gross income or (loss)—percent	4.7	(7.9)	(15.1)	(17.6)	(9.0)
Operating income or (loss)—do	1.7	(12.8)	(19.9)	(23.1)	(12.9)
Cost of goods sold—do	95.3	107.9	115.1	117.6	109.0
General, selling, and administrative expenses—do	3.0	4.8	4.8	5.6	3.8
Number of firms reporting losses	6	11	10	11	10

1/ These 11 firms accounted for 100 percent of 1983 shipments of coiled plate (as reported in response to the Commission's questionnaires) and 83 percent of 1983 shipments of cut-to-length plate (as reported by AISI).

2/ Only 4 firms provided depreciation and amortization expense on coiled plate and only 7 firms provided depreciation and amortization expenses for operations on cut-to-length plate. Hence, cash flow from operations is somewhat understated and deficits are somewhat overstated.

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

Capital expenditures.--Four firms supplied data relative to their expenditures for land, buildings, and machinery and equipment used in the manufacture of cut-to-length and coiled carbon steel plate. Aggregate capital expenditures for cut-to-length plate increased from $31 million in 1981 to $36 million in 1982, and then dropped to $27 million in 1983. Capital expenditures declined by 38 percent in January-March 1984 compared with such expenses in the corresponding period of 1983.

Capital expenditures on all carbon steel plate (both cut-to-length and coiled) declined throughout the period, from $59 million in 1981 to $52 million in 1983, with a continued drop to $5 million in January-March 1984, compared with $8 million in the corresponding period of 1983, as shown in the following tabulation (in thousands of dollars):

Item	1981	1982	1983	January-March	
				1983	1984
Cut-to-length plate	30,933	36,008	26,947	4,213	2,620
Total plate	59,480	56,059	51,732	7,678	4,842

Research and development expenditures.--Research and development expenses relative to operations on cut-to-length carbon steel plate, as reported by seven producers that responded to this part of the Commission's questionnaires, fell from $6.4 million in 1981 to $5.2 million in 1982 and $4.7 million in 1983. In January-March 1984 these expenses jumped to $704,000, compared with $266,000 in the corresponding period of 1983.

Research and development expenses relative to operations on all plate dropped from $7.0 million in 1981 to $5.3 million in 1983. These expenditures increased to $704,000 in January-March 1984, compared with $306,000 in January-March 1983, as shown in the following tabulation (in thousands of dollars):

Item	1981	1982	1983	January-March	
				1983	1984
Cut-to-length plate	6,362	5,167	4,736	266	704
Total plate	7,018	5,692	5,329	306	704

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 LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to

the investigation 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 its 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 LTFV Imports." Discussions of importers' inventories of such merchandise imported from Korea and the information available on that country's capacity to generate exports follow.

U.S. importers' inventories

The Commission sent questionnaires to 18 firms which were believed to have imported cut-to-length plate from the Republic of Korea. Seven firms reported that they had imported the subject product from South Korea. 1/ Of the 94,259 short tons imported by the responding firms in 1983, inventories held as of the end of that period totaled 9,813 short tons, or 10.4 percent of their reported imports, as shown in the following tabulation:

Period	Reported imports from Korea	End-of-period inventories	Ratio of inventories to reported imports
	Short tons		Percent
1981	112,564	66,854	59.4
1982	39,765	29,085	73.1
1983	94,259	9,813	10.4
January-March			
1983	13,345	24,757	1/ 46.4
1984	17,450	23,661	1/ 33.9

1/ Computed from annualized imports.

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

Capacity of producers in Korea to generate exports and the availability of export markets other than the United States

Korea was the 16th largest producer of raw steel in the world in 1983, with production of approximately 13 million tons. Its production of raw steel has increased annually and significantly for the last 10 years, as shown in the following tabulation (in thousands of short tons):

1/ The firms reporting data on end-of-period inventories accounted for the great bulk of total U.S. imports of hot-rolled carbon steel plate from Korea (as reported by the Department of Commerce). Imports by these firms accounted for 98 percent of aggregate imports of such plate from Korea in 1981, 44 percent in 1982, and 95 percent in 1983.

	Production
1973	1,275
1974	2,146
1975	2,198
1976	3,875
1977	4,792
1978	5,477
1979	8,389
1980	9,433
1981	11,853
1982	12,125
1983	13,134

The Korean steel industry is dominated by one firm, POSCO, of which 32 percent is owned by the Government of Korea, and 40 percent is owned by the Korean Development Bank. POSCO is Korea's only fully integrated steel mill. Its production of raw steel in 1983 totaled 8.4 million tons, which represented a 5-percent decrease from its output in 1982, and was sufficient to cause POSCO to drop in rank, from 10th largest steel producer in the world to 11th. According to testimony at the Commission's conference in the preliminary investigation, two firms in Korea produce hot-rolled carbon steel plate, with POSCO being by far the larger of the two. 1/

The available data on POSCO'S production, capacity to produce, and exports of hot-rolled carbon steel plate are given in table 12. It's capacity to produce hot-rolled plate remained unchanged during the period 1981-83, then increased by *** percent during January-March of 1984. Capacity utilization stayed between *** and *** percent for the full-year periods, then increased to *** percent during January-March 1984.

POSCO'S total exports increased throughout 1981-83, then declined in January-March 1984, Exports to the United States declined throughout the period, with a ***-percent drop shown in January-March 1984 compared with such exports in January-March 1983. POSCO'S largest export market was Japan, which accounted for between *** and *** percent of its exports.

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

U.S. imports

Imports from all sources.—Imports of cut-to-length carbon steel plate from all sources declined steadily from 1.8 million tons in 1981 to 1.0 million tons in 1983, representing a drop of 44 percent. Imports increased by 94 percent in January-March 1984, however, when compared with imports in the corresponding period of 1983 (table 13).

1/ Dongkuk, the other producer, reportedly accounts for less than 2 percent of Korean exports of plate. Transcript of the conference, p. 101.

Table 12.--Carbon steel plate: POSCO'S production, rated capacity, capacity utilization, and exports, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Production--1,000 short tons	***	***	***	***	***
Capacity--do	***	***	***	***	***
Capacity utilization percent	***	***	***	***	***
Domestic shipments--1,000 short tons	***	***	***	***	***
Exports to:					
United States--do	***	***	***	***	***
Japan--do	***	***	***	***	***
All other--do	***	***	***	***	***
Total exports--do	***	***	***	***	***

Source: Counsel for Pohang Iron and Steel Co., Ltd.

The value of these imports followed the same trend, dropping from $673 million in 1981 to $388 million in 1982, or by 42 percent, then dropping to $253 million in 1983. The value of imports increased by 83.9 percent in January-March 1984 compared with their value during the corresponding period of 1983.

The average unit value of imports from all sources declined dramatically throughout the period, from $366 per ton in 1981 to $246 per ton in 1983, for a drop of $120 per ton, or 33 percent. Unit values continued to decline in January-March 1984 to $253 per ton, compared with $267 per ton in the corresponding period of 1983.

The largest source of imports of cut-to-length plate in 1983 was Canada, which accounted for 23 percent of imports, followed by Brazil with 19 percent, Belgium/Luxembourg with 12 percent, and Korea with 10 percent.

Imports of all carbon steel plate (both cut-to-length and coiled) from all sources declined from 1981 to 1983 by 43.9 percent, then increased by 78.8 percent in January-March 1984 compared with imports in January-March 1983. The value of these imports followed the same trend, declining by 61.2 percent from 1981 to 1983, then increasing by 75.4 percent in January-March 1984 (compared with those in the corresponding period of 1983). The average unit values of imports of all plate declined from $353 in 1981 to $244 in 1983. Unit values continued to decline, to $254 in January-March 1984 compared with $261 in January-March 1983 (table 14).

Imports from Korea.--Imports of cut-to-length carbon steel plate from Korea declined from 115,000 tons in 1981 to 90,000 tons in 1982 (a drop of 22 percent), then increased to 99,000 tons in 1983. In January-March 1984, such imports declined to 10,000 tons, representing a drop of 41.2 percent compared with imports during the corresponding period of 1983.

Table 13.—Cut-to-length carbon steel plate: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-March 1983, and January-March 1984

Source	1981	1982	1983	January-March 1983	January-March 1984
	Quantity (1,000 short tons)				
Korea	115	90	99	17	10
Canada	228	149	235	32	70
Brazil	309	149	190	61	8
Belgium/Luxembourg	301	178	127	16	50
West Germany	96	51	39	6	12
Finland	49	73	85	13	67
Spain	99	76	49	2/	46
Republic of South Africa	63	128	36	8	20
All other	577	255	167	36	83
Total, all sources	1,837	1,149	1,027	189	366
	Value (1,000 dollars)				
Korea	41,259	31,230	21,819	4,242	2,703
Canada	85,749	57,423	59,907	9,981	19,497
Brazil	112,855	47,528	43,377	15,579	1,848
Belgium/Luxembourg	110,978	62,057	32,945	4,049	11,928
West Germany	37,380	16,854	10,492	1,475	3,169
Finland	17,825	23,165	21,802	3,263	17,712
Spain	36,989	24,212	10,161	4	9,977
Republic of South Africa	22,428	40,300	8,942	2,118	4,705
All other	207,431	84,786	43,403	9,712	21,207
Total, all sources	672,895	387,555	252,850	50,425	92,746
	Unit value (per ton)				
Korea	$359	$345	$219	$245	$271
Canada	377	385	255	311	280
Brazil	365	319	229	256	231
Belgium/Luxembourg	369	349	259	257	239
West Germany	388	332	269	244	271
Finland	367	318	255	248	263
Spain	372	319	206	220	217
Republic of South Africa	354	316	251	264	237
All other	359	332	260	270	256
Average all sources	366	337	246	267	253

1/ Includes imports under TSUSA items 607.6620, and 607.6625.
2/ Less than 500 short tons.

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 computed from unrounded data.

Table 14.—Total carbon steel plate: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-March 1983, and January-March 1984

Source	1981	1982	1983	January-March 1983	January-March 1984
	Quantity (1,000 short tons)				
Korea	133	130	129	27	16
Canada	259	164	252	37	81
Brazil	309	167	220	66	8
Belgium/Luxembourg	341	203	139	18	51
West Germany	196	182	101	13	22
Finland	63	85	102	18	75
Spain	100	76	69	2/	53
Republic of South Africa	74	134	48	10	22
All other	874	399	258	61	120
Total, all sources	2,349	1,538	1,317	250	447
	Value (million dollars)				
Korea	47	42	28	6	4
Canada	96	62	65	11	23
Brazil	113	52	50	17	2
Belgium/Luxembourg	124	69	36	5	12
West Germany	69	55	26	3	6
Finland	22	27	25	4	20
Spain	37	24	14	3/	12
Republic of South Africa	25	42	12	3	5
All other	297	128	66	16	30
Total, all sources	830	502	322	65	114
	Unit value (per ton)				
Korea	$351	$327	$220	$233	$265
Canada	370	380	259	311	285
Brazil	365	314	227	254	231
Belgium/Luxembourg	364	340	256	254	239
West Germany	349	302	259	255	273
Finland	352	315	249	241	261
Spain	371	319	206	220	223
Republic of South Africa	344	315	242	257	237
All other	340	321	259	262	250
Average all sources	353	326	244	261	254

1/ Includes imports under TSUSA items 607.6610, 607.6620, and 607.6625.
2/ Less than 500 short tons.
3/ Less than $500,000.

