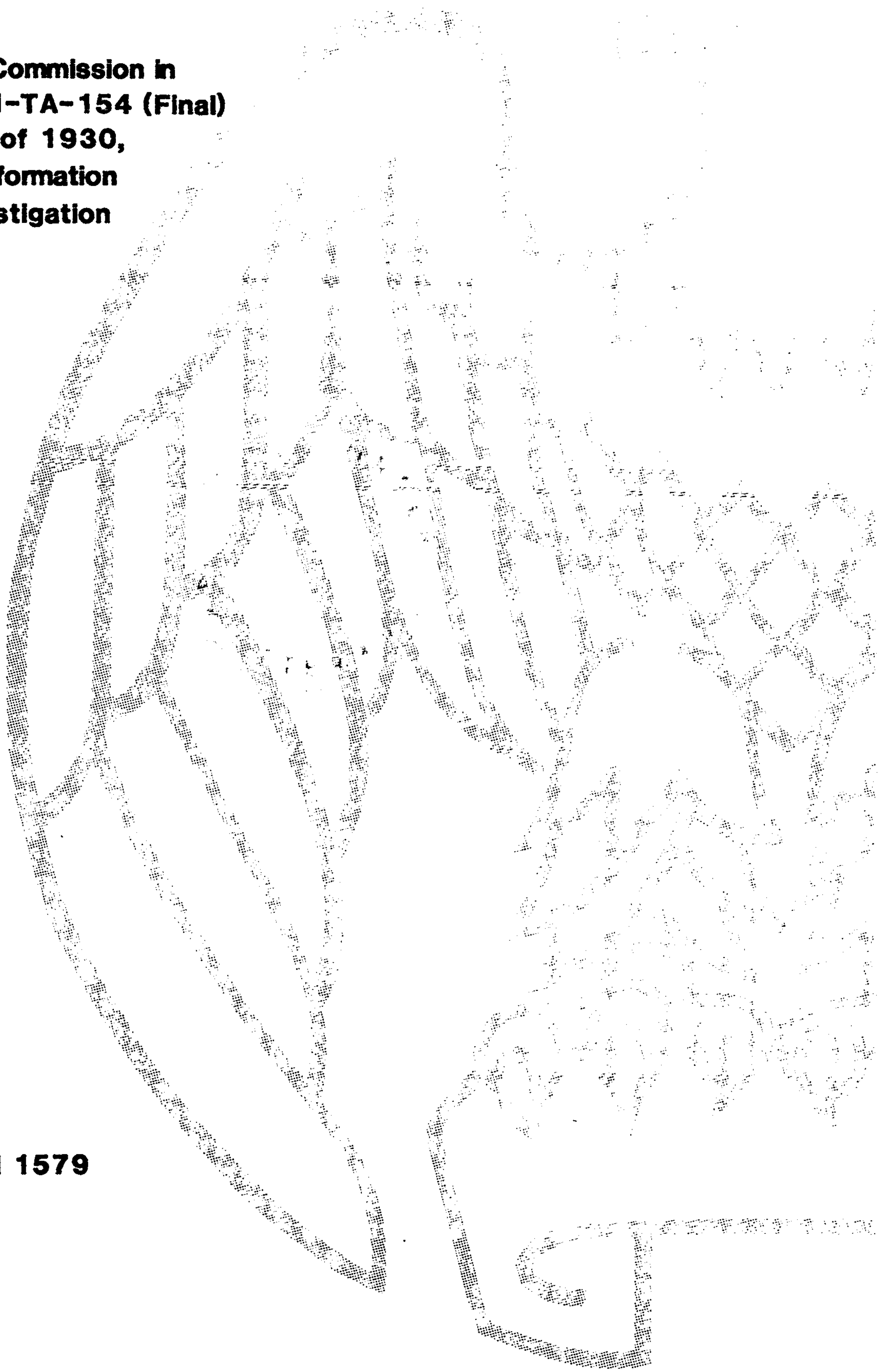
COLD-ROLLED CARBON STEEL SHEET FROM BRAZIL

Determination of the Commission in Investigation No. 731-TA-154 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-154 (Final)

COLD-ROLLED CARBON STEEL SHEET FROM BRAZIL

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)(1)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Brazil of cold-rolled carbon steel sheet, provided for in item 607.83 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). 2/3/

Background

The Commission instituted this investigation effective July 11, 1984, following a final determination by the Department of Commerce that imports of

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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/ The Department of Commerce also determined, pursuant to sec. 735(a)(3) of the act (19 U.S.C. § 1673d(a)(3)), that critical circumstances exist in this investigation. The Commission's negative determination of material injury is also a negative finding, pursuant to sec. 735(b)(4)(A) of the act (19 U.S.C. § 1673d(b)(4)(A)), with respect to critical circumstances.

3/ Commissioner Eckes makes a further determination that, on the basis of the record in this investigation No. 731-TA-154 (Final), the material injury is not by reason of massive imports of cold-rolled carbon steel sheet from Brazil over a relatively short period and it is not necessary that the duty provided for in sec. 731 be imposed retroactively on these imports in order to prevent such injury from recurring.

certain cold-rolled carbon steel sheet from Brazil were being sold in the United States at LTFV. 1/

Notice of the Commission's investigation and of a hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on August 1, 1984 (49 F.R. 30806). The public hearing was held in Washington, D.C. on August 16, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ On Apr. 26, 1984, Commerce made a preliminary negative LTFV determination in this investigation (49 F.R. 18024). On July 11, 1984, however, Commerce made a final affirmative LTFV determination covering cold-rolled carbon steel sheet imported from Brazil except that produced and sold by Companhia Siderurgica Paulista (Cosipa) and Companhia Siderurgica Nacional (CSN) (49 F.R. 28298). These 2 firms were found to have deminimis LTFV margins and were, therefore, excluded from Commerce's affirmative determination. Similarly, imports from these 2 firms were not within the scope of the Commission's investigation.

VIEWS OF THE COMMISSION

We determine that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry is not materially retarded, by reason of imports of cold-rolled carbon steel sheet from Brazil which have been found by the Department of Commerce ("Commerce") to be sold at less than fair value ("LTFV"). Therefore, there is no material injury by reason of massive imports of cold-rolled carbon steel sheet from Brazil over a relatively short period, and it is not necessary that a duty provided for in section 731 be imposed retroactively on these imports in order to prevent such injury from recurring. 1/

Definition of the domestic industry

The domestic industry against which the impact of the imports under investigation is assessed is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 3/

The imported product which is the subject of this investigation is cold-rolled carbon steel sheet. This product has been the subject of other

1/ Commissioner Eckes cites his concerns set forth in Hot-Rolled Carbon Steel Sheet from Brazil regarding appropriate Commission voting procedures and separate determinations for material injury and critical circumstances. See Hot-Rolled Carbon Steel Sheet from Brazil, Inv. No. 731-TA-153 (Final), USITC Pub. 1568 (1984) at 12-14.
2/ 19 U.S.C. § 1677(4)(A).
3/ 19 U.S.C. § 1677(10).

countervailing duty and antidumping investigations concerning imports from Brazil and other countries. In those prior cases the like product was found to be domestically-produced cold-rolled carbon steel sheet. 4/ We find no persuasive evidence in this investigation to cause us to change this definition of like product. Moreover, the parties in this investigation did not contest this product determination.

Based on our finding in this investigation that the like product is cold-rolled carbon steel sheet, we determine that the domestic industry against which the impact of the imports should be assessed are the domestic producers of cold-rolled carbon steel sheet.

Condition of the domestic industry

The domestic industry producing cold-rolled carbon steel sheet has experienced difficulties during the period under investigation. With an improvement in the economy, there has been a consequential improvement in the cold-rolled sheet industry during 1983 and the first part of 1984.

Specifically, domestic production of cold-rolled carbon steel sheet fell from 11.2 million tons in 1981 to 8.0 million tons in 1982. Production then recovered to a level of 10.7 million tons in 1983. In January-March 1984 there was an increase in production of 18 percent over the same period in 1983. 5/ Capacity for domestic cold-rolled carbon steel sheet producers declined slightly from 1981-83. 6/ Capacity utilization declined from 69.2 percent in 1981 to 50.1 percent in 1982. Capacity utilization then increased

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4/ See, e.g., Certain Carbon Steel Products from Brazil, Invs. Nos. 701-TA-205-207 (Final), USITC Pub. 1538 (1984); Certain Carbon Steel Products from Spain, Invs. Nos. 701-TA-155, 157-160, and 162 (Final) (1982); Certain Carbon Steel Products from Argentina, Australia, Finland, and Spain, Invs. Nos. 731-TA-169-182 (Preliminary), USITC Pub. 1510 (1984).

5/ Report of the Commission ("Report") at A-15.

6/ Id.

to 69.2 percent in 1983 and then to 74.3 percent in January-March 1984 compared to the same period in 1983. 7/ U.S. producers' shipments and employment data followed the same trends as production and capacity utilization. 8/

Apparent U.S. consumption of cold-rolled carbon steel sheet was 15.3 million tons in 1981 but declined to 12.1 million tons in 1982. Consumption then recovered to 15.3 million tons in 1983. Consumption was 9.2 million tons in January-June 1984, an increase from 7.5 million tons in the same period in 1983. 9/

In spite of the improvement in production and capacity utilization and total U.S. consumption, operating losses continued in 1983. 10/ However, the operating loss decreased significantly in January-March 1984 when compared to the same period in 1983. 11/ More limited data for the first half of 1984 indicate small positive operating income for that period. 12/ Net sales during the first quarter of 1984 also increased when compared to the first quarter of 1983, from $1.0 billion to $1.3 billion. 13/

Although the domestic industry is still experiencing material injury, we find the improvement in the industry's economic indicators significant in this investigation. Unlike 1982, when the domestic industry was in a particularly vulnerable position, the impact of volumes similar to those experienced in this case has less effect on the performance of the industry.

7/ Id.
8/ Id. at A-16, A-18.
9/ Id. at A-14.
10/ Losses were $301 million in 1981, $641 million in 1982, and $317 million in 1983. Id. at A-20.
11/ Id. at A-21.
12/ A request limited to certain companies for more 1984 data was made after the Commission's questionnaire had been tabulated.
13/ Report at A-21.

No material injury by reason of LTFV imports 14/

Initially, this investigation covered the imports of three major Brazilian producers of cold-rolled carbon steel sheet: Usiminas; Cosipa; and CSN. 15/ In its final investigation, Commerce found that Cosipa and CSN had de minimis margins and, therefore, excluded them from its finding of LTFV

14/ Commissioner Eckes notes that in previous investigations regarding various steel products, he has made affirmative determinations in some investigations where import penetrations were below ratios evidenced in this investigation. Specifically, in Inv. No. 701-TA-157, Cold-Rolled Carbon Steel Sheet from Spain (Final), USITC Pub. 1331, completed in December, 1982, his affirmative determination was based in part upon import penetrations which were lower than those for LTFV imports from Brazil.

The negative determination in this investigation, however, does not reflect a departure from the "Conditions of Trade" discussion in the Spanish cold-rolled sheet investigation (at 15-19) which has served as the framework for his determinations in the various steel product investigations under Title VII. One of the fundamental factors in that "Conditions of Trade" framework has changed since previous determinations, that is, the performance of the domestic industry. As the discussion in the body of this opinion illustrates, this industry is still experiencing material injury, but the condition of the industry has improved from earlier periods. For example, capacity utilization was 69.2 percent in 1983, and increased to 74.3 percent during the first quarter of 1984, compared with 50.1 percent in 1982. Similar trends are evident for other indicators of the industry's performance. Moreover, consumption trends are increasing during the period as well. Therefore, as the conditions of trade improve, the impact of small import volumes and penetrations upon the performance of the domestic industry lessens accordingly.

In this investigation limited information regarding price trends, underselling, and lost sales was developed. Such information, however, when considered together with the volume and market penetrations of these imports and the condition of the domestic industry, is insufficient to establish material injury by reason of LTFV imports from Brazil.

As a final point, Commissioner Eckes notes that the dumping margin in this investigation was 1.40 percent for Usiminas. The remaining Brazilian producers of this fungible cold-rolled product had de minimis margins. See discussion in the above-mentioned Spanish steel investigation at 14 regarding the role of margins and the question of causation.