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 computed from unrounded data.

The value of imports of cut-to-length carbon steel plate from Korea fell steadily throughout the period, from $41 million in 1981 to $22 million in 1983, representing a drop of 47 percent. The value of imports dropped to $3 million in January-March 1984, compared with $4 million in January-March 1983.

The unit value of these imports declined from $359 per ton in 1981 to $345 per ton in 1982, then dropped sharply to $219 per ton in 1983, representing a decline of $126 per ton, or 37 percent. In January-March 1984, unit values increased to $271 per ton compared with $245 per ton in January-March 1983, representing an increase of 10.6 percent.

Imports of all plate from Korea dropped from 133,000 short tons in 1981 to 129,000 short tons in 1983. These imports then dropped by 40.7 percent in January-March 1984 compared with those in the corresponding period of 1983. The value of these imports followed the same trend. The unit values of imports of all plate dropped from $351 per ton in 1981 to $220 per ton in 1983 (a decline of $131 per ton, or 37.3 percent), with an increase of 13.7 percent reported in January-March 1984 compared with January-March 1983.

U.S. market penetration

Imports from all sources.--Market penetration of imports of cut-to-length carbon steel plate from all countries increased from 24.5 percent in 1981 to 27.8 percent in 1982, then dropped slightly to 27.0 percent in 1983. In January-March 1984, imports from all sources again rose, to 30.4 percent of U.S. consumption compared with 23.5 percent in January-March 1983 (table 15).

Market penetration of imports of all carbon steel plate from all countries relative to consumption of all plate increased from 23.7 percent in 1981 to 27.5 percent in 1982, then dropped to 23.5 percent in 1983. In January-March 1984, imports from all sources again increased, to 26.0 percent of U.S. consumption compared with 20.9 percent in January-March 1983 (table 16).

Market penetration of imports of cut-to-length carbon steel plate from all countries relative to consumption of all plate increased from 18.6 percent in 1981 to 20.6 percent in 1982, then dropped to 18.4 percent in 1983. In January-March 1984, imports from all sources again increased their market share, to 21.3 percent of U.S. consumption compared with 15.8 percent in January-March 1983 (table 17).

Imports from Korea.--Imports of cut-to-length carbon steel plate from Korea increased from 1.5 percent of apparent consumption of cut-to-length carbon steel plate in 1981 to 2.2 percent in 1982, and to 2.6 percent in 1983 (table 15). Market penetration of such imports declined to 0.8 percent in January-March 1984, compared with 2.1 percent in January-March 1983. Expressed as a share of U.S. producers' shipments, imports from Korea exhibited a similar trend, increasing from 2.0 percent in 1981 to 3.0 percent in 1982 and 3.6 percent in 1983. In January-March 1984, imports from Korea, as a share of U.S. producers' shipments were 1.2 percent, compared with 2.8 percent in January-March 1983.

Imports of all carbon steel plate from Korea increased from 1.3 percent of apparent consumption of all carbon steel plate in 1981 to 2.3 percent in 1982 and 1983 (table 16). Market penetration of such imports declined to 0.9 percent in January-March 1984, compared with 2.3 percent in January-March 1983.

Table 15.--Cut-to-length carbon steel plate: Ratios of imports to apparent U.S. consumption and to U.S. producers' shipments, by countries, 1981-83, January-March 1983, and January-March 1984

(In percent)

Item	1981	1982	1983	January-March	
				1983	1984
Ratio to apparent U.S. consumption of imports from--					
Korea	1.5	2.2	2.6	2.1	0.8
Canada	3.0	3.6	6.2	4.0	5.8
Brazil	4.1	3.6	5.0	7.6	.7
Belgium/Luxembourg	4.0	4.3	3.3	2.0	4.2
West Germany	1.3	1.2	1.0	.7	1.0
Finland	.7	1.8	2.2	1.6	5.6
Spain	1.3	1.8	1.3	1/	3.8
South Africa	.8	3.1	.9	1.0	1.7
All other	7.7	6.2	4.4	4.5	6.9
Total	24.5	27.8	27.0	23.5	30.4
Ratio to U.S. producers' domestic shipments of imports from--					
Korea	2.0	3.0	3.6	2.8	1.2
Canada	4.0	5.0	8.5	5.2	8.4
Brazil	5.5	5.0	6.8	9.9	1.0
Belgium/Luxembourg	5.3	6.0	4.6	2.6	6.0
West Germany	1.7	1.7	1.4	1.0	1.4
Finland	.9	2.4	3.1	2.1	8.0
Spain	1.8	2.5	1.8	1/	5.5
South Africa	1.1	4.3	1.3	1.3	2.4
All other	10.2	8.5	6.0	5.9	9.9
Total	32.5	38.5	37.0	30.8	43.7

1/ Less than 0.05 percent.

Source: Consumption, calculated as the sum of U.S. producers' domestic shipments and imports for consumption. Shipments, compiled from statistics of the American Iron & Steel Institute; imports, compiled from official statistics of the U.S. Department of Commerce.

Table 16.—Total carbon steel plate: Ratios of imports to apparent U.S. consumption and to U.S. producers' shipments, by countries, 1981-83, January-March 1983, and January-March 1984

(In percent)

Item	1981	1982	1983	January-March 1983	January-March 1984
Ratio to apparent U.S. consumption of imports from—					
Korea	1.3	2.3	2.3	2.3	0.9
Canada	2.6	2.9	4.5	3.1	4.7
Brazil	3.1	3.0	3.9	5.5	.5
Belgium/Luxembourg	3.4	3.6	2.5	1.5	3.0
West Germany	2.0	3.3	1.8	1.1	1.3
Finland	.6	1.5	1.8	1.5	4.4
Spain	1.0	1.4	1.2	1/	3.1
South Africa	.7	2.4	.9	.8	1.3
All other	8.8	7.1	4.6	5.1	7.0
Total	23.7	27.5	23.5	20.9	26.0
Ratio to U.S. producers' domestic shipments of imports from—					
Korea	1.8	3.2	3.0	2.8	1.3
Canada	3.4	4.0	5.9	3.9	6.4
Brazil	4.1	4.1	5.1	7.0	.6
Belgium/Luxembourg	4.5	5.0	3.2	1.9	4.0
West Germany	2.6	4.5	2.4	1.4	1.7
Finland	.8	2.1	2.4	1.9	5.9
Spain	1.3	1.9	1.6	1/	4.2
South Africa	1.0	3.3	1.1	1.1	1.7
All other	11.6	9.8	6.0	6.4	7.0
Total	31.1	37.9	30.8	26.3	35.2

1/ Less than 0.05 percent.

Source: Consumption, calculated as the sum of U.S. producers' domestic shipments and imports for consumption. Shipments, compiled from statistics of the American Iron & Steel Institute and questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Table 17.—Ratios of imports of cut-to-length carbon steel plate to apparent U.S. consumption and to U.S. producers' shipments of all plate, by countries, 1981-83, January-March 1983, and January-March 1984

(In percent)

Item	1981	1982	1983	January-March	
				1983	1984
Ratio to apparent U.S. consumption of imports from—					
Korea	1.2	1.6	1.8	1.4	.6
Canada	2.3	2.7	4.2	2.7	4.1
Brazil	3.1	2.7	3.4	5.1	.5
Belgium/Luxembourg	3.0	3.2	2.3	1.3	2.9
West Germany	1.0	1.0	.7	.5	.7
Finland	.5	1.3	1.5	1.1	3.9
Spain	1.0	1.4	.9	1/	2.7
South Africa	.6	2.3	.6	.7	1.2
All other	5.8	4.6	3.0	3.0	4.8
Total	18.6	20.6	18.4	15.8	21.3
Ratio to U.S. producers' shipments of imports from—					
Korea	1.5	2.2	2.3	1.8	.8
Canada	3.0	3.7	5.5	3.4	5.5
Brazil	4.1	3.7	4.4	6.4	.6
Belgium/Luxembourg	4.0	4.4	3.0	1.7	3.9
West Germany	1.3	1.3	.9	.6	.9
Finland	.6	1.8	2.0	1.4	5.3
Spain	1.3	1.9	1.1	1/	3.6
South Africa	.8	3.2	.8	.8	1.6
All other	7.6	6.3	3.9	3.8	6.5
Total	24.3	28.3	24.0	19.9	28.8

1/ Less than 0.05 percent.

Source: Consumption, calculated as the sum of U.S. producers' domestic shipments and imports for consumption. Shipments, compiled from statistics of the American Iron & Steel Institute and questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Expressed as a share of U.S. producers' total shipments, imports from Korea exhibited a similar trend, increasing from 1.8 percent in 1981 to 3.2 percent in 1982 and declining slightly to 3.0 percent in 1983. In January-March 1984, imports from Korea as a share of U.S. producers' shipments were 1.3 percent, compared with 2.8 percent in January-March 1983.

Imports of cut-to-length carbon steel plate from Korea increased from 1.2 percent of apparent consumption of all carbon steel plate in 1981 to 1.6 percent in 1982 and 1.8 percent in 1983. Market penetration of such imports declined to 0.6 percent in January-March 1984, compared with 1.4 percent in January-March 1983. Expressed as a share of U.S. producers' total shipments, imports of cut-to-length carbon steel plate from Korea exhibited a similar trend, increasing from 1.5 percent in 1981 to 2.2 percent in 1982 and 2.3 percent in 1983. In January-March 1984, the ratio was 0.8 percent, compared with 1.8 percent in January-March 1983.

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, fell sharply in 1982, and continued to decline in 1983. As demand for plate falls, competition and discounting increase, and the price of plate softens. Public nonresidential building contruction, 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 1982. Public nonresidential and nonbuilding construction continued their downward trend during 1982, declining by 5 and 4 percent, respectively, in real terms, from the levels of 1981. In 1983, the value of public nonresidential construction put in place fell almost 2 percent below the 1982 level in real terms. This trend reversed in January-April 1984, with a 14-percent increase in such construction over that of construction in January-April 1983. Public nonbuilding construction dropped more than 20 percent during the same period. Private nonresidential building construction also weakened in 1983, registering a 7-percent decline, compared with such construction in 1982. Such construction however, registered a 15-percent increase in January-April 1984 compared with that in the corresponding period of 1983.