15/ Companhia Siderurgica Paulista (Cosipa), Companhia Siderurgica Nacional (CSN), and Usiminas Siderurgica de Minas Gerais (Usiminas) are the three major Brazilian producers of carbon steel cold-rolled sheet. These three firms are all fully integrated steel producers accounting for virtually all of Brazil's production of plate, hot-rolled sheet, and cold-rolled sheet. Report at A-6.

sales. 16/ For this reason, we have based our decision on the information available with regard to the LTFV imports produced by Usiminas.

The Brazilian producers of cold-rolled carbon steel sheet are new entrants in the U.S. market. Thus, imports from Usiminas increased significantly from 1982-83, but decreased in January-June 1984 when compared to January-June 1983. 17/

In spite of the increase from 1981 to 1983 in the amount of imports from Usiminas, the market penetration has been very low. Market penetration increased from 1982 to 1983, but dropped during January-June 1984. 18/ At the same time as imports from Usiminas were entering the market, as discussed earlier, the condition of the domestic industry was improving. It is our view that, absent other significant evidence of causation, Usiminas' market penetration is insufficient to support a finding of material injury by reason of LTFV imports from Brazil in the context of current conditions facing the domestic cold-rolled sheet industry. 19/

There was some evidence of underselling by all the Brazilian producers. However, prices of both domestic and Brazilian products have risen since mid-1983. Without greater volumes of imports from Usiminas in the market, any underselling uncovered in this investigation is insufficient to show an impact on the domestic producers from those imports found to be sold at LTFV.

16/ The Department of Commerce on April 18, 1984, had preliminarily determined that cold-rolled carbon steel sheet from Brazil was not being or was not likely to be sold in the United States at LTFV. Commerce also preliminarily determined that critical circumstances did not exist. 49 F.R. 18024 (1984).

17/ Report at A-5.

18/ Id. at A-24.

19/ Chairwoman Stern notes that the weighted average LTFV margins of 1.4 percent for Usiminas found by Commerce constitute but a minor part of the much larger margins by which the Brazilian imports have undersold the domestic product. It is clear that LTFV sales have not played any significant role in the ability of the Brazilian product to penetrate the U.S. market. Chairwoman Stern cites this as an important factor in her determination. See Report at A-4; INV-H-216 at 4.

There was evidence in this investigation regarding sales lost to imports from Usiminas. Allegations of lost revenue were not confirmed to be specifically connected to offers from Usiminas. 20/ Such information alone in the absence of more significant import volume and penetration levels is not sufficient in this investigation to support a finding of a causal connection. 21/

During the investigation, the domestic producers argued that the imports of Cosipa and CSN found to be subsidized during a recent countervailing duty investigation, Cold-Rolled Carbon Steel Sheet from Brazil, Invs. Nos. 701-TA-205-207, 22/ should be cumulated with the Usiminas' LTFV imports in this investigation. 23/ 24/ In the countervailing duty case, Commerce found that the imports from Usiminas, Cosipa, and CSN, the three major Brazilian producers, were all being subsidized.

In prior Commission investigations, the question of analyzing the cumulative effect of imports arises when imports have come into the U.S. market from a number of sources. The Commission adopted this type of analysis under the Antidumping Act of 1921, more appropriately, in order to more precisely analyze the combined effect of imports on the domestic

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20/ Report at A-32-A-33.
21/ Id. at A-22, A-24.
22/ Inv. No. 701-TA-207 (Final), published in Certain Carbon Steel Products from Brazil, Invs. Nos. 701-TA-205-207 (Final), USITC Pub. 1538 (1984).
23/ Chairwoman Stern is of the view that aggregation of subsidized imports with LTFV imports is never appropriate. See Chairwoman Stern's views on Certain Carbon Steel Products from Belgium, France, Italy, Luxembourg, the United Kingdom, and the Federal Republic of Germany published in Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, Invs. Nos. 731-TA-113-114, USITC Pub. 1316 (1982) at 28.
24/ Vice Chairman Liebeler views coordinated activity among the producing firms or nations under consideration as a necessary condition for cumulation. There is no evidence of coordinated activity in this record. Therefore, Vice Chairman Liebeler declines to cumulate the imports from Usiminas with any other imports.

industry. 25/ It was this practice of cumulating imports from different countries that the Senate Finance Committee Report discussed in the legislative history to the Trade Act of 1974. 26/ That report also noted the Commission's broad discretion in determining whether a cumulative analysis is appropriate and stated that:

> Under consistent practice, affirmed by the U.S. Customs Court in City Lumber Co. v. United States (R.D., 11557, July 9, 1968; 64 Cust. Ct. 826 (1970); 311 F. Supp. 340 (1970); 457 F.2d 991 (1972)) the Commission has considered the combined impact of less-than-fair-value imports in making injury determinations when the facts and economic considerations so warrant. Such result does not follow as a matter of law; it follows, on a case by case basis, only when the factors and conditions of trade show its relevance to the determination of injury (emphasis added). 27/

This investigation differs significantly from these prior investigations where the Commission considered the cumulative effect of imports. In this investigation, the imports are the identical imports considered in the prior countervailing duty investigation. As such, there is not the same "collective effect" as described in cases where the Commission has cumulated imports from different countries. Thus, we believe that undertaking the analysis proposed by the domestic producers would extend the concept of cumulative analysis beyond that contemplated by Congress. 28/

25/ See, e.g., Portland Gray Cement form Portugal, Inv. No. AA1921-22, TC Pub. No. 37 (1961); Pig Iron from East Germany, Czechoslovakia, Romania, and the U.S.S.R., Invs. Nos. AA1921-194-196, TC Pub. No. 265 (1968); Pressure Sensitive Tape from West Germany, Inv. No. AA1921-168, USITC Pub. 831 (1977).

Prior to the 1979 amendments to the Tariff Act of 1930, the situation of cumulating subsidized and LTFV imports never arose because only duty free imports were entitled to an injury determination in subsidy investigations.

26/ S. Rep. No. 1298, 93d Cong., 2d Sess. 180 (1974).

27/ Id.

28/ We have not reached the question regarding the appropriateness of cumulating imports which are the subject of countervailing duty determinations and less than fair value determinations.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Following a final determination by the U.S. Department of Commerce that imports of cold-rolled carbon steel sheet from Brazil are being sold in the United States at less than fair value (LTFV), the U.S. International Trade Commission, effective July 11, 1984, instituted investigation No. 731-TA-154 (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 is materially retarded, by reason of imports of such merchandise. Notice of the institution of the Commission's final investigation, and of the 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, DC, and by publishing the notice in the Federal Register on August 1, 1984 (49 F.R. 30806). 1/ The hearing was held in Washington, DC, on August 16, 1984.

Commerce also determined that critical circumstances exist in this investigation. The effect of an affirmative determination of critical circumstances is that any antidumping duty imposed as a result of this investigation will be retroactive to April 12, 1984, rather than to July 11, 1984 (19 U.S.C. § 1673b(e)). Commerce's final affirmative LTFV and critical circumstances determinations were published on July 11, 1984 (49 F.R. 28298). 2/ The applicable statute directs that the Commission make its final injury determination within 75 days after the final determination by Commerce, or by September 24, 1984. 3/

Background

On November 10, 1983, petitions were filed with the Commission and the Department of Commerce by the United States Steel Corp. (U.S. Steel), Pittsburgh, Pa., alleging that imports of certain carbon steel products from Brazil are being sold in the United States at less than fair value (LTFV) and that industries in the United States are materially injured or threatened with material injury by reason of imports of such merchandise. Accordingly, effective November 10, 1983, the Commission instituted the following antidumping investigations: 4/

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

2/ A copy of Commerce's final determination is presented in app. B.

3/ The Commission has 75 days to complete this investigation because Commerce's preliminary LTFV determination was negative (see 19 U.S.C. § 1673d(b)(3)).

4/ Countervailing duty petitions were also filed by U.S. Steel on carbon steel plate, hot-rolled carbon steel sheet, and cold-rolled carbon steel sheet from Brazil (investigations Nos. 701-TA-204-207 (Preliminary)).

Investigation No. 731-TA-153 (Preliminary), hot-rolled carbon steel sheet, provided for in items 607.6710, 607.6720, 607.6730, 607.6740, or 607.8342 of the Tariff Schedules of the United States (Annotated) (TSUSA); and

Investigation No. 731-TA-154 (Preliminary), cold-rolled carbon steel sheet, provided for in items 607.8350, 607.8355, or 607.8360 of the TSUSA.

On November 21, 1983, the Commission received notification from U.S. Steel that it was withdrawing its countervailing duty petition concerning imports from Brazil of carbon steel plate in cut lengths (provided for in items 607.6615, 607.8320, 607.9400, 608.0710, or 608.1100 of the TSUSA), and was amending its petitions concerning imports from Brazil of hot-rolled carbon steel sheet (investigations Nos. 701-TA-206 and 731-TA-153 (Preliminary)) and cold-rolled carbon steel sheet (investigations Nos. 701-TA-207 and 731-TA-154 (Preliminary)) to include those carbon steel products provided for in item 607.8320 of the TSUSA.

Accordingly, the Commission terminated investigation No. 701-TA-204 (Preliminary) and, in conformity with the product descriptions utilized by the Commission and by the Department of Commerce in their 1983 antidumping and countervailing duty investigations concerning certain steel products from Brazil and several other countries, 1/ amended the scope of investigations Nos. 701-TA-206, 701-TA-207, 731-TA-153, and 731-TA-154 (Preliminary) to include those carbon steel products provided for in item 607.8320 of the TSUSA.

On December 27, 1983, the Commission determined, on the basis of the record developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports of the subject carbon steel products from Brazil.

On April 26, 1984, Commerce issued a preliminary affirmative determination on hot-rolled sheet, and a preliminary negative determination on cold-rolled sheet.

Related Commission Investigations Concerning Imports of the Subject Product

The product covered by this investigation has also been the subject of a number of other Commission investigations since 1981. These investigations and the Commission's determinations in each of them are shown in table 1.

1/ See Certain Steel Products From Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany: Determinations of the Commission in Investigations Nos. 701-TA-86 through 144, 701-TA-146, and 701-TA-147 (Preliminary) Under Section 703(a) of the Tariff Act of 1930 and Investigations Nos. 731-TA-53 through 86 (Preliminary) Under Section 733(a) of the Tariff Act of 1930 . . ., USITC Publication 1221, February 1982.

Table 1.--Commission investigations involving cold-rolled carbon steel sheet since 1981

(A = affirmative determination; N = negative determination)

Country	Determinations
	Preliminary determinations
Belgium	1/2/3/ N
Brazil	1/3/4/ N
	2/5/ A
France	1/2/3/ A
Italy	1/2/3/ A
Korea	4/6/ N
	4/7/ A
Luxembourg	1/2/3/ N
Netherlands	1/2/3/ A
United Kingdom	1/2/3/ N
West Germany	1/2/3/ A
Argentina	8/9/ A
South Africa	8/9/ A
Spain	8/9/ A
	Final determinations
Brazil	10/11/ A
Spain	11/12/ A

1/ 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.

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

3/ Includes strip.

4/ By reason of allegedly subsidized imports.

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

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

7/ Cold-Rolled Carbon Steel Sheet from Korea inv. No. 701-TA-218 (Preliminary), August 1984.

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

9/ By reason of allegedly LTFV imports.

10/ Certain Carbon Steel Products from Brazil, invs. Nos. 701-TA-205 through 207, (Final), June 1984.

11/ By reason of subsidized imports.

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

Source: See footnotes.

Nature and Extent of Sales at LTFV

On July 11, 1984, the Department of Commerce published its final determination that imports of cold-rolled carbon steel sheet from Brazil are being sold at LTFV. Three Brazilian producers--Companhia Siderurgica Paulista (Cosipa), Companhia Siderurgica Nacional (CSN), and Usinas Siderurgicas de Minas Gerais (Usiminas)--were investigated. Cosipa and CSN were excluded from this final affirmative determination due to the finding of de minimis margins on their cold-rolled sheet sales.