Market conditions for capital goods industries also have a large effect on the demand for steel. Steel plate, for example, is used in storage tanks, pressure vessels, railroad cars, shipbuilding, and industrial machinery, all of which are considered capital goods. Orders for all nondefense capital goods rose slightly, in constant 1978 dollars, from $16.8 billion in January-March 1981 to $17.2 billion in April-June 1981 (table 18). The market then decreased rather steadily to $13.4 billion in January-March 1983. Orders for nondefense capital goods strengthened markedly to $16.3 billion by October-December 1983 and climbed to $17.1 billion in January-March 1984. Orders for machinery (except electrical) followed the same trend; a slight increase in the first quarter of 1981 followed by a 26-percent reduction, in constant 1978 dollars, from $11.9 billion in April-June 1981 to $8.8 billion in January-March 1983. Machine orders then surged by 22 percent to $10.7 billion in October-December 1983, but fell a bit to $10.2 billion in January-March 1984. Machinery is a large capital goods industry, and it used about 12 percent of domestically produced carbon steel plate in 1983. 3/

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/ See table 1.

Table 18.--Orders for domestic capital goods and machinery in constant 1978 dollars, 1/ by quarters, January 1981-March 1984

(In billions of dollars)

Period	Nondefense capital goods	Nonelectrical machinery
1981:		
January-March	16.8	11.7
April-June	17.2	11.9
July-September	16.6	11.5
October-December	15.5	10.9
1982:		
January-March	14.9	9.9
April-June	14.2	9.4
July-September	13.2	8.7
October-December	13.4	8.5
1983:		
January-March	13.4	8.8
April-June	15.9	10.5
July-September 2/	15.2	10.2
October-December	16.3	10.7
1984:		
January-March	17.1	10.2

1/ Data are net new orders of nondefense capital goods and nonelectrical machinery.

2/ Estimated, using the average for July and August.

Source: Data Resource, Inc., U.S. Central Data Bank.

U.S. producers usually quote prices for carbon steel products at the time of shipment on an f.o.b. mill basis. 1/ Importers of such products 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 eight announced base price increases for hot-rolled carbon steel plate during January 1979-June 1983. The most recent increase was announced in September 1983 to be effective October 1, 1983. 2/

U.S. producers maintain published list prices; however, according to industry sources, discounting from list prices has increased during recent years. Discounting can take several forms. Freight absorption is one

1/ 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.

2/ Base price increases of 5 percent and 7 percent for cut-to-length plate announced in 1983 did not hold, and only resulted in larger discounts from list prices.

method. Others are foregoing the cost of extras and pricing primary quality steel mill products as secondary quality. Also, discounts can be simply a reduction in base price.

The Commission requested data on average net selling prices for specific products from domestic producers and importers. Questionnaires sent to steel service centers/distributors (SSC's) and to end users of plate requested data on purchase prices paid for the specific domestic or imported plate products. The information so obtained is used in this report to analyze trends in prices and to calculate general levels of underselling in the domestic market.

Trends in prices.--The Commission asked domestic producers and importers for their average net selling prices to steel SSC's and end users for six specified cut-to-length carbon steel plate products, by quarters, during January 1982-March 1984. 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 in a particular market area, but are useful for comparing trends in these prices and should reflect general patterns of underselling and any discounting that may have occurred. The f.o.b. net selling prices received by domestic producers and importers are presented in table 19. The following discussion of trends in prices deals primarily with sales to SSC customers. Because of incomplete data, price trends for importers' sales of Korean plate to end users could not be adequately established.

Domestic prices.--Domestic prices for all of the six subject products followed a similar trend: relatively constant or gradually decreasing prices from January-March 1982 to July-September 1982, then a sharp downward price trend throughout the remainder of 1982 and into 1983. Average producers' prices for sales of product 1 to SSC's weakened from $481 per ton in January-March 1982 to $434 in October-December 1982, or by 10 percent, before dropping by 26 percent to $322 per ton in July-September 1983. In January-March 1984, the average price rose by 5 percent to $340 per ton. The decline in prices of product 1 sold to end users was neither as quick nor as steep. Prices were fairly firm through January-March 1983, then fell steadily from $502 per ton to a low of $380 per ton in October-December 1983, representing a decline of 24 percent.

SSC buyers of product 2 paid progressively less in 1982 as the average price fell 13 percent from its initial level of $485 per ton. Prices then fell by 22 percent during 1983 to $331 per ton in October-December. In January-June 1984, the trend reversed and prices climbed 18 percent to $390 per ton. Product 2 sold to end users brought sharply higher prices than sales to SSC's, but also declined by 26 percent over the period to a low of $370 in October-December 1983 before climbing to a level of $400 in January-March 1984. Prices paid in the SSC market for product 3 declined quite steadily over the subject period, falling a total of 30 percent to a low of $321 per ton in October-December 1983. The prices paid by end users for product 3, although higher, fell 26 percent during the subject period.

1/ A list of these products is presented in app. E.

Table 19.--Carbon steel plate: Ranges and weighted average net selling prices for the largest sales of domestic products and of imports from Korea and the average margins by which imports from Korea undersold or oversold (-) domestic products, by types of customers, by types of products, and by quarters, January 1982-March 1984

* * * * * * *

After a 5-percent increase in prices for sales of product 4 to SSC's in January-September 1982, the domestic selling price plummeted by 28 percent from $468 per ton in July-September 1982 to $339 per ton in July-September 1983. Prices paid by end users generally were 5 to 20 percent higher, but showed a downward trend that totaled 23 percent. SSC buyers of product 5 experienced a steady drop in prices in 1982 (totaling 10 percent), followed by a 28-percent decline in 1983 to a low of $300 per ton. Prices for product 5 paid by end users fell by 17 percent between January-March 1982 and October-December 1983. The downtrend in domestic prices paid by SSC's for product 6 was sharp (35 percent) through April-June 1983, then reversed to climb 11 percent through January-March 1984 to $374 per ton. Initially, end-user prices held steady during the first three quarters of 1982, preceding a downward spiral of 20 percent from $524 per ton in July-September 1982 to $421 per ton in January-March 1984.

Import prices.--In 1982, prices for product 2 imported from Korea and sold to SSC's fell by 10 percent from $*** per ton in January-March to $*** per ton in October-December. Such prices then declined by *** percent through July-September 1983 to $*** per ton. From July-September 1983 to January-March 1984, prices climbed to $*** per ton. Prices paid by end users for product 2 in 1982 and 1983 reflect an irregular but progressive downtrend.

Importers' prices for sales of products 3, 4, 5, and 6 to SSC's followed similar trends. In January-March 1982, such prices for the above products ranged from $*** to $*** per ton; however, prices for these four products then began a downward spiral through April-June 1983. During this period the price for product 3 fell by *** percent from $*** per ton to $*** per ton. In the same timespan the price of product 4 declined from $*** per ton to $*** per ton, or by *** percent. Likewise, importers' prices for product 5 decreased from $*** per ton to $*** per ton, representing a drop of *** percent. The importers' market price for product 6 sold to SSC's fell by *** percent from $*** to $*** per ton. Prices for these Korean plate products turned upward from mid-year 1983 through January-March 1984.

Margins of underselling.--Korean carbon steel plate products 2, 3, and 4 undersold domestic plate in almost every period in sales to SSC's. Import prices for product 2 showed margins of underselling ranging from 2 to 19 percent, or from $7 to $72 per ton. Margins narrowed during the latter half of 1983. Larger margins of underselling appear in prices paid by end users. The margins of underselling for product 3 ranged from less than 1 percent to 16 percent, reflecting a range that averaged about $47 per ton. Again, larger margins appear in sales to end users. Margins of underselling for product 4 ranged from *** percent in October-December 1983 to *** percent in July-September 1982, a range of $*** to $*** per ton. For products 2 and 3 the single instance of overselling by imports occurred in January-March 1984.

Imported products 5 and 6 also undersold domestic plate in nearly every period in sales to SSC's. Margins of underselling for product 5 were between 11 and 21 percent, or from $50 to $86 per ton. However, domestic product 5 undersold the comparable Korean product in 3 instances by margins that averaged nearly $15 per ton. For most of the subject period, Korean product 6 was sold to SSC's for about 4 percent, or $15 per ton, less than the domestic product. In two instances, January-March 1983 and January-March 1984, domestic plate sold for less than Korean plate, by *** and *** percent, respectively. Significantly higher margins of underselling by Korean plate characterize sales of products 5 and 6 to end users. Margins averaged 22 percent, or $95 per ton, less for product 5 and 27 percent, or $126 per ton, less for product 6.

Purchase prices.--Purchasers were asked to provide prices paid per net ton, on a delivered basis, for a large representative purchase of the subject plate products in each quarter of the period January 1982-March 1984. For comparability, the purchasers were identified by location and questionnaires were sent to SSC's and end users located in seven metropolitan market areas: Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle. Thirty-five purchasers, primarily SSC's, provided data on purchaser prices. Responses were predominantly prices paid for domestic plate and covered all market areas. Relatively few prices paid for Korean plate were reported. Most of those prices were from firms located in the Philadelphia/New York market area and the Portland/Seattle market area.

Table 20 presents the range and weighted-average purchase prices paid for the subject domestic and Korean plate products by SSC's located in the Philadelphia/New York market and the Portland/Seattle market. The table also shows the margins by which plate imported from Korea undersold the competing domestic product. Three comparisons of quarterly prices paid by SSC's are possible in the Philadelphia/New York market. All three examples show underselling that ranged from 13 percent ($42 per ton) for products 3 and 5 to 23 percent ($82 per ton) for product 2.

Comparable data on average purchase prices paid by SSC's located in the Portland/Seattle area for product 2 show underselling by Korean plate in six of eight comparisons. Margins ranged from as little as 1 percent ($3 per ton) to as much as 21 percent ($93 per ton). Two instances of underselling by the domestic product show narrow margins of 1 to 3 percent.

Purchases by SSC's of plate product 3 provided seven comparisons, six of which show underselling by the imported Korean plate. In three of these instances, the margins ranged from 12 percent ($44 per ton) to 16 percent ($60 per ton). The example of overselling was by a margin of 1 percent. Three comparisons of prices paid by SSC's for product 4 all reflect underselling, by margins that ranged from 4 percent ($14 per ton) to 13 percent ($53 per ton). Purchase prices paid for product 5 also show underselling by the Korean product in the four possible comparisons. Margins were as low as 11 percent ($40 per ton) and as high as 20 percent ($100 per ton).

Two comparisons were possible in the Chicago market area. They show that prices paid by SSC's for product 6 were 18 percent ($93 per ton) to 20 percent ($101 per ton) lower than those paid for domestic product 6. A single comparison appears in the Houston/New Orleans market. There, Korean plate undersold the domestic product by 5 percent ($15 per ton). In the Detroit market, one comparison for product 6 shows a 17 percent ($87 per ton) margin of underselling by the imported Korean plate.

Transportation costs

Due to the fact that carbon steel plate has a low value per unit of weight in comparison with other manufactured goods, the transportation costs are an important factor in marketing steel products in the United States. Currently, most domestic steel plate production comes from mills located in the "steel belt" 1/ area. Since significant quantities of steel plate are consumed in areas far from the production centers, the cost of transportation becomes an important factor when competing with the imported steel products.

1/ Illinois, Indiana, Ohio, and Pennsylvania.