Commerce found that the foreign market value of cold-rolled carbon steel sheet from Brazil exceeded the United States price on 8.0 percent of the sales of this product. These margins ranged from 0.21 percent to 16.83 percent and the overall weighted-average margin for all cold-rolled sheet sales compared was 0.91 percent. The weighted-average margins for individual companies are shown in the following tabulation (in percent):

Firm	Margins
Cosipa (de minimis)---------	0.00
CSN (de minimis)------------	0.06
Usiminas--------------------	1.40
All others------------------	0.91

The Department of Commerce also made final affirmative determinations of critical circumstances. In making these determinations Commerce found (1) the requisite history of dumping of the class or kind of merchandise under investigation 1/, and (2) that there have been massive imports of these products over a relatively short period of time. 2/

1/ On May 18, 1983, the Commission of the European Communities imposed antidumping duties on imports of sheets and plates, of iron and steel, not further worked than hot-rolled of a thickness 3mm or more, originating in Brazil. Commerce determined that the merchandise covered in its investigation fell within the scope of that action. Commerce found no history of dumping of cold-rolled sheet in the United States.

2/ Since Usiminas was the only Brazilian producer found to be dumping, Commerce compared the monthly average of imports from that firm during the period of May through October 1983 with the monthly average of imports for the period of November 1983 through March 1984.

Monthly exports to the United States of cold-rolled sheet by the sole LTFV producer, Usiminas, during January 1982-June 1984 are shown in the following tabulation (in short tons): 1/

Period	Exports to the United States
1982:	
January	***
February	***
March	***
April	***
May	***
June	***
July	***
August	***
September	***
October	***
November	***
December	***
Total, 1982	***
1983:	
January	***
February	***
March	***
April	***
May	***
June	***
Subtotal, January-June	***
July	***
August	***
September	***
October	***
November	***
December	***
Total, 1983	***
1984:	
January	***
February	***
March	***
April	***
May	***
June	***
Total,	***
January-June	***

1/ Data provided by counsel for Usiminas.

The Brazilian Steel Industry and Its Capacity to Generate Exports

The Brazilian steel industry produced 16.2 million tons of raw steel in 1983, ranking 13th among world steel-producing countries. This represented a 13-percent increase from production in 1982 as shown in the following tabulation (in millions of short tons):

	Quantity (million short tons)
1973	7.9
1974	8.3
1975	9.2
1976	10.2
1977	12.4
1978	13.5
1979	15.3
1980	16.9
1981	14.6
1982	14.3
1983	16.2

The Siderbras group of companies produced 10.1 million tons of raw steel in 1983, representing 62 percent of total Brazilian production. 1/ Its three largest producers--Cosipa, CSN, and Usiminas--together accounted for the bulk of Siderbras' raw steel production, and over 50 percent of total Brazilian raw steel production. These three firms, all fully integrated steel producers, account for virtually all of Brazil's production of plate, hot-rolled sheet, and cold-rolled sheet.

Cosipa was Brazil's largest raw steel producer in 1983, accounting for 3.3 million tons, or 20 percent of Brazil's total production of raw steel. Cosipa is primarily a producer of flat-rolled carbon steel products, including plate, hot-rolled sheet, and cold-rolled sheet. CSN, the second largest Brazilian steel producer, produced 3.2 million tons in 1983. CSN makes a full line of carbon steel products, including hot-rolled sheet, cold-rolled sheet, plate, bars, and structural shapes. Usiminas produced 3.0 million tons of steel in 1983, a deline from the 3.2 million tons produced in 1982. Like Cosipa, Usiminas is primarily a producer of flat-rolled carbon steel products.

1/ Siderbras, a Government-controlled corporation in charge of Federally owned steel corporations, was established in 1973 to promote and stimulate new steel projects involving state participation. It controls eight operating Brazilian steel companies; two additional facilities are planned. The most recent steel facility of the Siderbras group to start production was Companhia Siderurgica de Tubarao, which came on line Dec. 1, 1983. The facility is a joint venture of Siderbras and Japanese and Italian steel companies; it produces carbon steel slabs, primarily for the export market.

Brazil's maximum annual capacity to produce cold-rolled carbon steel sheet remained steady at 4.4 million tons during 1980-82 (table 2). Brazilian production of cold-rolled sheet declined from 2.1 million tons in 1980 to 1.8 million tons in 1981, before increasing to 1.9 million tons in 1982. Consequently, capacity utilization fell from 48.3 percent in 1980 to 39.8 percent in 1981 and then increased to 43.7 percent in 1982.

Table 2.--Cold-rolled carbon steel sheet: Brazil's production, capacity, and capacity utilization, 1980-82

Item	1980	1981	1982
Production 1/-----1,000 short tons--:	2,126	1,750	1,922
Capacity----------------------do----:	4,400	4,400	4,400
Capacity utilization 2/----percent--:	48.3	39.8	43.7

1/ Includes both cut-to-length sheet and sheet in coils.
2/ Capacity data are based upon the capacity of Brazil's cold reduction mills. These mills produce cold-rolled sheet used as a feedstock for other flat-rolled carbon steel products, such as galvanized sheet, coated sheet, and tin plate, as well as cold-rolled sheet as an end product. Therefore, capacity utilization rates presented here are understated due to the inclusion in overall capacity of that portion of the cold reduction mill capacity devoted to production of feedstock.

Source: Production and capacity data compiled from Instituto Brasileria de Siderurgica.

Brazil's exports of cold-rolled carbon steel sheet to the United States and to other major markets are presented in table 3. Brazil's exports to the United States as a share of total Brazilian exports increased from 14.1 percent in 1981 to 21.5 percent in 1982.

Table 3.--Cold-rolled carbon steel sheet: Brazil's exports, by major markets, 1980-82

(In thousands of short tons)

Country	1980	1981	1982
United States-----------------------:	1/	22	65
European Community------------------:	1/	46	65
Argentina---------------------------:	1/	1	-
All other---------------------------:	1/	88	172
Total----------------------------:	67	158	302

1/ Not available.

Source: IBS: Annuario Estatistico da Industria Siderurgica Brasilera, 1982 and 1983.

Counsel for respondents provided production, capacity, and export data on a quarterly basis for 1983. These data pertain only to the three largest producers in Brazil (Usiminas, Cosipa, and CSN) and, therefore, are not extensions to tables 2 and 3. These three Brazilian producers operated at utilization rates in 1983 ranging from * * * percent * * * to * * * percent * * * (table 4).

Table 4.--Cold-rolled carbon steel sheet: Production, capacity, and capacity utilization for 3 Brazilian producers, by firms, 1983

Items	CSN	Usiminas	Cosipa	Total
	Short tons			
Production---------short tons--:	***	***	***	***
Capacity-----------------do----:	***	***	***	***
Capacity utilization--percent--:	***	***	***	***

Source: Post-hearing submission by counsel for respondents in invs. Nos. 701-TA-205-207, Certain Carbon Steel Products from Brazil.

Total exports for these three firms, by quarters for 1983, are presented in table 5. Brazil exports significant quantities of these products to * * *, as well as to the United States.

Table 5.--Cold-rolled carbon steel sheet: Exports by 3 Brazilian producers, 1/ by quarters, 1983

Exports	January-March	April-June	July-September	October-December	Total
	Short tons				
To the United States------:	***	***	***	***	***
All other-----------------:	***	***	***	***	***
Total-----------------:	***	***	***	***	***

1/ Data include exports of CSN, Usiminas, and Cosipa only.

Source: Post-hearing submission by counsel for respondents in invs. Nos. 701-TA-205-207, Certain Carbon Steel Products from Brazil.

The Product

Description and uses

Cold-rolled carbon steel sheet is a flat-rolled product that is produced by processing hot-rolled pickled (cleaned) carbon steel sheet in cold-reduction mills. Sheet is considered to be a finished product and is distinguished from other flat-rolled products by its dimensional characteristics. For purposes of this investigation, cold-rolled carbon steel sheet is defined as a flat-rolled product other than alloy iron or steel; whether or not corrugated or crimped; not cut, not pressed, and not stamped to nonrectangular shape; not coated or plated with metal; over 12 inches in width; in coils, or, if not in coils, under 0.1875 inch in thickness; provided for in items 607.8320, 1/ 607.8350, 607.8355, and 607.8360 of the TSUSA.

The production of cold-rolled sheet begins with a coil of hot-rolled sheet, which is decoiled, pickled, dried, oiled, and recoiled. It is then sent to a cold-reduction mill (so called because the steel is passed through a series of reducing rolls without being reheated) to emerge as a thinner product, with a smoother finish and a higher strength-to-weight ratio than can be achieved by hot-rolling alone. The sheet is then coiled and is usually annealed (heat treated) to restore the ductility lost during cold-rolling. A portion, however, is sold in an unannealed, "full hard" condition. After the steel has been softened in the annealing furnace, it is passed through a temper mill, which finishes the cold-rolled sheet by imparting additional hardness, flatness, and surface quality. The product is then shipped to consumers in coils or cut lengths.

Cold-rolled carbon steel sheet is the largest volume single steel mill product, having accounted for 20 percent of total U.S. producers' shipments of all steel mill products in 1983. Major consumer markets for cold-rolled sheet are shown in table 6. The automotive industry, the largest single consumer of cold-rolled sheet, accounted for, on average, 33 percent of cold-rolled sheet shipments during 1981-83; shipments to steel service centers and distributors (SSC's) averaged 27 percent over the same period. Other end markets for cold-rolled sheet include the electrical equipment and appliance industries.

1/ Item 607.8320 is identified as pickled or cold-rolled plate in the TSUSA. Pickled plate, which is not included within the scope of this investigation, is believed to account for the bulk of imports under the item.

Table 6--Cold-rolled carbon steel sheet: 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	3,328	2,798	3,777	866	1,162
Automotive	4,547	3,469	4,176	830	984
Electrical equipment	1,215	871	1,143	287	310
Appliances, utensils and cutlery	1,203	899	1,135	288	318
All other	3,455	2,529	2,764	689	763
Total	13,748	10,565	12,995	2,960	3,537
	Percent of total				
Steel service centers and distributors	24.2	26.5	29.1	29.3	32.9
Automotive	33.1	32.8	32.1	28.0	27.8
Electrical equipment	8.8	8.2	8.8	9.7	8.8
Appliances, utensils and cutlery	8.8	8.4	8.7	9.7	9.0
All other	25.1	23.9	21.3	23.3	21.6
Total	100.0	100.0	100.0	100.0	100.0

Source: American Iron & Steel Institute.

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

U.S. tariff treatment

For purposes of this investigation, cold-rolled carbon steel sheet is classified under items 607.8320, 607.8350, 607.8355, and 607.8360 of the TSUSA. The current column 1 or most-favored-nation (MFN) rates of duty, 1/ final concession rates granted under the Tokyo round of the Multilateral Trade

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. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries currently eligible for MFN treatment. 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.

Negotiations (MTN), 1/ rates of duty for least-developed developing countries (LDDC's), 2/ and column 2 duty rates 3/ are shown in table 7. 4/ Imports of cold-rolled sheet are dutiable at the column 1 (MFN) rate of 6.6 percent ad valorem as of January 1, 1984. They are not eligible for duty-free treatment under the GSP, 5/ but imports from LDDC's are granted a preferential rate of 5.1 percent ad valorem. In addition, imports from designated beneficiary countries may be eligible for duty-free entry under the Caribbean Basin Initiative (CBI). 6/

In addition to the import duties shown in table 7, countervailing duties are currently in effect with respect to imports from Argentina (Apr. 26, 1984), Brazil (June 22, 1984), and Spain (Jan. 3, 1983). 7/ In other actions in recent years, the Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports (alleged to be subsidized) from Belgium, the Republic of Korea, Luxembourg, and the United Kingdom. Similar determinations were made in cases on imports alleged to be sold in the United States at LTFV from Belgium, Luxembourg, and the United Kingdom.

1/ 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.

2/ The preferential rates in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items and apply to covered products of the LDDC's enumerated in general headnote 3(d) of the TSUSA. Where no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty in col. 1 applies.

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

4/ Preferential rates for LDDC's are those shown in the column entitled "Jan. 1, 1987."

5/ The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, as enacted in title V of the Trade Act of 1974 and implemented by Executive Order No. 1188 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is schedules to remain in effect until Jan 4, 1985. It provides duty-free entry to eligible articles imported directly from designated beneficiary developing countries.

6/ 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 duty-free entry to eligible articles imported directly from designated countries in the Caribbean Basin area.

7/ Imports from South Africa are also subject to countervailing duties (Sept. 7, 1982); the current level, however, is 0.00 percent. The weighted-average subsidies for other countries were as follows: Argentina, 5.44 percent ad valorem; Brazil, 36.95 percent; and Spain, 38.25 percent.

Table 7.--Cold-rolled carbon steel sheet: 1/ U.S. rates of duty as of Jan. 1, 1984, and Jan. 1, 1987, by TSUSA items

(Cents per pound; percent ad valorem)

TSUSA item	Article description 2/	Rates of duty: Col. 1: Jan. 1, 1984	Rates of duty: Col. 1: Jan. 1, 1987 3/	Rates of duty: Col. 2
607.8320	Over 0.1875 inch in thickness 4/	6.6%	5.1%	0.2¢ + 20%
607.8350	Painted or varnished	6.6%	5.1%	0.2¢ + 20%
607.8355	Not painted or varnished, annealed and having a minimum yield point of 40,000 psi	6.6%	5.1%	0.2¢ + 20%
607.8360	All other	6.6%	5.1%	0.2¢ + 20%

1/ Not coated or plated with metal, not clad, not pickled, other than black plate.
2/ Abridged for purposes of this investigation.
3/ Final MTN concession rate and LDDC rate.
4/ There are believed to be negligible imports of covered products in this category, which consists principally of pickled plate.

Petitioners withdrew unfair trade complaints involving cold-rolled sheet from France, Italy, the Netherlands, and West Germany to bring into effect the Arrangement Concerning Trade in Certain Steel Products, which was concluded by the European Coal and Steel Community and the United States in October 1982. Under the Arrangement, exports from the EC to the United States of 10 categories of steel products are to be limited to specified shares of apparent U.S. consumption from November 1, 1982, through December 31, 1985. Cold-rolled carbon steel sheet is included in a category in which exports are limited to 5.11 percent of consumption.

The antidumping complaint involving cold-rolled sheet from South Africa was withdrawn by the petitioner following a declaration by the exporter to restrain shipments of such merchandise to the United States. Antidumping cases on cold-rolled sheet from Argentina and Spain are pending at the Commission.

U.S. Producers

There were 14 known firms in the United States producing cold-rolled carbon steel sheet during 1982 and 1983. Most of these firms are located in the Great Lakes region and Pennsylvania. The following tabulation, which was compiled from data obtained in response to Commission questionnaires, shows the principal producers and each firm's share of total U.S. producers' shipments of cold-rolled sheet, as reported by the AISI, in 1983 (in percent):

Firm	Market share	Location
Armco, Inc. (Armco)	***	Middletown, Ohio
Bethlehem Steel Corp. (Bethlehem)	***	Burns Harbor, Ind. Sparrows Point, Md. Mansfield, Ohio
Inland Steel Corp. (Inland)	***	East Chicago, Ind.
Jones & Laughlin Steel Corp. (J&L) 1/	***	East Chicago, Ind. Cleveland, Ohio Aliquippa, Pa. Hennepin, Ill. Pittsburgh, Pa.
National Steel Corp. (National)	***	Granite City, Ill. Detroit, Mich. Portage, Ind. Weirton, W. Va. 2/
Republic Steel Corp. (Republic) 1/	***	Gadsden, Ala. Cleveland, Ohio Niles, Ohio Warren, Ohio
Rouge Steel Corp.	***	Detroit, Mich.
U.S. Steel	***	Pittsburgh, Pa. Gary, Ind. Cleveland, Ohio Dravosburg, Pa. Fairless Hills, Pa.

1/ Since June 29, 1984, J & L and Republic have been operated by LTV Steel Co. and wholly owned by LTV Corp.
2/ This plant is now independently owned and operated.

The production of cold-rolled carbon steel sheet is heavily concentrated in the United States, with the three largest producers accounting for about 40 percent of total U.S. producers' shipments in 1983.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 19 firms that imported cold-rolled carbon steel sheet from Brazil during October 1982-September 1983. The two largest importers together accounted for approximately 80 percent of the total quantity imported during that period. Most of the larger importers are trading companies that deal in a variety of steel products from a number of countries.

Apparent U.S. Consumption

Apparent U.S. consumption of cold-rolled sheet decreased from 15.2 million tons in 1981 to 12.1 million tons in 1982 but then rose to 15.3 million tons in 1983 (table 8). According to industry sources, the increase in apparent consumption during 1983 was due primarily to increasing demand in the automotive industry. As shown in table 8, imports took an increasing share of the market, from 10 percent in 1981 to 15 percent in 1983. Through the first six months of 1984, imports accounted for 18 percent of apparent U.S. consumption of cold-rolled sheet.

Table 8.--Cold-rolled carbon steel sheet: U.S. producers' shipments, total U.S. imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, 1981-83, January-June 1983, and January-June 1984

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of total U.S. imports to-- Shipments	Ratio of total U.S. imports to-- Consumption
	1,000 short tons				Percent	
1981	13,748	1,546	46	15,248	11.2	10.1
1982	10,565	1,599	21	12,143	15.1	13.2
1983	12,995	2,331	23	15,303	17.9	15.2
January-June--						
1983	6,613	869	11	7,471	13.1	11.6
1984	7,583	1,653	14	9,222	21.8	17.9

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

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of cold-rolled carbon steel sheet fell sharply from 11.2 million tons in 1981 to 8.0 million tons in 1982 and then rose to 10.7 million tons in 1983 (table 9). Production in January-March 1984 was 2.9 million tons, representing an increase of 18 percent from that reported in the corresponding period of 1983. Total productive capacity for cold-rolled sheet declined slightly during 1981-83, from 16.2 million tons in 1981 to 15.5 million tons in 1983. Capacity utilization decreased from 69.2 percent in 1981 to 50.1 percent in 1982, but then increased to 69.2 percent in 1983. Capacity utilization reached 74.3 percent in January-March 1984.

Table 9.--Cold-rolled carbon steel sheet: U.S. production, capacity, 1/ and capacity utilization, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March--	
				1983	1984
Production 2/--1,000 short tons	11,197	7,989	10,723	2,431	2,880
Capacity--do	16,174	15,946	15,501	3,874	3,874
Capacity utilization 3/-percent	69.2	50.1	69.2	62.8	74.3

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ U.S. producers submitting usable data accounted for 88 percent of total shipments of cold-rolled sheet in 1983, as reported by the American Iron & Steel Institute.

3/ Calculated from unrounded numbers.

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

U.S. producers' domestic shipments

U.S. producers' domestic shipments of cold-rolled sheet are presented in table 10. Domestic shipments of cold-rolled sheet fell from 10.4 million tons in 1981 to 7.7 million tons in 1982, representing a decline of 26 percent. Shipments recovered in 1983, rising to 9.8 million tons. In January-March 1984, shipments rose by 19 percent compared with shipments in the corresponding period of 1983.

Table 10.--Cold-rolled carbon steel sheet: U.S. producers' domestic shipments, 1/2/ 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March--	
				1983	1984
Quantity------------1,000 tons--:	10,398	7,730	9,841	2,241	2,656
Value----------million dollars--:	4,520	3,373	4,302	778	931
Unit value 3/-----------per ton--:	$435	$436	$437	$347	$351

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.
2/ Excludes intercompany and intracompany transfers.
3/ Calculated from unrounded numbers.

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

A comparison of information received in response to the Commission's questionnaires with information reported by the AISI on shipments of cold-rolled sheet is presented in the following tabulation:

Year	AISI shipments (1,000 tons)	Questionnaire shipments 1/ (1,000 tons)	Coverage (percent)
1981----------	13,748	11,127	81
1982----------	10,565	8,243	78
1983----------	12,995	10,528	81

1/ Including exports and intercompany and intracompany transfers.

U.S. producers' exports

U.S. producers' exports of cold-rolled sheet declined from 27,761 tons in 1981 to 5,770 tons in 1982 and 5,322 tons in 1983, but rose in January-March 1984 (table 11).

Table 11.--Cold-rolled carbon steel sheet: U.S. producers' export shipments, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March--	
				1983	1984
Quantity--------------------tons--	27,761	5,770	5,322	1,096	1,391
Value-------------1,000 dollars--	13,269	3,093	3,710	523	868
Unit value--------------per ton--	$478	$536	$697	$477	$624

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

U.S. producers' inventories

End-of-period inventories of cold-rolled sheet, as reported by U.S. producers in response to the Commission's questionnaires, remained small during 1980-83. Such inventories were equal to about 8 percent of the responding producers' shipments in each of these periods. Reported end-of-period inventories are shown in the following tabulation (in thousands of tons):

	Inventories
As of Dec. 31--	
1980-------------------	792
1981-------------------	864
1982-------------------	614
1983-------------------	816
As of March 31--	
1983-------------------	626
1984-------------------	872

U.S. employment, wages, and productivity

The number of production and related workers producing cold-rolled carbon steel sheet fell by 24 percent in 1982, but rose by 18 percent in 1983 to 32,004 workers. Similarly, hours worked by these workers dropped by 27 percent from 1981 to 1982 but rose by 23 percent in 1983 (table 12).

Table 12.--Cold-rolled carbon steel sheet: Average number of production and related workers and hours paid 1/ for such workers, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March--	
				1983	1984
Production and related workers:					
Number	35,715	27,157	32,004	29,681	31,148
Percentage change	2/	-24.0	17.8	2/	4.9
Hours worked by production and related workers:					
Number------1,000 hours	71,976	52,493	64,620	14,779	16,104
Percentage change	2/	-27.1	23.1	2/	9.0

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.

Wages and total compensation 1/ paid to production and related workers producing cold-rolled carbon steel sheet are shown in table 13. Data on these workers' productivity, hourly compensation, and unit labor costs are presented in table 14. As shown, productivity fell slightly in 1982 but increased by 9 percent in 1983, and hourly compensation rose in 1982 but fell in 1983.

1/ The difference between total compensation and wages is an estimate of workers' benefits.

Table 13.--Cold-rolled carbon steel sheet: Wages and total compensation 1/ paid to production and related workers, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March-- 1983	January-March-- 1984
Wages paid to production and related workers:					
Value---million dollars--:	1,084	836	942	222	243
Percentage change--------:	2/	-22.9	12.7	2/	9.5
Total compensation paid to production and related workers:					
Value---million dollars--:	1,409	1,151	1,386	331	342
Percentage change--------:	2/	-18.3	20.4	2/	3.3

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 14.--Cold-rolled carbon steel sheet: Labor productivity, hourly compensation, and unit labor costs, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March-- 1983	January-March-- 1984
Labor productivity:					
Quantity--tons per hour--:	0.1543	0.1512	0.1650	0.1634	0.1777
Percentage change--------:	1/	-2.0	9.1	1/	8.8
Hourly compensation: 2/					
Value----------per hour--:	$15.06	$15.93	$14.58	$15.02	$15.09
Percentage change--------:	1/	5.8	-8.5	1/	0.5
Unit labor costs: 3/					
Value----------per ton---:	126.86	145.04	130.01	137.06	119.50
Percentage change--------:	1/	14.3	-10.4	1/	-12.8

1/ Not available.
2/ Based on wages paid excluding fringe benefits.
3/ Based on total compensation paid.

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

Financial experience of U.S. producers with their operations on cold-rolled carbon steel sheet

Income-and-loss data were received from nine firms, accounting for 75 percent of total shipments of cold-rolled carbon steel sheet (as reported by AISI) in 1983. These data are presented in table 15. The nine responding producers' net sales of such merchandise declined from $4.9 billion in 1981 to $3.6 billion in 1982, or by 26 percent, and then rose by 28 percent to $4.7 billion in 1983.

All nine responding firms reported operating losses in 1982 and 1983; eight did so in 1981. Their combined operating losses grew from $301 million (6.1 percent of net sales) in 1981 to $641 million (17.6 percent of net sales) in 1982. They then fell to $317 million (6.8 percent of net sales) in 1983. In the aggregate, the nine responding firms experienced a negative cash flow each year, ranging from $184 million in 1981 to $528 million in 1982.