Table 20.--Carbon steel plate: Ranges and weighted-average net purchase prices paid by SSC's for domestic products and imports from Korea and the average margins by which imports from Korea undersold or oversold (-) domestic products, by area of purchase, by types of products, and by quarters, January 1982-March 1984

* * * * * * *

Most domestic steel plate is shipped either by truck or by rail; however, it has become very difficult to obtain reliable transportation cost data due to the deregulation of the U.S. rail and trucking industries. Trucks are usually used for shipping steel within a 500 mile radius of the steel mill. When longer distances are involved, the shipments are made by rail, or if feasible, by barge. 1/

Conversations with SSC and domestic mill officials indicate that port-proximate markets for imported steel incur small inland freight costs (generally less than $7 per ton). In contrast, domestic product freight costs, notwithstanding freight equalization charges, are frequently more than $30 per ton, a considerable freight cost disadvantage. Freight costs from domestic mills to more distant markets (e.g. Gary, Ind. to Los Angeles), might amount to as much as $100 per ton. Such additional costs to purchasers make import sourcing, especially on the gulf and west coasts, often a more attractive alternative.

Lost sales

In the preliminary investigation, three domestic producers provided 21 allegations of lost sales of carbon steel plate to imports from Korea or to other domestic suppliers that had lowered their prices to compete with imports from Korea. There were no new allegations in this final investigation. These allegations involved 15 purchasers, 5 of which were fabricators and 10 of which were service centers. The total alleged lost sales amounted to 17,267 tons.

Purchasers were concentrated in the west coast area, but were also located in various other market areas throughout the United States. Of 10 purchasers that provided information relative to the allegations, 5 involved allegations of lost sales to imports from Korea.

The first instance of alleged sales lost to imports from Korea cited * * * as the purchaser of *** tons of Korean plate in * * *. * * *, buyer, explained that this purchase was part of a fabricating contract for *** tons of plate. * * *'s price was high. * * * was more competitive and, after reducing its price, received an order for *** tons at $*** per ton. * * * tries to maintain a margin, says * * *, and is not competitive. The balance of * * *'s requirement, about *** tons was sourced from Brazil, not Korea, at $*** per ton. As for quality, * * * noted that the imported product was consistently better than the domestic. * * * has spot purchased some Korean plate from service centers. The firm's ratio of imported plate to domestic plate is about ***-***. Belgium, Brazil, and Korea are the principal sources quoted to * * *. The imported plate is at least $*** per ton below domestic offer prices.

A second allegation named * * * as the purchaser of *** tons of Korean plate in * * *. * * *, purchasing manager, confirmed the purchase of the alleged amount of Korean plate and explained that price was the key factor in order for the firm to be competitive. The Korean plate was bought at an effective delivered price of $*** per ton, compared with domestic price offers

1/ On a ton-mile basis, 53 percent of plate shipments in 1977 were by rail and 46 percent by truck. U.S. Bureau of the Census, Census of Transportation, 1980, vol. 1. p.20

of $*** to $*** per ton. * * * stated that this was the only purchase of Korean plate he has made. Because of the soft market some of the Korean plate is still in inventory.

* * * was the alleged purchaser of *** tons of Korean plate in * * *. * * *, buyer, could not identify this alleged transaction but stated that he recently accepted an offer of Korean plate directly in competition with a domestic producer. The Korean price was reduced to $*** per ton to undersell * * *, whose price of $*** was already very low according to * * *. Korean plate consistently undersells domestic plate, but not by as much as does Brazilian plate, said * * *. * * * has purchased more imported steel since * * * suggested that they look for an alternative source. * * * stated that Korean plate prices are 3.5 to 4.5 percent below domestic plate prices, depending on the quality involved.

* * *, a * * *, was named as the purchaser of *** tons of plate from various offshore sources through * * *, a warehousing importer. * * *. * * *, former buyer for * * *, supplied a picture of the plate market as seen by * * *. * * * needed low-cost plate to be competitive in the export market it serves. Because of the soft market and higher prices * * * moved away from domestic sources. The company had to react to rapid shifts in schedules. Moreover, the large quantity requirements for special prices on domestic plate were above * * *'s needs. In * * *'s opinion, there was little Korean plate in the shipments * * * received; most of this plate came from the EC, Brazil, and Spain.

* * * was the alleged purchaser of *** tons of Korean plate in the first and second quarters of ***. * * *, buyer, confirmed the purchase. He received bids from domestic and a number of offshore sources. The Korean product started influencing the * * * market in * * * and its prices dropped consistently through the second quarter of * * *. This forced U.S. distributors to buy foreign or be forced out of business. * * * purchased only the two quantities totaling *** tons. The Korean product was $*** per ton lower in the first quarter of *** and sold at $*** per ton lower in the second quarter.

The remaining five purchasers were alleged by * * * to have purchased plate from other domestic suppliers after they lowered their prices to compete with imports from Korea. These transactions, therefore, do not involve sales lost to domestic producers as a whole.

The first of these allegations by * * * involved * * * as a lost sale in * * * instances that totaled *** tons between * * * and * * *. These sales, according to * * *, were lost to domestic producers (* * * and * * *) whose quoted prices were cut to meet Korean prices. * * *, purchasing manager, confirmed these purchases and stated that he uses the Korean and Brazilian offer prices as a lever to buy domestic plate at prices competitive with offshore plate prices. On *** plate, if the domestic price is $*** to $*** per ton above the import price he will overlook that difference and buy domestic. On *** plate, the acceptable domestic price can be as much as $*** per ton higher. Last summer, * * * stated, * * * went down to $*** per ton on a ***-ton order. At that time you could buy Brazilian plate for $*** per ton. * * *'s price was reportedly set by the prices of competing imported material from Brazil, Korea, and elsewhere.

* * * named * * * in two similar instances of lost sales to * * * at prices designed to meet competing Korean plate prices. One instance involved a purchase of *** tons of plate at $*** per ton from * * * in * * *. * * *, purchasing manager, confirmed the purchase at a price of $*** per ton, f.o.b. mill, or $*** per ton delivered. Korean, Belgian, and Brazilian sources are all quoting prices to * * *. As for the second alleged instance, * * * explained that he had purchased *** tons of Belgian plate, received in * * *, at $*** per ton. This merchandise was rejected because of rust, however, and * * * then received the order at $*** per ton. As for quality, * * *'s product is acceptable, says * * *, but * * *'s plate is not as good.

Another allegation identified * * * as the purchaser of *** tons of hot-rolled carbon steel plate in * * *. This sale was lost to * * *, whose prices were allegedly reduced to meet Korean plate prices. * * *, purchasing manager, affirmed the purchase. * * * did not solicit import prices, but stated that import prices affected the price quoted by * * *. * * * should have had the inside track, said * * *, but their quote was highest. * * * was below * * *, whose prices already were lowered to meet competition. The * * * prices ranged from $*** to $*** per ton delivered.

* * * was named in an alleged lost sale of *** tons of plate in * * *. Again, * * * won the order at a price of $*** per ton, compared with $*** quoted by * * *. * * *, buyer for * * *, confirmed the purchase, explaining that because of import prices, * * * was able to drive * * *'s price down and * * * followed suit. * * * had quotes on Korean, South African, European, Spanish, and Taiwan plate in recent solicitations. In this transaction, * * *'s price was low "but not lower than the final Korean quote," said * * *.

* * * was identified as the purchaser of *** tons of plate from * * * at $*** per ton after * * * lowered its quote to meet the competing Korean plate offer. * * *, purchasing manager, is not getting specific quotes for offshore plate, but sees * * * and * * * as "struggling to get orders," quoting lower and lower prices in response to offshore competition. Prices kept spiraling downward through * * *. * * * saw the overall market conditions as influencing prices in a downward pattern. * * * manufactures * * *. Foreign competition would be even more difficult if plate costs increase, says * * *.

Lost revenues

* * * provided seven specific instances of alleged lost revenues as a result of price reductions on sales of hot-rolled carbon steel plate in competition with comparable plate from Korea. * * * of these sales occurred in *** and * * * in ***. Each allegation involved a different purchaser. * * * submitted one specific instance of lost revenue and three nonspecific allegations of lost revenue in competition with various unspecified sources of imported plate. In aggregate, these allegations totaled *** tons of plate. * * * of these examples of alleged lost revenue were investigated by the Commission's staff.

The first instance involved * * *, a large * * *. This allegation named the * * * branch of the firm as purchaser of *** tons of plate in * * * at reduced prices in the face of competing Korean plate. * * * won a major part of the bid to * * *; the plate was bought for this specific job. During stages of the bid competition, offer prices on plate from * * *, * * *, and

* * * went through several reductions. * * * faced Korean fabricator competition in its bids to the general contractor. Vendors of Brazilian and Korean plate (* * *) also made unsolicited quotes on plate to * * *. A vendor of Belgian plate gave solicited offer prices. * * *, steel buyer for the firm, provided the comparative price quote evolution shown in the tabulation below (quoted price per ton, f.o.b. mill);

	Quoted price per ton, f.o.b. mill		
	October	November	Final
* * *.....	$***	$***	$***
* * *.....	***	***	1/ ***
* * *.....	***	***	***

1/ * * *'s winning quote was $*** per ton plus $*** freight per ton.

* * * explained that the bid portion won by * * * amounted to *** tons. Based on this tonnage, the lost revenue to * * * totaled $***. 1/ Noting that the bid competition from offshore fabricators was fierce, * * * emphasized that * * * cut its margin to a negative figure in order to win the bid and thus keep its operation going.

* * * was named as the purchaser of *** tons of plate after * * *'s price was reduced to meet competition from Korean plate. * * * confirmed the purchase and stated that both Korean and Brazilian plate were in the competitive picture. According to * * * the domestic price at $*** per ton, delivered, was still higher than the competing imported plate. * * *, however, tries to favor domestic sources if possible and, if the domestic price is only $*** to $*** per ton higher, will buy from the domestic mill.

Two instances of lost revenue were attributed to sales at reduced prices to * * * because of competing Korean plate. One instance involved *** tons, and the other, *** tons. The firm's buyer, * * *, stated that he uses the prices of Korean plate offered out of * * * as a lever to obtain a competitive domestic price. He acknowledged both purchases as made in * * *. The lost revenue on these two sales is estimated at roughly $***.

A nonspecific allegation of lost revenue named * * * as a purchaser of hot-rolled plate at reduced prices because of competition from various sources of imported plate. * * *, vice president of sales and purchasing, corroborated the alleged pattern but did not provide specific tonnage or price data. * * * stated that in * * *, Korean plate was a tremendous market factor. Then in * * *, Brazil took over as the price setter. * * * formerly bought * * * percent of its requirements from domestic sources. Now, the domestic share is *** percent and they are forced to discount sharply to save that share. Imported plate from many sources is available at a price of below $*** per ton. In contrast, * * * noted, the published base price for domestic plate is $*** per ton. * * *'s policy is that if the margin of underselling by imports is under *** percent, he will stay with the domestic source.

1/ Calculating lost revenue in a highly competitive market poses some problems. First, list price is not an accurate reflection of market price competition absent any import presence. Second, there may often be only one opportunity to quote, thus requiring an initially discounted price.