Table 15.--Cold-rolled carbon steel sheet: Income-and-loss experience of 9 U.S. producers 1/ on their operations, accounting years 1981-83

Item	1981	1982	1983
Net sales--------------------million dollars--:	4,908	3,634	4,653
Costs of goods sold---------------------do----:	5,032	4,094	4,782
Gross income or (loss)------------------do----:	(124)	(460)	(129)
General, selling, and administrative expenses-----------------------------do----:	177	181	188
Operating income or (loss)--------------do----:	(301)	(641)	(317)
Depreciation and amortization expenses 2/-------------------------do----:	117	113	105
Cash flow or (deficit) from operations--do----:	(184)	(528)	(212)
Ratio to net sales of--			
Gross income or (loss)-------------percent--:	(2.5)	(12.7)	(2.8)
Operating income or (loss)------------do----:	(6.1)	(17.6)	(6.8)
Cost of goods sold--------------------do----:	102.5	112.7	102.8
General, selling, and administrative expenses---------------------------do----:	3.6	5.0	4.0

1/ These 9 firms accounted for 75 percent of 1983 shipments of cold-rolled sheet, as reported by AISI.

2/ Only 6 firms provided depreciation and amortization expenses. 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.

All nine firms also reported income-and-loss data for January-March 1983 and 1984 on their cold-rolled carbon steel sheet operations. These data are presented in the following tabulation:

Item	January-March-- 1983	January-March-- 1984
Net sales-------------million dollars--:	1,032	1,298
Gross income or (loss)-----------do----:	(95)	39
Operating income or (loss)-------do----:	(144)	(11)
Gross income margin-----------percent--:	(9.2)	3.0
Operating income margin----------do----:	(14.0)	(0.8)

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

Aggregate operating losses declined sharply from $144 million, or 14.0 percent of net sales in January-March 1983, to $11 million, or 0.8 percent of net sales, in the corresponding period of 1984.

At the hearing held on August 16, 1984, Commissioner Lodwick requested that U.S. Steel and Bethlehem provide income-and-loss data on their cold-rolled sheet operations for the second quarter of 1984. A summary of their responses, which included data for the corresponding period of 1983, is presented in the following tabulation:

*   *   *   *   *   *   *

Capital expenditures and research and development expenses

Four U.S. producers supplied data relative to their capital expenditures for buildings, machinery, and equipment used in the production of cold-rolled carbon steel sheet, and six U.S. producers supplied data relative to their research and development expenditures, as shown in the following tabulation (in thousands of dollars):

Period	Capital expenditures	Research and development expenses
1981------------------------	101,435	12,160
1982------------------------	87,004	11,730
1983------------------------	79,645	9,594
January-March--		
1983----------------------	13,056	877
1984----------------------	13,786	886

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 cold-rolled carbon steel sheet and of their U.S. market penetration is presented in the section of this part of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and LTFV Imports." Available data on foreign producers' capacity, production, and exports were presented earlier in report.

U.S. importers' inventories

The Commission sent questionnaires to 14 firms that were believed to have imported cold-rolled sheet from Brazil. Of these, seven firms, accounting for approximately 37 percent of such imports in 1983, reported that they had imported the subject products from Brazil. Of the 128,526 tons imported by the responding firms in 1983, inventories held as of the end of that period totaled 19,492 tons, or 15.2 percent of their reported imports. As of March 31, 1984, inventories held by importers fell to 3,002 tons.

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

U.S. imports

Imports from all sources.--Aggregate U.S. imports of cold-rolled carbon steel sheet increased steadily from 1.5 million tons in 1981 to 2.3 million tons in 1983, for an increase of more than 50 percent during the period. Their average unit value declined from $390 a ton in 1981 to $374 a ton in 1982 and $332 a ton in 1983 (table 16). About 1.7 million tons were imported during January-June 1984 at an average unit value of $343 per ton, compared with 869,000 tons at an average unit value of $330 per ton in the corresponding period of 1983.

Imports from Brazil.--Total imports of cold-rolled carbon steel sheet from Brazil rose from 19,000 tons in 1981 to 45,000 tons in 1982 and then increased to 343,000 tons in 1983. Their average unit value declined steadily during the period, from an average of $410 a ton in 1981 to $293 a ton in 1983. Total imports of Brazilian cold-rolled sheet totaled 178,000 tons during January- June 1984, compared with 124,000 tons in the corresponding period of 1983. As metioned, only imports from Usiminas were found to be sold at LTFV. U.S. imports from that firm are presented on p. A-5.

Table 16.--Cold-rolled carbon steel sheet: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-June 1983, and January-June 1984

Source	1981	1982	1983	January-June-- 1983	January-June-- 1984
	Quantity (1,000 short tons)				
Japan	383	296	559	216	415
Brazil	19	45	343	124	178
West Germany	380	396	309	113	155
Republic of Korea	101	66	191	76	192
France	154	140	137	69	35
Argentina	2/	104	121	43	68
South Africa	40	42	103	43	43
Spain	62	48	67	1	124
All other	408	463	502	184	443
Total	1,546	1,599	2,331	869	1,653
	Value (million dollars)				
Japan	$155	$124	$204	$80	$157
Brazil	8	15	101	37	54
West Germany	150	146	113	39	58
Republic of Korea	38	24	61	24	64
France	55	51	46	23	13
Argentina	2/	33	37	12	20
South Africa	14	15	30	12	11
Spain	26	19	19	3/	39
All other	158	171	164	59	152
Total	603	598	773	286	568
	Unit value (per short ton)				
Japan	$404	$418	$364	$368	$378
Brazil	410	338	293	298	304
West Germany	393	368	366	345	370
Republic of Korea	382	369	319	312	333
France	357	365	335	330	369
Argentina	417	321	304	283	298
South Africa	348	364	291	283	261
Spain	411	388	283	281	318
All other	387	369	326	321	343
Average	390	374	332	330	343

1/ Includes imports under TSUSA items 607.8350, 607.8355 and 607.8360. While imports of cold-rolled products entered under TSUSA item 607.8320 are included within the scope of this investigation, such imports are believed to be negligible.

2/ In 1981, 1 short ton of cold-rolled carbon steel sheet was imported from Argentina. It was valued at less than $500.

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.

U.S. market penetration

Imports from all sources.--Market penetration of all cold-rolled sheet imported from all countries increased steadily from 10.1 percent of apparent U.S. consumption in 1981 to 15.2 percent in 1983 and then increased to 17.9 percent in January-June 1984 (table 17).

Imports from Brazil.--Market penetration of all cold-rolled sheet imported from Brazil increased from 0.1 percent of apparent U.S. consumption in 1981 to 0.4 percent in 1982 and 2.2 percent in 1983. During January-June 1984, Brazil's share of the market increased to 1.9 percent compared with the 1.7 percent share held in the corresponding period of 1983.

Market penetration by Usiminas, the sole Brazilian producer found to have had LTFV sales, increased from * * * percent in 1982 to * * * percent in 1983. Usiminas' market share dropped to * * * percent during January-June 1984.

Table 17.--Cold-rolled carbon steel sheet: 1/ Ratios of total imports from Brazil, from the sole LTFV producer, 2/ and from all countries to apparent U.S. consumption, 3/ 1981-83, January-June 1983, and January-June 1984

(In percent)

Source	1981	1982	1983	January-June-- 1983	January-June-- 1984
From Brazil	0.1	0.4	2.2	1.7	1.9
From the sole LTFV producer	4/	***	***	***	***
From all countries	10.1	13.2	15.2	11.6	17.9

1/ Includes imports under TSUSA items 607.8350, 607.8355, and 607.8360.

2/ Data for the sole LTFV producer's (Usiminas) exports to the United States used to calculate market penetration were provided by counsel for that firm. Usiminas' exports to the United States totaled * * * tons in 1982, * * * tons in 1983, and * * * tons in January-June 1984.

3/ Consumption calculated as the sum of U.S. producers' domestic shipments and imports for consumption.

4/ Data not available separately for Usiminas in 1981.

Source: Shipments, compiled from statistics of the American Iron & Steel Institute; imports, compiled from official statistics of the U.S. Department of Commerce, except as noted.

Prices

Cold-rolled carbon steel sheet prices are usually quoted f.o.b. mill in terms of dollars per ton. Prices consist of a base price plus additional charges for extras such as variations in length, width, thickness, chemistry, and so forth. Price changes are accomplished by changing the base, the extras, or a combination of both. Domestic producers also usually freight equalize in marketing cold-rolled carbon steel sheet.

Selling prices of cold-rolled carbon steel sheet.--Domestic selling prices of the representative cold-rolled carbon steel sheet products (products 6 through 8) 1/ generally fell in 1982 and the first part of 1983 and then increased through January-March 1984 (table 18).

The Brazilian product undersold domestic products in each of the six periods for which comparisons could be made. Margins ranged from 3.9 to 10.2 percent for sales to SSC's and from 12.0 to 14.9 percent for sales to end users.

Purchase prices for cold-rolled carbon steel sheet.--Purchasers reported adequate purchase price data for comparisons to be made only on product 6. However, as with the selling price data, the Brazilian product undersold domestic products in each of the 12 periods for which comparisons could be made. Margins ranged from 6.4 to 20.7 percent (table 19).

In Atlanta, prices for domestic product 6 declined by 11 percent from January-March 1982 to January-March 1983 and then recovered through the first quarter of 1984 for an overall price increase of 4 percent during the 9-quarter period. In the one instance where a price comparison was possible, there was underselling by the Brazilian product by 6.8 percent.

Prices for domestic product 6 sold in the Chicago area increased irregularly but significantly (by 33 percent) during the January 1982-March 1984 period. Prices for the Brazilian product also increased, although not as rapidly, as margins of underselling rose from 6.4 percent in mid-1983 to 8.9 percent in January-March 1984.

Prices in the Detroit area for the subject product produced by domestic steel mills increased by 4.5 percent during the 9-quarter period. In the one period in which a comparison could be made, there was underselling of 9 percent.

Prices for domestic product 6 sold in the Philadelphia/New York area increased by 9 percent during January 1982-March 1984. In the two cases of parallel data, underselling margins of 18.2 and 20.7 percent were shown for the Brazilian product.

Prices for domestic product 6 sold in the Portland/Seattle area declined by 10 percent during the 9-quarter period. Five price comparisons were possible in the area and in all five there was underselling by Brazilian product in this area, with margins ranging between 7.2 and 19.6 percent.

1/ See app. C for product descriptions.

Table 18.--Cold-rolled carbon steel sheet: Weighted-average net selling prices for the largest sales of domestic products and imports from Brazil, and the average margins by which imports from Brazil undersold or oversold domestic products, by products, 1/ by types of customers, and by quarters, January 1982-March 1984

Product and period	Domestic products	Imports from Brazil	Margins of underselling/(overselling)	
	Sales to SSC's			
	Per ton	Per ton	Per ton	Percent
Product 6:				
1982:				
January-March	$423.41	-	-	-
April-June	420.67	-	-	-
July-September	424.27	-	-	-
October-December	394.13	-	-	-
1983:				
January-March	393.46	-	-	-
April-June	397.09	-	-	-
July-September	403.58	$380.49	$23.09	5.7
October-December	405.47	389.63	15.84	3.9
1984: January-March	430.66	394.10	36.56	8.5
Product 8:				
1982:				
January-March	440.79	-	-	-
April-June	428.19	-	-	-
July-September	433.16	-	-	-
October-December	421.93	-	-	-
1983:				
January-March	468.46	-	-	-
April-June	420.73	-	-	-
July-September	428.80	385.00	43.80	10.2
October-December	440.41	-	-	-
1984: January-March	464.41	-	-	-
	Sales to end users			
Product 6:				
1982:				
January-March	458.16	-	-	-
April-June	457.50	-	-	-
July-September	453.71	-	-	-
October-December	430.75	-	-	-
1983:				
January-March	431.61	-	-	-
April-June	448.38	-	-	-
July-September	463.06	-	-	-
October-December	458.15	403.00	55.15	12.0
1984: January-March	475.14	404.32	70.82	14.9

1/ Product descriptions are presented in app. C.

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

Table 19.--Cold-rolled carbon steel sheet: Weighted-average net purchase prices for domestic product 6 and imports of product 6 from Brazil, 1/ and the average margins by which imports from Brazil undersold or oversold domestic products, by market areas 2/ and by quarters, January 1982-March 1984

Product and period	Domestic products	Imports from Brazil	Margins of under-selling/(over-selling)	
	Per ton	Per ton	Per ton	Percent
Atlanta:				
1982:				
January-March	$463.00	-	-	-
April-June	463.00	-	-	-
July-September	463.00	-	-	-
October-December	438.00	-	-	-
1983:				
January-March	413.00	$385.00	$28.00	6.8
April-June	443.00	-	-	-
July-September	443.00	-	-	-
October-December	443.00	-	-	-
1984: January-March	483.00	-	-	-
Chicago:				
1982:				
January-March	343.40	-	-	-
April-June	422.20	-	-	-
July-September	403.56	-	-	-
October-December	418.45	-	-	-
1983:				
January-March	427.48	-	-	-
April-June	438.49	-	-	-
July-September	416.40	389.71	26.69	6.4
October-December	432.02	395.00	37.02	8.6
1984: January-March	456.55	416.00	40.55	8.9
Detroit:				
1982:				
January-March	449.00	-	-	-
April-June	449.00	-	-	-
July-September	449.00	-	-	-
October-December	424.00	-	-	-
1983:				
January-March	361.75	-	-	-
April-June	429.00	-	-	-
July-September	415.22	378.00	37.22	9.0
October-December	411.29	-		-
1984: January-March	469.00	-	-	-

See footnotes at end of table.

Table 19.--Cold-rolled carbon steel sheet: Weighted-average net purchase prices for domestic product 6 and imports of product 6 from Brazil, 1/ and the average margins by which imports from Brazil undersold or oversold domestic products, by market areas 2/ and by quarters, January 1982-March 1984--Continued

Product and period	Domestic products	Imports from Brazil	Margins of underselling/(overselling)	
	Per ton	Per ton	Per ton	Percent
Philadelphia/New York:				
1982:				
January-March	$483.02	-	-	-
April-June	471.00	-	-	-
July-September	471.00	-	-	-
October-December	449.50	-	-	-
1983:				
January-March	465.36	$369.00	$96.36	20.7
April-June	501.07	-	-	-
July-September	492.80	403.00	89.80	18.2
October-December	537.00	-	-	-
1984: January-March	526.54	-	-	-
Portland/Seattle:				
1982:				
January-March	491.00	-	-	-
April-June	491.00	413.00	78.00	15.9
July-September	483.00	405.00	78.00	16.2
October-December	-	405.00	-	-
1983:				
January-March	465.00	399.00	66.00	14.2
April-June	465.00	374.00	91.00	19.6
July-September	430.00	399.00	31.00	7.2
October-December	430.00	-	-	-
1984: January-March	440.00	-	-	-

1/ A description of product 6 is presented in app. C. Inadequate data were received for an analysis to be made of prices of products 7 and 8.

2/ The market areas for which pricing data were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle. Inadequate data were provided for an analysis of prices in any of the areas other than those identified.

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

Appreciation of the U.S. dollar.--Table 20 presents indexes of producer prices in the United States and Brazil and indexes of the nominal and real exchange rates between the U.S. dollar and the Brazilian cruzeiro, by quarters, from January 1981 through March 1984. As shown in the table, the cruzeiro devalued in nominal terms by approximately 1,500 percent against the dollar, but, because of Brazil's rapid rate of inflation (more than 1,100 percent) during that period, the cruzeiro devalued in real terms by much less, approximately 42 percent.

Table 20.--Indexes of producer prices in the United States and Brazil and indexes of the nominal and real exchange rates between the U.S. dollar and the Brazilian cruzeiro, by quarters, January 1981-March 1984

(January-March 1981 = 100)

Period	U.S. producer price index	Brazilian producer price index	Nominal exchange-rate index 1/	Real exchange-rate index 2/
1981:				
Jan.-Mar	100.0	100.0	100.0	100.0
Apr.-June	102.4	119.7	118.5	101.4
July-Sept	103.3	138.2	140.8	105.2
Oct.-Dec	103.2	160.5	166.8	107.3
1982:				
Jan.-Mar	104.0	188.4	194.07	107.5
Apr.-June	104.2	227.4	226.2	103.7
July-Sept	104.8	269.0	267.9	104.4
Oct.-Dec	104.8	310.8	325.4	109.7
1983:				
Jan.-Mar	104.9	387.9	461.1	124.7
Apr.-June	105.2	512.8	672.2	137.9
July-Sept	106.3	734.7	901.6	130.4
Oct.-Dec	106.8	1,035.5	1,225.3	126.4
1984: Jan.-Mar	108.0	1,228.5	1,611.1	141.6

1/ Based on nominal exchange rates expressed in units of cruzeiros per U.S. dollar.

2/ Based on real exchange rates expressed in units of cruzeiros per U.S. dollar.

Source: International Monetary Fund, International Financial Statistics, April 1984.

Transportation costs

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

Most of these domestic steel products are shipped either by truck or by rail; however, it has become very difficult to obtain reliable transportation cost since 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. 2/

Conversations with SSC and domestic mill officials indicate that port-proximate markets for imported steel incur small inland freight costs (generally less than $7.00 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 often make imports, especially on the gulf and west coasts, a more attractive alternative.

Lost sales

* * * provided nine specific instances of alleged lost sales of cold-rolled carbon steel sheet to competing imports from Brazil between February 1982 through November 1983. These allegations involved seven different purchasers, two of which were steel SSC's and five of which were end users. The total quantity of these alleged lost sales amounted to 7,250 tons of cold-rolled sheet. All seven were contacted and a summary of their responses follows.

1/ Illinois, Indiana, Ohio, and Pennsylvania.

2/ On a ton-mile basis, 60 percent of sheet and strip shipments in 1977 was by rail and 39 percent by truck. (U.S. Bureau of the Census, Census of Transportation, 1980, Vol. 1, p. 20.)

Purchaser 1.--* * * is a steel service center located * * *. * * * cited * * * lost sales, * * *. The following tabulation shows this firm's sources for cold-rolled sheet during 1981-83:

Source	1981	1982	1983
U.S. produced	***	***	***
Produced in Brazil	***	***	***
Other countries	***	***	***
Total	***	***	***

* * * is the only domestic supplier of cold-rolled sheet to * * *. Their purchases from * * * declined dramatically in 1982, then increased to a period high in 1983. Brazilian cold-rolled sheet was sourced for the first time in 1982. By 1983, Brazil was the largest supplier of the material to * * *. This firm stated that the availability of the steel, its high quality, and low price influenced its decision to increase its purchases from Brazil. Cosipa was named as the Brazilian producer supplying the cold-rolled sheet purchased by * * *.

Purchaser 2.--* * * is located in * * *. This firm uses cold-rolled sheet in its manufacture * * *. * * * alleged lost sales to the Brazilians * * *, for a total of * * * tons. * * *, an official at * * *, stated that his firm had not purchased any Brazilian cold-rolled sheet during 1982, but did purchase close to * * * tons during 1983. According to * * *, price was the sole factor in that decision. * * * stated that his firm sourced the Brazilian sheet from * * * importer. He could not be certain of the actual origin (Brazilian mill) of the cold-rolled sheet purchased but stated that during 1983 * * * was primarily handling Usiminas' product.

Purchaser 3.--* * *, located in * * *, was a manufacturer of * * *. * * * is in the process of shutting down, * * *. * * * alleged a lost sale of 500 tons of cold-rolled sheet in * * *. * * * did not have access to purchasing records, but did not recall any purchases of Brazilian sheet as alleged.

Purchaser 4.--* * *, located in * * *, is a manufacturer of * * *. * * * alleged a lost sale of * * * tons of cold-rolled sheet in * * *. * * *, the materials manager for * * *, either buys direct from domestic mills or from distributors. When sourcing from distributors, * * * specifies either domestic or Japanese steel. * * * stated that his firm did not purchase any Brazilian steel.

Purchaser 5.--* * * of * * * is a manufacturer of * * *. * * * alleged a lost sale to Brazil totaling * * * tons in * * *. * * *, of the firm, stated that his firm purchased around * * * tons of Brazilian cold-rolled sheet during 1983. He characterized this purchase as experimental and influenced by the favorable pricing offered on this material. The quality of the Brazilian steel was rated as good, but extensive delays in material delivery have hindered Brazil from becoming a more important supplier to his firm. The Brazilian cold-rolled sheet purchased by the firm during 1983 was produced by Cosipa, according to * * *.

Purchaser 6.--* * * steel service center * * * was named as the purchaser of * * * tons of Brazilian cold-rolled sheet in * * *. 1/ * * *, a divisional material coordinator for * * *, was contacted * * *. He checked the * * * office's purchases for all of 1983 and could confirm * * * purchase of just * * * tons of Brazilian cold-rolled sheet from a broker. The price was about $33 per ton lower than competing domestic prices and this lower price was stated as the primary consideration in * * *'s decision to purchase the Brazilian material. * * * was not able to identify the producer of this Brazilian sheet. * * * historically purchases about 70 percent of its steel requirement from foreign suppliers in order to stay competitive in the * * * area.

Purchaser 7.--* * *, an end user located in * * *, was alleged to have bought * * * tons of Brazilian cold-rolled sheet in * * *. * * * returned the purchaser questionnaire, stating that they had not purchased any of the subject steel products since January 1982.

Lost revenue

* * * provided 10 instances of alleged lost revenues as a result of price reductions on sales of cold-rolled carbon steel sheet in competition with comparable sheet imported from Brazil. These examples involved seven different purchasers. In the aggregate, these allegations totaled 26,120 tons of cold-rolled sheet sold in 1983.

Purchaser 1.--The first instance cited * * *, as purchaser of * * * tons and * * * tons of cold-rolled sheet in * * * at reduced prices because of competing Brazilian sheet. * * *, buyer for this SSC, could not verify the tonnages bought or the price negotiations that transpired, but he did confirm that discounting by * * * was commonplace during this period. The depressed market dictated deviations from list price. Brazilian sheet was also available during this period and generally at a lower price than the discounted domestic-mill price. The Brazilian sheet purchased by this firm during 1983 was produced by Usiminas.

Purchaser 2.--* * *, was identified in another allegation as having purchased three different lots totaling * * * tons of cold-rolled sheet in * * * after * * * reduced its prices in the face of competition from Brazilian sheet. * * *, vice president for this end-user firm, reported purchases of just over * * * tons from domestic mills during 1983. This firm purchased another * * * tons from SSC's. While almost all of this was foreign-produced sheet, they would not know how much was of Brazilian origin. * * * stated that Brazilian mills were quoting in the market during 1983, with Cosipa and Usiminas the most active.

1/ * * *.

Purchaser 3.--* * *, was named in another allegation involving a purchase of about * * * tons of cold-rolled sheet after the price was reduced to meet a competing offer price on Brazilian sheet. * * *, buyer for this * * *, confirmed the purchase but stated that even at the reduced prices, $120 below published price, this is not competitive with offshore cold-rolled sheet priced at $360 to $380 per ton. * * * complained that * * * was losing business to competitors using foreign cold-rolled sheet from Brazil, Japan, and Argentina. On a * * *, a difference of $40 per ton in the cost of sheet translates into a * * * cost disadvantage on material alone. This use of domestic material currently is hurting the firm's sales.

Purchaser 4.--* * *, a large SSC located in * * *, was identified as having purchased * * * tons of cold-rolled sheet in * * * from * * * after that domestic producer reduced its price in competition with imported Brazilian sheet. * * * acknowledged the purchase, made for * * * delivery at * * * per ton. * * * approached * * *, stating what their firm needed in terms of price in order to be competitive. Import price levels were emphasized, but without specific reference to Brazilian imports. * * * noted, however, that Brazil was in the market during that time and that offer prices on Brazilian cold-rolled sheet were commonly known. * * *, purchasing officer for * * *, stated that he had no record of the mill source of the Brazilian steel offered in the market during that time.