* * * was listed as an account offered domestic plate at reduced prices to compete with foreign steel. No specific instance was provided. * * * of * * * explained that domestic producers have made offers but their prices were still above offshore prices. He further stated that the firm was not quoted often by domestic mills because * * * has been buying all imported plate. * * * did buy Korean plate earlier this year. Recently, offshore prices, including those of Korean plate, were about $*** per ton under domestic plate prices.

Exchange-rates fluctuations

The recent strength of the U.S. dollar against most major currencies has led to claims that foreign steel producers have increased in competitiveness vis-a-vis U.S. producers. Indeed, because the dollar now buys more foreign currency than before, imported steel should be less expensive for U.S. purchasers. However, there are several reasons why the fall in the price of foreign steel may not have been as great as the percentage appreciation of the dollar. If foreign producers import raw materials from the United States or from countries whose currencies are tied to the dollar, a portion of their costs will rise with the dollar. Also, foreign producers may choose to increase their profits by lowering their dollar prices by less than the depreciation would allow, thereby not passing on the full cost reduction to consumers. They could then possibly increase their sales volume, their per unit profit, or both.

Quarterly data reported by the International Monetary Fund on the value of the Korean won indicate that during January 1981 to March 1984 the quarterly nominal value of the won declined by 14 percent relative to the U.S. dollar, and that the quarterly real value 1/ of the won depreciated by a total of 16 percent, as shown in the following tabulation (January-March 1981=100):

	Dollars per won, nominal rate	Dollars per won, real rate
1981:		
Jan.-Mar	100	100
Apr.-June	98	101
July-Sept	97	102
Oct.-Dec	97	102
1982:		
Jan.-Mar	94	99
Apr.-June	92	97
July-Sept	90	95
Oct.-Dec	90	95
1983:		
Jan.-Mar.	89	94
Apr.-June	87	91
July-Aug	85	90
Oct.-Dec	84	87
1984:		
Jan.-Mar.	86	84

1/ The real value of a currency is the absolute value adjusted for the differences between inflation rates in the United States and the foreign country.

The above percentage changes indicate the maximum amount that the Korean producers could reduce their dollar prices of plate without reducing their profits, assuming they had no dollar-denominated costs or contracts.

The Question of Injury to a Regional Industry

Gilmore, the petitioner in this investigation, alleges injury to the national industry producing cut-to-length carbon steel plate and to regional industries producing such merchandise in the west coast and gulf coast areas. The west coast area, as defined by the petitioner, includes the States of California, Washington, and Oregon; the gulf coast area includes the States of Texas, Louisiana, Mississippi, Alabama, and Florida. During 1981-83, Gilmore and Kaiser were the only producers of carbon steel plate located in the west coast area, 1/ so defined, and U.S. Steel, Republic, and Armco were the only producers of such merchandise in the gulf coast area. As indicated previously, Kaiser and Armco have both recently discontinued their platemaking activities in these areas. For the purposes of this report, information is presented for the west coast and gulf coast areas as defined by the petitioner. Information on prices in the west coast and gulf coast areas is presented in the pricing section of this report.

West Coast area.

Tables 21 and 22 present data on the cut-to-length and total steel plate operations of the west coast area producers for each of the various indices of injury for which information was developed.

In examining the issue of a regional industry, the statute directs the Commission to consider the extent to which producers within that market sell all or almost all of their production of the like product in that market, and the extent to which demand in the regional market is supplied by producers of the product located elsewhere in the United States. Both Gilmore and Kaiser sell over *** percent of their cut-to-length and/or total steel plate in the west coast area. As shown in tables 23 and 24, all domestic producers located outside the area together supplied between *** and *** percent of the west coast area's apparent consumption of cut-to-length and total carbon steel plate during each of the periods covered, except * * *, when their share increased to approximately *** percent. This increase came after Kaiser closed down its operations in California.

If all of the shipments to the west coast area reported by * * * in its questionnaire response for all its plants came from its * * * plant, the share of consumption supplied by producers in the area and that supplied by producers outside the area would change. The share of consumption of cut-to-length plate supplied by producers in the area would have been *** percent in 1981, *** percent in 1982, *** percent in 1983, *** percent in January-March 1983, and *** percent in January-March 1984. The share supplied by producers outside the region would have been *** percent in 1981, *** percent in 1982, *** percent in 1983, *** in January-March 1983, and *** percent in January-March 1984. The share of consumption of total plate supplied by producers in the area and the share supplied by all other domestic

1/ Bethlehem has a plant in Seattle, Wash., that has the capability of producing carbon steel plate. While that company reported that limited quantities of plate have been produced in the Seattle plant, it was not able to provide separate data on shipments from the plant.

Table 21.--The cut-to-length carbon steel plate operations of the west coast area producers, by firms, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Capacity:					
Gilmore--short tons	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Production:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Capacity utilization:					
Gilmore--percent	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Domestic shipments:					
Gilmore--short tons	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Intra/intercompany transfers:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Export shipments:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Total shipments:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
End-of-period inventories:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	1/	1/	-
Total--do	***	***	***	***	***
Production and related workers 2/--number	***	***	***	***	***
Net sales 2/--1,000 dollars	***	***	***	***	***
Net operating profit or (loss) 2/--1,000 dollars	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales 2/--percent	***	***	***	***)	***
Capital expenditures 2/ 1,000 dollars	***	***	***	***	***

1/ Not available.

2/ Represents data supplied by Gilmore only.

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

Table 22.--The cut-to-length and coiled carbon steel plate operations of the west coast area producers, by firms, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Capacity:					
Gilmore--short tons	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Production:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Capacity utilization:					
Gilmore--percent	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Domestic shipments:					
Gilmore--short tons	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Intra/intercompany transfers:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Export shipments:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
Total shipments:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	***	***
Total--do	***	***	***	***	***
End-of-period inventories:					
Gilmore--do	***	***	***	***	***
Kaiser--do	***	***	***	1/	***
Total--do	***	***	***	***	***
Production and related workers 2/--number	***	***	***	***	***
Net sales 2/--1,000 dollars	***	***	***	***	***
Net operating profit or (loss) 2/--1,000 dollars	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales 2/--percent	***	***	***	***	***
Capital expenditures 2/ 1,000 dollars	***	***	***	***	***

1/ Not available.
2/ Represents data supplied by Gilmore only.

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

Table 23.—Cut-to-length carbon steel plate: Domestic shipments, imports for consumption, and apparent consumption in the west coast area, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983 1/	January-March	
				1983	1984
	Quantity (short tons)				
Domestic shipments by firms in the area:					
Gilmore	***	***	***	***	***
Kaiser	***	***	***	***	***
Subtotal	***	***	***	***	***
All other producers	***	***	***	***	***
Total, all U.S. producers	365,847	245,465	309,927	77,412	61,756
Imports from—					
Korea	50,661	47,090	33,370	4,513	7,961
All other sources	173,963	163,027	132,198	38,386	31,477
Total imports	224,624	210,117	165,568	42,899	39,438
Apparent west coast area consumption	590,471	455,582	475,495	120,311	101,194
	Share of total (percent)				
Domestic shipments by firms in the area:					
Gilmore	***	***	***	***	***
Kaiser	***	***	***	***	***
Subtotal	***	***	***	***	***
All other producers	***	***	***	***	***
Total, all U.S. producers	62.0	53.9	65.2	64.3	61.0
Imports from—					
Korea	8.6	10.3	7.0	3.8	7.9
All other sources	29.5	35.8	27.8	31.9	31.1
Total imports	38.0	46.1	34.8	35.8	39.0
Apparent west coast area consumption	100.0	100.0	100.0	100.0	100.0

1/ Represents data provided by Kaiser through August 1983 only.

Source: Consumption, calculated as the sum of U.S. producers' domestic shipments and imports for consumption. Shipments, compiled from questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Note.—Because domestic producers' shipments (and therefore apparent U.S. consumption) are understated to the extent that questionnaire data were not received from all firms, market penetration by imports is somewhat overstated.

Table 24.--Cut-to-length and coiled carbon steel plate: Domestic shipments, imports for consumption, and apparent consumption in the west coast area, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983 1/	January-March	
				1983	1984
	Quantity (short tons)				
Domestic shipments by firms in the area:					
Gilmore	***	***	***	***	***
Kaiser	***	***	***	***	***
Subtotal	***	***	***	***	***
All other producers	***	***	***	***	***
Total, all U.S. producers	396,820	260,450	324,545	81,066	64,150
Imports from					
Korea	61,415	61,032	47,835	7,763	12,188
All other sources	264,123	224,988	172,628	51,010	36,090
Total imports	325,538	286,020	220,463	58,773	48,278
Apparent west coast area consumption	722,358	546,469	545,008	139,839	112,428
	Share of total (percent)				
Domestic shipments by firms in the area:					
Gilmore	***	***	***	***	***
Kaiser	***	***	***	***	***
Subtotal	***	***	***	***	***
All other producers	***	***	***	***	***
Total, all U.S. producers	54.9	47.7	59.5	58.0	57.1
Imports from					
Korea	8.5	11.2	8.8	5.6	10.8
All other sources	35.6	41.2	31.7	36.5	32.1
Total imports	45.0	52.3	40.5	42.0	42.9
Apparent west coast area consumption	100.0	100.0	100.0	100.0	100.0

1/ Represents data provided by Kaiser through August 1983 only.

Source: Consumption, calculated as the sum of U.S. producers' domestic shipments and imports for consumption. Shipments, compiled from questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Note.--Because domestic producers' shipments (and therefore apparent U.S. consumption) are understated to the extent that questionnaire data were not received from all firms, market penetration by imports is somewhat overstated.

producers would have changed as well. The share supplied by producers in the area would have been *** percent in 1981, *** percent in 1982, *** percent in 1983, *** percent in January-March 1983, and *** percent in January-March 1984. The share of total consumption of plate supplied by producers outside the area would have been *** percent in 1981, *** percent in 1982, *** percent in 1983, *** percent in January-March 1983, and *** percent in January-March 1984.

Imports of cut-to-length carbon steel plate from Korea into the west coast area increased from 8.6 percent of apparent consumption in that area in 1981 to 10.3 percent in 1982, and then decreased to 7.0 percent in 1983 (table 23). Such imports from Korea increased to 7.9 percent of apparent west coast area consumption in January-March 1984 compared with 3.8 percent in the corresponding period of 1983.

Imports of cut-to-length and coiled carbon steel plate from Korea into the west coast area increased from 8.5 percent of apparent consumption in that area in 1981 to 11.2 percent in 1982, and then decreased to 8.8 percent in 1983 (table 24). Such imports from Korea increased to 10.8 percent of apparent west coast area consumption in January-March 1984 compared with 5.6 percent in the corresponding period of 1983.