Purchasers in the remaining three allegations could not recall the specific instance, but stated that discounting was not uncommon in their market.

APPENDIX A

NOTICE OF INVESTIGATION BY THE COMMISSION

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-154 (Final)]

Cold-Rolled Carbon Steel Sheet From Brazil

AGENCY: United States 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: July 11, 1984.

SUMMARY: As a result of an affirmative final determination by the U.S. Department of Commerce that imports of cold-rolled carbon steel sheet from Brazil, provided for in item 607.83 of the Tariff Schedules of the United States, are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States Trade Commission hereby gives notice of the institution of investigation No. 731-TA-154 (Final) under section 735(b) of the act (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 Commission will make its final injury determination by September 24, 1984 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Lawrence Rausch (202-523-0286), Office of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Background

On December 27, 1983, the Commission notified the Department of Commerce that, on the basis of the information developed during the course of its preliminary investigation, there was a reasonable indication that an industry in the United States was materially injured by reason of imports of cold-rolled carbon steel sheet from Brazil. The preliminary investigation was instituted in response to a petition filed on November 10, 1983, by United Steel States Corp., Pittsburgh, PA.

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 Chairwoman, 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 201.11(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 August 3, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m., on August 16, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC 20436. 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 July 31, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m., on August 7, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is August 13, 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 briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevent to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on August 21, 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 on or before August 21, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

By order of the Commission.

Issued by: July 27, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-20344 Filed 7-31-84; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

NOTICE OF COMMERCE'S FINAL DETERMINATION

[A-351-025]

Final Determinations of Sales at Less Than Fair Value: Certain Carbon Steel Products From Brazil

AGENCY: International Trade Administration/Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We determine that certain carbon steel products (hot- and cold-rolled carbon steel sheet) from Brazil are being sold in the United States at less than fair value and that critical circumstances exist. The United States International Trade Commission (ITC)

will determine whether these imports are materially injuring, or are threatening to materially injure, a United States industry. We are directing the U.S. Customs Service to suspend liquidation as set forth in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: July 11, 1984.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, 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) 377-2438.

SUPPLEMENTARY INFORMATION:

Final Determinations

We determine that certain carbon steel products from Brazil are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). Cold-rolled carbon steel sheet produced and sold by COSIPA and CSN are excluded from the determination on cold-rolled carbon steel sheet.

We found that the foreign market value of hot-rolled carbon steel sheet from Brazil exceeded the United States price on 60 percent of the sales of this product. These margins ranged from 0.47 percent to 103.7 percent and the overall weighted-average margin on all hot-rolled carbon steel sheet sales compared is 6.45 percent. We found that the foreign market value of cold-rolled carbon steel sheet from Brazil exceeded the United States price on 8 percent of the sales of this product. These margins ranged from 0.21 percent to 16.83 percent and the overall weighted-average margin on all cold-rolled sheet sales compared is 0.91 percent. The weighted-average margins for individual companies are presented in the "Suspension of Liquidation" section of this notice.

Case History

On November 10, 1983, we received petitions from United States Steel Corporation on behalf of the domestic certain carbon steel products industry. In accordance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitions alleged that imports of certain carbon steel products (hot-rolled carbon steel sheet and cold-rolled carbon steel sheet) from Brazil are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that these imports are materially injuring, or threatening to materially injure, a United States industry.

After reviewing the petitions, we determined that they contained sufficient grounds to initiate antidumping duty investigations. We notified the ITC of our action and initiated the investigations on November 22, 1983 (48 FR 55011). On December 27, 1983, we were informed by the ITC that there is a reasonable indication that imports of certain carbon steel products are materially injuring a United States industry.

On March 13, 1984, the petitions were amended to include an allegation that "critical circumstances" exist with respect to sales of certain carbon steel products from Brazil pursuant to section 733(e) of the Act.

Questionnaires were presented to Companhia Siderurgica Paulista (COSIPA), Companhia Siderurgica Nacional (CSN), and Usinas Siderurgicas de Minas Gerais S/A (USIMINAS), on December 2, 1983. We received responses on February 8, 16, and 22, 1984. Revised responses were received on June 6, 1984.

On April 18, 1984, we made a preliminary determination that hot-rolled carbon steel sheet from Brazil was being, or was likely to be, sold in the United States at less than fair value and that one producer, CSN, should be excluded from this determination (49 FR 17986). We preliminarily determined that cold-rolled carbon steel sheet from Brazil was not being or was not likely to be sold in the United States at less than fair value (49 FR 18024). We also preliminarily determined that critical circumstances did not exist.

Scope of Investigations

The merchandise covered by these investigations in hot-rolled cabon steel sheet and cold-rolled carbon steel sheet.

The term *"hot-rolled carbon steel sheet"* covers the following hot-rolled carbon steel poducts. Hot-rolled carbon steel sheet is a flat-rolled carbon steel product, whether or not corrugated or crimped; not cold-rolled, not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; 0.1875 inch or more in thickness, over 8 inches in width and pickled; as currently provided for in item 607.8320 of the Tariff Schedules of the United States Annotated (*TSUSA*), or under 0.1875 inch in thickness and over 12 inches in width, whether or not pickled, whether or not in coils, as currently provided for in items 607.6710, 607.6720, 607.6730, 607.6740, or 607.8342 of the *TSUSA*. This description of hot-rolled carbon steel sheet includes some products classified as "plate" in the *TSUSA*.

The hot-rolled carbon steel sheet covered by this investigation is a different product from that covered by the recent antidumping duty investigations of "hot-rolled carbon steel plate and sheet from Brazil." The sheet in those investigations is the product described as "plate in coil" in Appendix A of the notice of "Certain Carbon Steel Products from Mexico; Initiation of Countervailing Duty Investigations" (48 FR 55013).

The term *"Cold-rolled carbon steel sheet"* covers the following cold-rolled carbon steel products. Cold-rolled carbon steel sheet is a flat-rolled carbon steel product, whether or not corrugated or crimped; whether or not painted or varnished and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; over 12 inches in width, and 0.1875 or more in thickness, as currently provided for in item 607.8320 of the Tariff Schedules of the United States Annotated (*TSUSA*), or over 12 inches in width and under 0.1875 inch in thickness in items 607.8350, 607.8355, or 607.8360 of the *TSUSA*. This description of cold-rolled carbon steel sheet includes some products classified as "plate" in the *TSUSA*.

These investigations cover the period from June 1, 1983, through November 30, 1983. COSIPA, CSN, and USIMINAS are the only known Brazilian producers who export the subject merchandise to the United States. We examined virtually all of United States sales made during the period of investigation.

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(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the F.O.B. or C & F price to United States purchasers. We deducted brokerage charges, inland freight, handling charges, inland insurance, ocean freight and other expenses incurred in delivering the products to the port of exportation, where appropriate. When comparing the United States price to home market prices, we accounted for taxes imposed in Brazil but rebated or not collected by reason of the exportation of the merchandise to the United States.

Foreign Market Value

In accordance with section 773(a)(1) of the Act, we used home market prices where there were sufficient home market sales at or above cost of production to determine foreign market value. Where there were no or insufficient sales in the home market at prices at or above cost, we used constructed value. The pretitioner alleged that sales in the home market were at prices below the cost of producing hot-rolled carbon steel sheet. We examined production costs, including materials, labor and general expenses. In calculating foreign market value, we made currency conversions from Brazilian cruzeiros to United States dollars in accordance with § 353.56(a)(1) of the Commerce regulations using the certified daily exchange rates.

We found that sales of certain subgroups of the subject merchandise were made at less than the cost of production over an extended period of time, in substantial quantities, and at prices not permitting the recovery of all costs within a reasonable period of time in the normal course of trade. Where there were insufficient sales above cost and we could not use sales in the home market to determine the foreign market value of the products under investigation which are in these subgroups, we used constructed value. Sufficient sales of other subgroups of the products under investigation were made in the home market at or above cost. Therefore, we used home market prices to determine the foreign market value for these subgroups.

The home market prices were based on ex-factory prices to unrelated home market purchasers including an additional charge for late payment. From these prices, we deducted a regional discount, where appropriate. We also adjusted, where appropriate, for the differences between commissions on sales to the United States and indirect selling expenses in the home market used as an offset to U.S. commissions, in accordance with 19 CFR 353.15(c). We also made a circumstance of sale adjustment for differences in post-shipment credit terms in the two markets.

We made adjustments for differences in physical characteristics. These were based on the differences in industrial costs. Packing was not included in the price to either market.

In accordance with section 773 of the Act, we calculated constructed value, where appropriate, by adding the costs of materials and of fabrication of the merchandise sold to the United States, general expenses, and profit. For materials and fabrication, we used the producers' actual cost figures.

We used the actual general expenses, including those attributable to effects of inflation, since they exceeded the statutory minimum of ten percent of the sum of material and fabrication costs. We calculated profit using the statutory minimum of eight percent of the sum of the general expenses and cost since the actual profit was less than the statutory minimum. We did not add packing costs since the merchandise sold to the United States was unpacked.

Petitioner's Comments

Comment 1

Petitioner claims that currency exchange losses have been incorrectly omitted from production costs. Petitioner argues that the fact that the independent auditors qualified their approval of the respondents' 1983 financial statements in this regard demonstrates the inappropriate treatment of these losses which are a cost of doing business. Petitioner states that currency exchange losses should be treated in the same manner as other financial expenses.

DOC Position

The Department reviewed the financial statements of the respondents and the accompanying audit opinions of their public accounts. We concluded that the impact of the maxi-devaluation of the Braxilian cruzeiro on the financial operating performance in 1983 would be distortive if included in the cost of production in its entirety in one year, but that the complete exclusion (deferral) of the capitalized portion of the devaluation impact in 1983 would also be distortive.

Therefore, the Department has included a portion of the capitalized exchange losses in the cost of production. Since Decree-law 2029/83 permitted the amortization of the devaluation over a maximum five year period, we included ⅕ (20%) of the effect in the 1983 production cost.

Comment 2

Petitioner claims that respondents understated their asset values and, therefore, their depreciation costs in 1983. This claim was based on the fact that respondents revalued assets as of December 31, 1983.

DOC Position

The Department investigated the depreciation methods used by the respondents. The Brazilian accounting practice is to use the government bond rate (ORTN) to increase the depreciation charges on a monthly basis. Therefore, the depreciation charged to cost of production reflects an increased book value of the assets.

Comment 3

Petitioner alleges that certain domestic and export product categories set forth by respondents as representing the most similar comparison groups are not similar and should be rejected for comparison purposes or subject to adjustment.

DOC Position

The comparison groupings proposed by the respondents were reviewed by a steel expert in Import Administration who stated that the grades chosen for comparison purposes were correctly designated and that the dimensional subgroups were valid. Where appropriate, adjustments for differences in merchandise were made.

Comment 4

Petitioner asserts that respondents had improperly adjusted their method of allocating selling, general and administrative (SG&A) expenses. In modifying costs of goods sold by inventory changes, they deferred a portion of SG&A which was charged to income in 1983. SG&A expenses must be based on sales volume in order to fully allocate the expense over all products sold during the period.

DOC Position

We agree. The respondents allocated SG&A expenses to specific products based on the same ratio as the total expense is to cost of production. This methodology, however, does not properly allocate SG&A expenses to the products under investigation. Using their methodology a portion of SG&A would be allocated to inventory. We consider SG&A expenses to be period costs and have reallocated the expenses to specific products based on the same ratio as total SG&A is to cost of goods sold.

Comment 5

Petitioner asserts that no adjustment for differences in credit terms should be allowed since the home market price list is on at-sight terms as are U.S. sales.

DOC Position

We disagree. While the price list prices are based on at-sight terms the price lists provide for additional charges for 60 day payment terms and late payment. We verified that these additional charges are actually collected and these charges are included in the prices reported. Therefore, we made an adjustment in accordance with 19 CFR 353.15 for the differences in credit costs.

Interested Party's Comments

Comment 1

Bethlehem claims that the prices in the Brazilian home market are fictitious prices due to the government price controls and should not be used as the basis for determining fair value.

DOC Position

We disagree. The government price controls on steel products are part of a generalized price control system in Brazil. Under this system, maximum prices are set by the Interministerial Council on Prices. The maximum prices are revised periodically upon request of the Brazilian steel producers on the basis of increased costs. The prices reported are those actually charged in the home market. Since the presence of a fictitious market has not been demonstrated, we have determined that the home market prices are the proper basis for determining fair value.

Comment 2

Bethlehem claims that use of the official exchange rate in effect on the date of exportation is inappropriate in these investigations since the government of Brazil has devalued the cruzeiro at a rate which exceeds the rate of inflation in Brazil and that this rapid devaluation is specifically aimed at increasing exports. Bethlehem suggests the use of the 1982 exchange rate adjusted for 1983 inflation or use of the exchange rate in the previous quarter.

DOC Position

Since all sales to the United States were calculated on the basis of purchase price, we converted currency at the exchange rate in effect on the date of purchase, in accordance with 19 CFR 353.56(a)(1). We agree that 19 CFR 353.56(b) allows some latitude in the selection of the appropriate exchange rate where prices under consideration are affected by temporary exchange rate fluctuations.

Since the cruzeiro has been subject to significant devaluation over a period in excess of three years, we have determined that these fluctuations are not temporary and that the conversion of currency in accordance with 19 CFR 353.56(a)(1) is appropriate.

Comment 3

Bethlehem alleges that input costs for iron ore, limestone, refractories, fluxes, additives and alloys are undervalued as a result of government price controls on these materials.

DOC Position

We base the determination of input costs on the actual costs to the producers under investigation in the absence of evidence that the suppliers are related to the producers. Where relationships are known to exist, we determine whether the cost element under consideration fairly reflects the amount usually reflected in sales in the market under consideration of the merchandise under consideration in accordance with section 773(e)(2) of the Act (19 U.S.C. 1677b(e)). In the case of iron ore, where a relationship was known to exist between the producer and supplier, we determined that the prices did fairly reflect the amount usually reflected in sales in Brazil. We have no evidence that any relationships within the meaning of section 773(e)(3) of the Act exist between the respondents and other input suppliers. Therefore, we used the transaction prices in calculating production costs.

Respondents' Comments

Comment 1

Respondents argue that when determining whether sales are below cost of production ITA should have compared the weighted-average price for hot- or cold-rolled sheet in Brazil with the weighted average cost of producing hot- or cold-rolled sheet.

DOC Position

We believe that when testing for below cost of production sales, we should examine "such and similar merchandise" rather than the class or kind of merchandise under investigation. Under respondents' theory that we should examine whether the weighted-average price of hot- or cold-rolled sheet exceeds the weighted average cost of hot- or cold-rolled sheet, either all or none of the home market sales would be disregarded. This would be inconsistent with the statutory requirement that ITA disregard only those sales made at less than the cost of production which are made over an extended period of time, and in substantial quantities and not at prices which permit recovery of all costs within a reasonable period of time in the normal course of trade.

Comment 2

Respondents claim that the adjustment for differences in circumstances of sale relating to post-shipment credit should be calculated on the basis of effective interest rates rather than nominal interest rates. Respondents submitted revised responses including post-shipment credit costs based on the effective interest rates.

DOC Position

We agree that the effective rate of interest more accurately reflects the cost of credit to respondents and calculated the adjustment on the basis of each firm's short-term working capital borrowing experience in terms of effective interest rates.

Comment 3

Respondents assert that the late payment fee charged by the respondents should be added to the home market price before comparison to the cost of production, since the analogous costs are included in the cost of production.

DOC Position

We agree. We verified the fact that the charges are actually being paid by the customers. In addition, we included these charges in the home market price and made the appropriate adjustments for differences in circumstances of sale in the calculation of the post-shipment credit costs.

Comment 4

Respondents argue that a circumstance of sale adjustment should be made to reflect differences in pre-shipment financing.

DOC Position

We disallowed this claim because we do not consider the pre-shipment credit to be directly related to the sales under consideration. The pre-shipment financing is working capital financing used by respondents on export sales and is available through exchange contracts which enable the seller to borrow funds in cruzeiros based on anticipated export sales payable in U.S. dollars. These loans are for extended periods of time, often 180 days, and the exchange contracts specify the interest rate. At the time of shipment of an assigned exportation, the lending bank receives payment in U.S. dollars or the loan is converted to a post-shipment credit. Specific export sales or shipments are not tied to these loans until the applicable export licenses are issued which is usually at the time of exportation. The exchange contracts identify an anticipated purchaser; however, receipts from shipments to other purchasers are often applied against the loans. In addition, export contracts often involve multiple shipments. We verified that receipts from shipments under single export contracts have been applied against multiple exchange contracts. Export contracts are often concluded after the funds are borrowed under exchange contracts. Also, the exporter has the choice of assigning payment for the export shipment to any outstanding exchange contract or receiving the U.S. dollars payment directly. Based on the foregoing, we do not consider the pre-shipment credit to be directly related to the sales under consideration.

Comment 5

Respondents claim that COSIPA's financial expenses should be adjusted to accurately allocate them between assets in current production and assets for expansion which are not in operation. Respondents state that the capitalization and deferral of interest costs on assets under construction is consistent with Brazilian and U.S. generally accepted accounting principles and is, therefore, permissible under the antidumping duty law.

DOC Position

We disagree. In calculating the cost of production, our policy is to use the firm's expenses as recorded in its financial statements as long as those statements are prepared in accordance with the home country's generally accepted accounting principles (GAAP) and do not significantly distort the firm's financial position or actual costs. The principles used in the financial statements with respect to these financial expenses were in accordance with GAAP in Brazil. A similar claim was rejected in the recent investigation on hot-rolled carbon stee plate and hot-rolled carbon steel sheet from Brazil as stated in the final determination published on Jaunary 25, 1984 (47 FR 3102).

The 1983 COSIPA financial statements were prepared after the publication of that notice. The fact that COSIPA was not permitted to alter its treatment of interest expense in 1983 also supports our determination that the claimed adjustment is not warranted.

Comment 6

Respondents claim that a circumstance of sale adjustment should be made for the freight equalization charge which CSN and COSIPA are required to include in their prices.

DOC Position

The freight equalization charge constitutes an increase in revenue to COSIPA and CSN with no corresponding costs. As such, we determine that the freight equalization charge does not constitute a selling expense and an adjustment for a difference in circumstances of sale is not appropriate.

Verification

In accordance with section 776(a) of the Act, we verified data used in making this final determination by using verification procedures which included on-site inspection of manufacturers' facilities and examination of company records and selected original source documentation containing relevant information.

Final Affirmative Determinations of Critical Circumstances

U.S. Steel alleged that imports of hot-rolled carbon steel sheet present "cricital circumstances". Under section 735(a)(3) of the Act, critical circumstances exist when the Department finds that: (1) There is a history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of the investigation, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than fair value, and (2) there have been massive imports of the class or kind of the merchandise which is the subject of the investigation over a relatively short period.

In determining whether there is a history of dumping of hot- and cold-rolled carbon steel sheet from Brazil in the United States or elsewhere, we reviewed past antidumping findings of the Department of the Treasury as well as past Department of Commerce antidumping duty orders. We found no past antidumping determinations on hot-rolled carbon steel sheet from Brazil which covered the class or kind of hot-rolled carbon steel sheet which is the subject of this investigation. We also reviewed the antidumping actions of other countries made available to us through the Antidumping Code Committee established by the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade. On November 9, 1982, in Commission Recommendation No. 310/10 ECSC, the Commission of the European Communities imposed antidumping duties on imports of hot-rolled sheets of less than 3mm and cold-rolled sheets of iron and steel, originating in Brazil. On May 18, 1983, in Commission Recommendation No. 1230/83 ECSC, the Commission of the European Communities imposed antidumping duties on imports of sheets and plates, of iron and steel, not further worked than hot-rolled of a thickness of 3mm or more, originating in Brazil. We now recognize that all of the merchandise covered by our investigations falls within the scope of the Commission Recommendations. Therefore, we find the requisite history of dumping of the class or kind of merchandise.

Information on the record indicates that imports of the merchandise under investigation have increased dramatically. In considering this question, we compared the monthly average of imports from Brazil during the period of May through October 1983, with the monthly average of imports for the period of November 1983 through March 1984, the five months between our receipt for the petition and our preliminary determinations. These comparisons show that the import volume of hot-rolled sheet increased by 100 percent and cold-rolled sheet increased by 24 percent. Since USIMINAS is the only major exporter of cold-rolled sheet which is not excluded, we made similar comparisons relative to its shipments of this product and found they had increased by 74 percent.

Normally, we would also analyze imports from prior years in order to determine whether increased imports over a short period could be attributable to factors such as seasonal flows and, therefore, may not constitute massive imports over a short period of time for the purposes of section 735(a)(3). In this case, we have not done so because Brazil is a comparatively new entrant in the U.S. market with consequently low levels of exports of these products to the U.S. in 1981 and 1982.

Based on our comparisons of figures for the periods set forth above, we find that there have been massive imports of hot-rolled carbon steel sheet and cold-rolled carbon steel sheet over a relatively short period of time.

For the reasons discussed above, we find that critical circumstances exist within the meaning of section 735(a)(3) of the Act. We note that, pursuant to section 735(b)(4) the ITC makes its own determinations regarding critical circumstances. Therefore, pending the ITC's final determination, the suspension of liquidation of entries is ordered retroactively for a period of 90 days as set forth in the "Suspension of Liquidation" section below.

Suspension of Liquidation

In accordance with section 733(d) of the Act, on April 26, 1984, we directed the United States Customs Service to suspend liquidation of all entries of hot-rolled carbon steel sheet from Brazil with the exception of hot-rolled carbon steel sheet produced by CSN. As of the date of publication of this notice in the Federal Register, the liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise will continue to be suspended. The U.S. Customs Service shall require a cash deposit or the posting of a bond of equal amount. The suspension of liquidation of entries is ordered retroactively to January 27, 1984, on hot-rolled carbon steel sheet exported by all manufacturers/exporters except CSN. Suspension of liquidation of all entries of hot-rolled carbon steel sheet sold by CSN and cold-rolled carbon steel sheet sold by all companies except COSIPA and CSN is ordered retroactively for a period of 90 days prior to the date of publication of this notice. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturers/producers/exporters	Weighted-average margins (percent)
Hot-rolled carbon steel sheet:	
COSIPA	18.03
CSN	6.09
USIMINAS	18.15
All Other Manufacturers/Producers: Exporters	6.45
Cold-rolled carbon steel sheet:	
COSIPA (Excluded)	0.0
CSN (Excluded)	0.06
USIMINAS	1.40
All Other Manufacturers/Producers: Exporters	0.91

Article VI.5 of the General Agreement on Tariffs and Trade provides that "(n)o product * * * shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Accordingly, the level of export subsidies (as determined in the final affirmative countervailing duty determinations on certain carbon steel products from Brazil (49 FR 17988)) has been subtracted from the dumping margin for deposit or bonding purposes.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determinations. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to these investigations. 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 publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will determine whether imports of hot-rolled carbon steel sheet are materially injuring or threatening to materially injure a U.S. Industry within 45 days of the publication of this notice. The ITC will make its determination on cold-rolled carbon steel sheet within 75 days of the publication of this notice.

If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated 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 duty order directing Customs officers to assess antidumping duties on certain carbon steel products from Brazil, as appropriate entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States prices.

Dated: July 2, 1984.

Alan F. Holmer,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 84-18295 Filed 7-10-84; 8:45 am]

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APPENDIX C

PRODUCT DESCRIPTIONS

The products identified below are those used by the Commission to collect pricing information in its questionnaires:

<u>Product 6</u>: Cold-rolled carbon steel sheets, in coils, commercial quality, class 1, 0.0280 inch through 0.0630 inch in thickness, 45 inches through 60 inches in width.

<u>Product 7</u>: Cold-rolled carbon steel sheets, in coils, commercial quality, class 2, 0.0280 inch through 0.0630 inch in thickness, 45 inches through 60 inches in width.

<u>Product 8</u>: Cold-rolled carbon steel sheets, in coils, AKDQ A-620, 0.0280 inch through 0.0630 inch in thickness, 45 inches through 60 inches in width.