Imports of cut-to-length carbon steel plate from Korea into the west coast area as a percent of apparent consumption of total plate in that area increased from 7.0 percent in 1981 to 8.6 percent in 1982, then dropped to 6.1 percent in 1983. Such imports of cut-to-length plate from Korea increased to 7.1 percent of apparent consumption of total plate in January-March 1984, compared with 3.2 percent in the corresponding period of 1983, as shown in the following tabulation:

	Ratio of imports of cut-to-length plate to consumption of total plate (percent)
1981	7.0
1982	8.6
1983	6.1
January March:	
1983	3.2
1984	7.1

Imports of cut-to-length carbon steel plate from Korea into the three-state west coast area declined steadily during 1981-83, dropping by 7 percent in 1982 and 29 percent in 1983 (table 25). Such imports increased by 76 percent in January-March 1984 compared with those in January-March 1983.

Table 25.--Cut-to-length carbon steel plate: Imports from Korea into the west coast area, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Quantity--short tons	50,661	47,090	33,370	4,513	7,961
Value--1,000 dollars	18,071	16,164	8,320	1,470	2,097
Unit value per short ton	$357	$343	$249	$326	$263

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

Imports of cut-to-length and coiled carbon steel plate from Korea into the west coast area also declined steadily during 1981-83, dropping by 22 percent from 1981 to 1983 (table 26). Such imports increased by 57 percent in January-March 1984 compared with those in January-March 1983.

Table 26.--Cut-to-length and coiled carbon steel plate: Imports from Korea into the west coast area, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Quantity--short tons	61,415	61,032	47,835	7,763	12,188
Value--1,000 dollars	21,291	20,124	11,727	2,254	3,170
Unit value per short ton	$347	$328	$245	$290	$260

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

Imports of cut-to-length carbon steel plate from Korea into the west coast area, as a share of total U.S. imports of such merchandise from Korea, increased from 44.1 percent in 1981 to 52.3 percent in 1982, and then dropped to 33.7 percent in 1983. These imports increased sharply to 79.6 percent of such merchandise in January-March 1984 compared with 26.5 percent in January-March 1983 (table 27).

Imports of cut-to-length and coiled carbon steel plate from Korea into the west coast area, as a share of total U.S. imports of such merchandise from Korea, increased from 46.2 percent in 1981 to 47.1 percent in 1982, and then dropped to 37.1 percent in 1983. These imports increased sharply to 76.2 percent of such merchandise in January-March 1984 compared with 28.8 percent in January-March 1983 (table 28).

Table 27.--Cut-to-length carbon steel plate: Imports into the west coast area as a share of total U.S. imports of such merchandise, by selected sources, 1981-83, January-March 1983, and January-March 1984

(In percent)

Source	1981	1982	1983	January-March	
				1983	1984
Korea	44.1	52.3	33.7	26.5	79.6
All other countries	10.1	15.4	14.2	22.3	8.8
Total imports	12.2	18.3	16.1	22.7	10.8

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

Table 28.--Cut-to-length and coiled carbon steel plate: Imports into the west coast area as a share of total U.S. imports of such merchandise, by selected sources, 1981-83, January-March 1983, and January-March 1984

(In percent)

Source	1981	1982	1983	January-March	
				1983	1984
Korea	46.2	47.1	37.1	28.8	76.2
All other countries	11.9	16.0	14.5	22.9	8.4
Total imports	13.9	18.6	16.7	23.5	10.8

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

Market competition as viewed by purchasers in the Northwest

As purchasers of cut-to-length plate, service centers and fabricators located in the Northwest market area served by Gilmore provided their views of the conditions of competition in that market during the period under consideration. The Commission's staff met with representatives of * * *. Their individual views and analyses of how the plate market works are briefly sketched below, with special focus on prices and the roles of Korean and other offshore sources of plate, as well as that of Kaiser, in the dynamics of the market.

* * * is a * * * in the Northwest. 1/ * * * sources imported plate from Korea, Belgium, West Germany, Spain, and Brazil. * * *, manager of purchases, says his purchasing policy is "take the best price." * * * described a changing pattern of price leadership. Before Brazil came into the market, Korea was the price leader. At one time during * * *, "plate from * * * mill sold through * * * was always lowest." At other times, * * * plate was not

1/ * * *.

the lowest but was competitive--"a little higher than * * * or * * * plate but not quite the lowest." * * *, says * * * in its recent program to sell off floor stock of plate "was not the price setter." * * *'s prices "were a take-off of * * * plate prices." * * * used * * * prices to negotiate prices from alternate offshore sources, among them Korea. * * * currently is inactive, but trading companies are making offers into the first quarter of 1984 at $*** per ton, ex-dock, duty paid. As * * * sees it, the overall question is "Who has performed as a vendor?" Price is the top factor, says * * *, second is delivery, and third is quality. On the whole, "few * * * mills have performed." Consequently, * * * emphasized, "we think first of the Orient (Korean) as a long-run source," adding that "the Korean plate is better quality." In a final assessment of the market, * * * said "there is no question that the loss of orders by Gilmore to imports from offshore was because of price." 1/

* * * is the * * * service center/distributor in the Northwest. * * *, president of * * *, was formerly president of * * *. * * * is an import oriented house. With reference to the * * *, * * * stated that "Pacific-rim countries are more natural trading partners for the long-run." As for quality, * * * also stated that the quality from * * * mills is not as good. The problem is transit damage. * * * did not quote prices but did comment on * * *'s presence in the market. * * * uses * * * on "spot buys" for "stock outs." * * * also bought * * * plate in response to * * *'s floor stock offer. * * * noted that there is no incentive for a long-run relationship with * * *. 2/ 3/

* * * is a subsidiary of * * *. * * *, General Manager of the * * * operation, recounted the recent pattern of offshore presence and competition in the plate market. Korea and Brazil were both strong competitors before the EC agreement. Since the antidumping petition against Brazil, that source is out of the market. * * *, which formerly sold Brazilian plate, recently is offering Spanish plate at $*** to $*** per ton ex-dock, duty paid. * * * noted that although * * * looks on * * * as its primary plate source, his firm "stays close to the market" and maintains a close sourcing relationship with at least one offshore source. * * * has purchased Korean, Brazilian, and Taiwan plate and has accepted some marginal * * * offers on heavy plate not available from western domestic suppliers. * * * named * * * as a service center competitor "buying hot bands offshore and offering it cut-to-length." * * *, * * * emphasized, "controls a sizeable part of the Western market." Commenting on * * *'s recent prices, * * * stated that these quotes were somewhere between * * *'s prices and offshore prices.

* * * is located in * * *; it is also a * * *. Three-fourths of the firm's plate inventory is domestic in source. * * *, purchasing agent, buys the balance from various offshore sources. He spreads the firm's * * * plate tonnage between * * * and * * *. He likes both sources in terms of quality and price. The quality of * * * plate is good, but not as good as that of

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1/ Field interview between * * *, Manager of Purchases, * * *, and H.L. Gooley, Commission staff, Oct. 20, 1983.

2/ Field interview between * * *, and H.L. Gooley, Commission staff, Oct. 19, 1983.

3/ According to two of * * *'s competitors, * * * and * * *, * * * competes not only against other SSC's, but also directly against * * * with imported steel. Recently, on a single-size order for *** tons of plate, * * *'s price of $*** per ton was undercut by * * * at a price of $*** per ton. It was unknown whose imported steel * * * used to fill this order out of inventory stock.

* * *. Korean plate from POSCO, however, is excellent. But the leadtime for Korean plate is 5 months compared with 3 months for * * * plate. * * *, the vendor of * * * and * * * plate, is the most dependable importer. Recently, quotes of $*** per ton, plus $*** per ton freight from * * * were offered to * * * for * * *, * * *, * * *, and Korean plate. The most current quote to the firm was from * * * for * * * plate at $*** per ton. Quotes for offshore plate, * * * emphasized, are made on what is termed "one effective price" for all sizes with no "extras." Terms to * * * are net 90 days for all offshore sources. Import vendors add an interest cost and include it in the price. Price competition was described by * * * in the way * * * operates. The firm gives all domestic mills "first shot and last shot" at the order. Armed with an offshore quote, * * * will call * * * or * * * and ask "can you get close to this price?" If the domestic mill comes within *** percent, it gets the order. In other words, * * * uses the leverage of an offshore quote to obtain a discounted domestic price that is acceptable.

* * *, a large Northwest * * *. * * *. * * * sourced from various offshore mills in trying to be competitive, among them * * *, * * *, and POSCO. The * * * sources were not price setters, * * * stated, but followed other offshore prices such as those established by Korean and Brazilian suppliers. * * * did not consider * * * a viable source because of freight cost. * * * got perhaps *** percent of * * *'s quantity requirements.

* * *, vice president and general manager of * * *, offered a perspective of domestic versus offshore competition based on recent price quotes. * * * has tried to be competitive recently. The mill offers special prices to service centers. It's most recent quote was $*** per ton on light plate up to 1-1/2 inches in thickness and $*** per ton for plate from 1-1/2 inches to 3 inches in thickness, * * *. In competition, however, there is Korean and Brazilian plate at lower prices. * * * offered * * * plate at $*** per ton ex-dock, duty paid, * * *. * * * noted that * * * plate is lower in quality and that since the last price offer, Brazilian plate is "out of the market."

* * * is a service center serving the * * * and * * * market. Sources of imported plate recently used by * * * include Korea, Brazil, and Spain; the latter is a relative newcomer to the market. As for price competition, * * * was at $*** per ton in the recent past, but has since gone to $*** per ton. Competing Korean and Brazilian plate is $*** per ton. Both sources face a $*** per ton freight cost to lay down plate in * * *. * * *, at $***-*** per ton, is not competitive because freight costs would be about $*** per ton from the * * * mill to * * *. * * *, purchasing manager, will give domestic sources the order if they are within 5 percent of the import price. According to * * *, * * * needs * * * as a plate source. "If * * * goes down," says * * *, "we will be at the mercy of the large import-sourcing service centers."

Gulf coast area

There is less information available on producers located in the gulf coast area; however, the three producers with production facilities in the area--Armco, Republic, and U.S. Steel--were able to provide some information on their operations in that area in producing carbon steel plate (table 29). Gilmore, the petitioner in this investigation, sells little, if any, plate in the gulf coast area.

As indicated previously, Armco closed its plant in Houston, Tex., in January 1984. In terms of the financial performance of the other producers in the area, Republic reported that its plant, located in Gadsden, Ala., had an operating ratio (ratio of net operating profit to net sales) of *** percent in 1981; this * * * in 1982, and * * * in 1983. This * * * in January-March 1984. U.S. Steel's production facility in Baytown, Tex., reported an operating ratio of *** percent in 1981, with * * * operating ratios of *** percent in 1982, *** percent in 1983, and *** percent in January-March 1984.

Apparent U.S consumption in the gulf coast area, shipments by producers in the area and by producers outside the area, and imports into the area are presented in table 30. Domestic producers in the area accounted for *** percent of consumption in the area in 1981, *** percent in 1982, *** percent in 1983, and *** percent in January-March 1984. Domestic producers in the area shipped *** percent of their shipments within the area in 1981, *** percent in the area in 1982, *** percent in the area in 1983, and *** percent in the area in January-March 1984.

Table 29.-- The cut-to-length carbon steel plate operations of the gulf coast area producers, by firms, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Capacity:					
Armco---1,000 short tons	***	***	***	***	***
Republic---do	***	***	***	***	***
U. S. Steel---do	***	***	***	***	***
Total---do	***	***	***	***	***
Production:					
Armco	***	***	1/	1/	***
Republic---do	***	***	***	***	***
U. S. Steel---do	***	***	***	***	***
Total---do	***	***	***	***	***
Capacity utilization:					
Armco---percent	***	***	1/	1/	***
Republic---do	***	***	***	***	***
U. S. Steel---do	***	***	***	***	***
Average---do	***	***	***	***	***
Shipments:					
Armco---1,000 short tons	***	***	1/	1/	***
Republic---do	***	***	***	***	***
U. S. Steel---do	***	***	***	***	***
Total---do	***	***	***	***	***

1/ Not available.

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

Table 30.--Cut-to-length carbon steel plate: Domestic shipments, imports for consumption and apparent consumption in the gulf coast area, by firms 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
	Quantity (1,000 short tons)				
Domestic shipments by firms in the area:					
Armco	***	***	***	***	***
Republic	***	***	***	***	***
U.S. Steel	***	***	***	***	***
Subtotal	***	***	***	***	***
All other producers	***	***	***	***	***
Total, all U.S. producers	1,309	608	433	97	158
Imports from --					
Korea	43	27	45	9	1
All other sources	935	479	234	35	156
Total imports	979	506	279	44	156
Apparent gulf coast area consumption	2,288	1,114	712	141	314
	Share of total (percent)				
Domestic shipments by firms in the area:					
Armco	***	***	***	***	***
Republic	***	***	***	***	***
U.S. Steel	***	***	***	***	***
Subtotal	***	***	***	***	***
All other producers	***	***	***	***	***
Total, all U.S. producers	57.2	54.6	60.8	68.8	50.3
Imports from --					
Korea	1.9	2.4	6.3	6.4	.3
All other sources	40.9	43.0	32.9	24.8	49.7
Total imports	42.8	45.4	39.2	31.2	49.7
Apparent gulf coast area consumption	100.0	100.0	100.0	100.0	100.0

Source: Consumption, calculated as the sum of U.S. producers' domestic shipments and imports for consumption. Shipments, compiled from questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Note.--Because domestic producers' shipments (and therefore apparent U.S. consumption) are understated to the extent that questionnaire data were not received from all firms, market penetration by imports is somewhat overstated.

Imports of cut-to-length carbon steel plate from Korea into the five-State gulf coast area declined from 43,409 short tons in 1981 to 27,497 tons in 1982, then increased by 62.9 percent in 1983. Imports declined to 659 tons in January-March 1984 compared with 8,751 tons in January-March 1983, representing a decline of 93 percent (table 31).

Table 31.--Cut-to-length carbon steel plate: Imports from Korea into the gulf coast area, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Quantity--short tons	43,409	27,497	44,787	8,751	659
Value--1,000 dollars	15,864	9,442	9,003	1,780	242
Unit value per short ton	$365	$345	$201	$203	$368

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

Imports of cut-to-length carbon steel plate from Korea into the gulf coast area increased from 1.9 percent of consumption in the area in 1981 to 2.4 percent of consumption in the area in 1982, and then increased to 6.3 percent in 1983. Such imports from Korea dropped to 0.3 percent of consumption in January-March 1984 compared with 6.4 percent in the corresponding period of 1983 (table 30).

Imports of cut-to-length and coiled carbon steel plate from Korea into the five-State gulf coast area declined from 47,500 short tons in 1981 to 43,898 tons in 1982, representing a drop of 7.6 percent. Imports then increased by 19.0 percent in 1983. Such imports declined to 659 tons in January-March 1984, compared with 13,809 tons in January-March 1983, representing a decline of 95.2 percent (table 32).

Table 32.--Cut-to-length and coiled carbon steel plate: Imports from Korea into the gulf coast area, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March	
				1983	1984
Quantity--short tons	47,500	43,898	52,220	13,809	659
Value--1,000 dollars	17,075	14,109	10,482	2,764	242
Unit value per short ton	$359	$321	$201	$200	$367

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

Imports of cut-to-length carbon steel plate from Korea into the gulf coast area, as a share of total U.S. imports of such merchandise from Korea, declined from 37.8 percent in 1981 to 30.4 percent in 1982, and then increased to 45.0 percent in 1983. In January-March 1984, imports into the gulf coast area dropped to 6.6 percent of total U.S. imports of such merchandise from Korea (table 33).

Table 33.--Cut-to-length carbon steel plate: Imports into the gulf coast area as a share of total U.S. imports of such merchandise, by selected sources, 1981-83, January-March 1983, and January-March 1984

(In percent)

Source	1981	1982	1983	January-March	
				1983	1984
Korea	37.8	30.4	45.0	50.5	6.6
All other countries	54.3	45.2	25.3	20.3	43.7
Total imports	53.3	44.1	27.2	23.1	42.7

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

Imports of cut-to-length and coiled carbon steel plate from Korea into the gulf coast area as a share of total U.S. imports of such merchandise from Korea decreased from 35.7 percent in 1981 to 33.8 percent in 1982, and then increased to 40.5 percent in 1983. In January-March 1984, imports into the gulf coast area dropped to 4.1 percent of total U.S. imports of such merchandise from Korea (table 34).

Table 34.--Cut-to-length and coiled carbon steel plate: Imports into the gulf coast area as a share of total U.S. imports of such merchandise, by selected sources, 1981-83, January-March 1983, and January-March 1984

(In percent)

Source	1981	1982	1983	January-March	
				1983	1984
Korea	35.7	33.8	40.5	51.1	4.1
All other countries	51.3	44.0	26.3	21.1	43.9
Total imports	50.4	43.2	27.7	24.4	42.3

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

APPENDIX A

FEDERAL REGISTER NOTICE OF THE COMMISSION'S INVESTIGATION

[Investigation No. 731-TA-151 (Final)]

Certain Hot-Rolled Carbon Steel Plate From the Republic of Korea

AGENCY: International Trade Commission.

ACTION: Institution of a final antidumping investigation and scheduling of a hearing to be held in connection with the investigation.

EFFECTIVE DATE: April 12, 1984.

SUMMARY: As a result of an affirmative preliminary determination by the U.S. Department of Commerce that there is a reasonable basis to believe or Republic of Korea, provided for in items 607.6620 and 607.6625,[1] of the Tariff Schedules of the United States, are being sold in the United States, at less than fair value, the United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-151 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(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 of such merchandise. The Department of Commerce will make its final determination of sales at less than fair value in this case on or before June 22, 1984, and the Commission will make it final injury determination by August 9, 1984 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Judith Zeck (202-523-0339), Office of Investigations, U.S. International Trade Commission.

[1] At the time of the institution of the preliminary investigation the items under investigation were provided for in items 607.6615 of the TSUSA. As of January 1, 1984, products under this item were placed in items 607.6620 and 707.6625 of the TSUSA.

SUPPLEMENTARY INFORMATION:

Background

On December 7, 1983, the Commission determined on the basis of the information developed during the course of its preliminary investigation that there was a reasonable indication that an industry in the United States was materially injured on threatened with material injury by reason of imports of hot-rolled carbon steel plate from the Republic of Korea. The preliminary investigation was instituted in response to a petition filed on October 31, 1983, by the Gilmore Steel Corp., Porland, Oreg.

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation, pursuant to § 201.11(d) of the Commission's rules (19 CFR 202.11(d)). 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), 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)).

Staff Report

A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on June 14, 1984, pursuant to § 207.21 of the Commission's Rules (19 CFR 207.21).

Hearing

The Commission will hold a public hearing in connection with the investigation beginning at 10:00 a.m. on June 29, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on June 19, 1984. All persons desiring to appear at the

hearing and make oral presentation should file prehearing briefs and attend a prehearing conference to be held at 11:00 a.m. on June 22, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is June 22, 1984.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing brief and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22). Posthearing briefs must conform with provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on July 6, 1984.

Written Submissions

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation pertinent to the subject of the investigation on or before July 6, 1984. A signed original and fourteen (14) true copies of each 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 rules (19 CFR 201.6).

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), and Part 201, Subparts A through E (19 CFR Part 201).

This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: April 26, 1984.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-11837 Filed 5-1-84; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Certain Hot-Rolled Carbon Steel Plate from The Republic of Korea

Inv. No. : 731-TA-151 (Final)

Date and time: June 29, 1984 - 10:00 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Heller, Ehrman, White & McAuliffe--Counsel
San Francisco, California
on behalf of

Gilmore Steel Corporation and its Oregon Steel Mills Division

Thomas B. Boklund, President

John H. Cutler)
Andrew T. Mead)--OF COUNSEL

United States Steel Corporation, Pittsburgh, Pennsylvania

Craig D. Mallick, Attorney

In opposition to the imposition of antidumping duties:

Daniels, Houlihan & Palmeter--Counsel
Washington, D.C.
on behalf of

Pohang Iron and Steel Co., Ltd., Seoul, Korea

Donald B. Cameron, Jr.--OF COUNSEL

APPENDIX C

COMMERCE'S FINAL LTFV DETERMINATION

[A-580-011]

Final Determination of Sales at Less Than Fair Value: Carbon Steel Plate from the Republic of Korea

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice of final determination of sales at less than fair value: Carbon steel plate from the Republic of Korea.

SUMMARY: We have determined that carbon steel plate from the Republic of Korea (Korea) is being, or is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to continue to suspend the liquidation of all entries of the subject merchandise that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each such entry in an amount equal to 5.0 percent of the f.o.b. value of the merchandise.

EFFECTIVE DATE: June 29, 1984.

FOR FURTHER INFORMATION CONTACT: Charles Wilson, 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) 377-5288.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that carbon steel plate from Korea is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). We have determined the weighted-average margin of sales at less than fair value to be 5.0 percent.

Case History

On October 31, 1983, we received a petition from counsel for Gilmore Steel Corporation on behalf of the domestic carbon steel products industry. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleged that imports of carbon steel plate from Korea are being, or are likely to be, sold in the United States at less that fair value within the meaning of section 731 of the Act, and that these imports are materially injuring or are threatening to materially injure a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on November 19, 1983 (48 FR 53588). On December 15, 1983, the ITC determined that there is a reasonable indication that imports of carbon steel plate are materially injuring a U.S. industry (48 FR 56450).

On December 7, 1983, we presented an antidumping questionnaire to counsel for the Pohang Iron and Steel Co., Ltd. (POSCO). On January 26, 1984, we received POSCO's response to the questionnaire. From March 5 through March 12, 1984, we verified POSCO's questionnaire response.

On April 9, 1984, we preliminarily determined that carbon steel plate from Korea is being, or is likely to be, sold in the United States at less than fair value (49 FR 14779).

Scope of Investigation

The merchandise covered by this investigation is carbon steel plate. 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; not coated or plated with metal and not clad, 0.1875 inch or more in thickness and over 8 inches in width; and currently provided for in items 607.6620 and 607.6625 of the *Tariff Schedules of the United States Annotated*.

Semifinished products of solid rectangular cross sections with a width at least four times the thickness in the cast condition or processed only through primary mill hot-rolling are not included.

Since we believe that POSCO accounts for well over 95 percent of the exports of this merchandise to the United States, we limited our investigation to this one firm. We investigated all sales of carbon steel plate by POSCO during the period June 1 through November 30, 1983.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by POSCO because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price for each United States sale on the packed, f.o.b. or c. & f. prices to unrelated customers in the United States. We made deductions for trucking and handling charges in Korea and, where appropriate, for ocean freight. We made an addition for duties rebated upon exportation of the merchandise to the United States. We also added the

amount of countervailing duty currently being imposed on POSCO's imports of this merchandise into the United States to offset an export subsidy, pursuant to section 772(d)(1)(D) of the Act.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we calculated foreign market value based on POSCO's home market prices. We used POSCO's home market prices because POSCO made sufficient sales in the Korean home market to form a viable basis for fair value comparisons.

Bethlehem Steel Corp. (Bethlehem), which entered an appearance as a party to this proceeding within the meaning of § 353.12(i) of our regulations (19 CFR 353.12(i)), alleged that POSCO made home market sales at less than the cost of producing this merchandise within the meaning of section 773(b) of the Act. Information that we received form POSCO and verified indicates that all sales prices in the home market were greater than the cost of producing this merchandise.

For POSCO, we calculated home market price on the basis of the packed f.o.b. Pohang or delivered price to unrelated customers in the Korean home market. We made deductions for handling costs and inland freight, where appropriate. We made adjustments for differences in merchandise in accordance with section 773(a)(4)(C) of the Act. Because POSCO was unable to break out the cost of various steel extras that accounted for all differences between the U.S. and home market merchandise, we used our Trigger Price extra amounts announced on November 19, 1981 (47 FR 56841). We determined that the Trigger Price extra amounts were the best available information of POSCO's cost of each extra, because POSCO actually used our Trigger Price extra amounts in pricing all carbon steel plate sold to the United States. We made circumstances of sale adjustments, where appropriate, for differences in credit terms, and for differences in inspection costs. These circumstance of sale adjustments were made in accordance with section 353.15 of our regulations (19 CFR 353.15).

Verification

In accordance with section 776(a) of the Act, we verified all information used in reaching the determination in this investigation by using standard verification procedures, including on-site inspection of the manufacturer's operations and an examination of accounting records and randomly selected documents containing relevant information.

Submitted Comments

The following written comments were submitted by Bethlehem in response to our preliminary determination:

Comment 1

Bethlehem compares POSCO's reported f.o.b. export prices with average, monthly f.o.b. values derived from the Department of Commerce import statistics and claims that POSCO's reported prices are significantly higher. Bethlehem argues that this comparison raises the likelihood either that POSCO has reported inflated U.S. prices, or that the general trading companies through which POSCO exports to the United States are reselling carbon steel plate in the United States for less than the reported prices between POSCO and the trading companies. Bethlehem also cities the indictment of a Korean trading company, Daewoo Industrial Co., Ltd. (Daewoo), on charges of false invoicing (with respect to entries tendered to U.S. Customs) as further evidence of such a likelihood.

DOC Position

We received this allegation after our verification and preliminary determination. Therefore, we subjected the allegation to more rigorous scrutiny than if it had been contained in the petition or raised early in the investigation. Because we have more information against which to test a new allegation, and because of the time factor, we must have a higher threshold of support for allegations made late in an investigation as this was.

Bethlehem's comparisons do not take into account the lag time between the purchase date, the subsequent exportation date of the merchandise, and the date these exports are recorded as import statistics by the Department. This lag time is substantial and has a distorting effect with respect to the comparisons made by Bethlehem. In an effort to make such comparisons more meaningful, the Department realigned its import statistics according to date of purchase and found that POSCO's reported prices were not significantly above the average monthly import values. We found that the average monthly import values were comparable to POSCO's average monthly prices. The reason for this is that the Department's import statistics largely reflect POSCO's prices to general trading companies, as opposed to the prices of general trading companies to their customers.

Also, the Department reviewed actual Customs documentation from which the statistical data were derived and found no evidence that general trading companies were selling at lower prices than those paid to POSCO. Based on a through verification of POSCO's export prices, the Department is satisfied that these prices are not inflated. With respect to the indictment of Daewoo, it is irrelevant to this investigation. The charges stem from alleged activities which took place prior to the period under investigation and do not involve the product under investigation. We have no evidence of any fraudulent practices involving the subject product during the period under investigation.

Comment 2

Bethlehem argues that the Department connot automatically permit adjustments for differences in credit costs absent evidence establishing that such costs are directly related to the sales under consideration. Bethlehem further contends that, absent evidence that differences in price are caused by differences in credit terms, no adjustment should be allowed.

DOC Position

The actual payment terms for each individual transaction sufficiently established a direct relationship for credit costs. Our calculation of the credit costs incurred by POSCO for sales in the home and U.S. markets is based upon verified data from POSCO. For the purposes of this investigation, we have used the short-term borrowing rate to calculate actual credit costs. We do not agree with Bethlehem's agrument that no adjustment should be made absent evidence that the differences in credit costs have affected the price (i.e., the value) of the merchandise. Because POSCO has allowed certain home market customers additional time to pay, POSCO has borne additional costs. The fact that POSCO has not directly linked this cost to price, does not dispose of the fact that POSCO has had differing credit experiences in the two markets. To the contrary, it indicates that POSCO is absorbing its costs in other markets relative to the Korean market, an occurrence which the Act was intended to address. Since use of the cost criterion provides a means by which to redress this situation, we have used the differences in credit costs in the two markets to calculate a circumstance of sale adjustment.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we instructed the United States Customs Service to suspend liquidation of all entries of carbon steel plate from Korea which are entered or withdrawn

from warehouse, for consumption, on or after Apil 13, 1984 (48 FR 14779). Suspension of liquidation will continue for entries of this merchandise. In addition, as of the date of publication of this notice in the **Federal Register**, the Customs Service shall require a cash deposit or the posting of a bond equal to the new estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price. This amount is 5.0 percent of the f.o.b. value. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relting to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicy or under an administrative protective order, without the written consent of the Deputy Assistant Secretry for Import Administration.

The ITC will make its determination on whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury does not exist, this proceeding will terminate and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on carbon steel plate, entered or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: June 25, 1984.

Alan F. Holmer,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 84-17396 Filed 6-28-84 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX D

RECENT DETERMINATIONS OF THE COMMISSION INVOLVING CARBON STEEL PLATE AND SHEET

Determinations of commission investigations involving carbon steel plate and hot-rolled sheet

(A = Affirmative determination; N = Negative determination)

Country	Plate 1/	Hot-rolled sheet
	Preliminary determinations	
Belgium	2/3/ A	2/3/4/ A
	5/6/ A	–
Brazil	2/7/ A	2/4/7/ N
	7/8/ A	3/8/ A
France	2/3/ N	2/3/4/ A
Italy	2/3/ N	2/3/4/ A
Korea	6/9/ A	–
	7/10/ A	7/10/ A
Luxembourg	2/3/ N	2/3/4/ N
Netherlands	2/3/ N	2/3/4/ A
United Kingdom	2/3/ A	2/3/4/ N
West Germany	2/3/ A	2/3/4/ A
	5/6/ A	–
Romania	2/6/ A	–
Argentina	–	–
Finland	6/11/ A	–
South Africa	6/11/ A	6/11/ A
Spain	6/11/ A	–
	Final determinations	
Brazil	12/13/ A	–
	14/15/ A	
Korea	13/16/ A	13/16/ A
Spain	13/17/ A	–

1/ In its most recent final determination involving cut-to-length and coiled plate, the Commission determined that the two items are like products and should be considered together as the carbon steel plate industry (inv. No. 731-TA-123 (Final), March 1984).

(Continued)

Footnotes for table on page B-12--Continued

2/ Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany, invs. Nos. 701-TA-86 through 144, 146, and 147 (Preliminary) and 731-TA-53 through 86 (Preliminary), February 1982.

3/ By reason of both allegedly LTFV and subsidized imports.

4/ Includes strip.

5/ Certain Flat-Rolled Carbon Steel Products from Belgium and the Federal Republic of Germany, invs. Nos. 731-TA-146 and 147 (Preliminary), November 1983 (Commerce terminated these investigations on the grounds that the petitioner was not an interested party with regard to coiled plate and did not represent the domestic industry with regard to cut-to-length plate).

6/ By reason of allegedly LTFV imports.

7/ By reason of allegedly subsidized imports.

8/ Certain Steel Products from Brazil, invs. Nos. 701-TA-205 through 207 and 731-TA-153 and 154 (Preliminary), December 1983.

9/ Certain Hot-Rolled Carbon Steel Plate from the Republic of Korea, inv. No. 731-TA-151 (Preliminary), December 1983.

10/ Certain Steel Products from the Republic of Korea, invs. Nos. 701-TA-170-173 (Preliminary), June 1982.

11/ Certain Carbon Steel Products from Argentina, Australia, Finland, South Africa, and Spain, invs. Nos. 701-TA-212 and 731-TA-169 through 182 (Preliminary).

12/ Hot-Rolled Carbon Steel Plate from Brazil, inv. No. 701-TA-87 (Final), 1983.

13/ By reason of subsidized imports only.

14/ Certain Flat-Rolled Carbon Steel Products from Brazil, inv. No. 731-TA-123 (Final), March 1984.

15/ By reason of LTFV imports only.

16/ Certain Steel Products from the Republic of Korea, invs. Nos. 701-TA-170, 171, and 173 (Final), February 1983.

17/ Certain Carbon Steel Products from Spain, invs. Nos. 701-TA-155, 157 through 160, and 162 (Final), December 1982.

APPENDIX E

PRODUCT LIST USED IN THE PRICING ANALYSIS

PRODUCT LIST USED IN THE PRICING ANALYSIS

The products identified below are those used by the Commission to collect pricing information from producers and importers and purchasers of the cut-to-length carbon steel plate products subject to this investigation.

Product 1: Hot-rolled carbon steel plate, in cut lengths, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, 3/16 inch to under 1/4 inch in thickness, over 90 inches through 100 inches in width.

Product 2: Hot-rolled carbon steel plate, in cut lengths, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, 1/4 inch to under 5/16 inch in thickness, over 90 inches through 100 inches in width.

Product 3: Hot-rolled carbon steel plate, in cut lengths, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, 3/8 inch to under 1/2 inch in thickness, over 90 inches through 100 inches in width.

Product 4: Hot-rolled carbon steel plate, in cut lengths, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, 1 inch through 1-3/16 inches in thickness, over 36 inches through 48 inches in width.

Product 5: Hot-rolled carbon steel plate, in cut lengths, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, 1 inch through 1-3/16 inches in thickness, over 90 inches through 100 inches in width.

Product 6: Hot-rolled carbon steel plate, in cut lengths, A-36 or equivalent, sheared edge or gas cut, not heat treated, not cleaned or oiled, over 1-1/2 inches through 3 inches in thickness, over 90 inches through 100 inches in width.