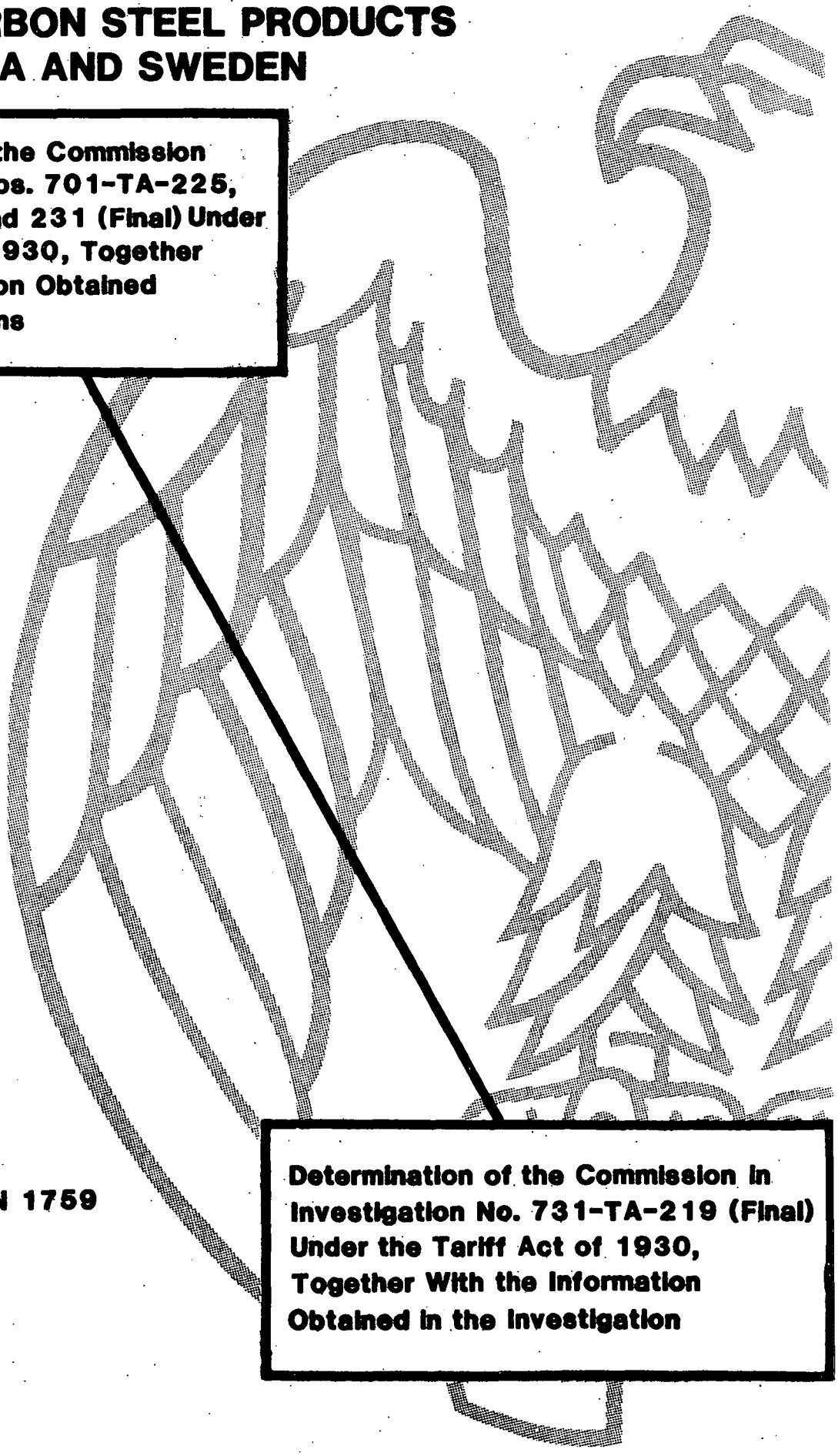
CERTAIN CARBON STEEL PRODUCTS FROM AUSTRIA AND SWEDEN

Determinations of the Commission in Investigations Nos. 701-TA-225, 227, 228, 230, and 231 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations



Determination of the Commission in Investigation No. 731-TA-219 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

USITC PUBLICATION 1759

SEPTEMBER 1985

United States International Trade Commission / Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-225, 227, 228, 230, and 231 (Final)
and 731-TA-219 (Final)

CERTAIN CARBON STEEL PRODUCTS FROM AUSTRIA AND SWEDEN

Determinations

On the basis of the record 1/ developed in the subject countervailing duty investigations, the Commission determines, 2/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is materially injured by reason of imports from Austria and Sweden of cold-rolled carbon steel plates and sheets, provided for in item 607.83 of the Tariff Schedules of the United States (TSUS), which have been found by the Department of Commerce to be subsidized by the Governments of Austria and Sweden (investigations Nos. 701-TA-230 and 231 (Final), respectively).

The Commission further determines 3/ that industries in the United States are not materially injured or threatened with material injury, and the establishment of industries in the United States is not materially retarded, either by reason of imports from Sweden of carbon steel plates, provided for in TSUS item 607.66, which have been found by the Department of Commerce to be subsidized by the Government of Sweden (investigation No. 701-TA-225 (Final)), or by reason of imports from Austria and Sweden of hot-rolled carbon steel sheets, provided for in TSUS items 607.67 and 607.83, which have been found by the Department of Commerce to be subsidized by the Governments of Austria and Sweden (investigations Nos. 701-TA-227 and 228 (Final), respectively).

On the basis of the record developed in the subject antidumping investigation, the Commission determines, 4/ pursuant to section 735(b) of the

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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/ Vice Chairman Liebeler dissenting.
3/ Commissioner Eckes dissenting.
4/ Commissioner Eckes dissenting.

Tariff Act of 1930 (19 U.S.C. § 1673d(b)), 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 Austria of hot-rolled carbon steel sheets, provided for in TSUS items 607.67 and 607.83, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV) (investigation No. 731-TA-219 (Final).

Background

The Commission instituted the countervailing duty investigations effective March 20, 1985, and the antidumping investigation effective June 3, 1985, following preliminary determinations by the Department of Commerce that imports of certain carbon steel products from Austria and Sweden were being subsidized within the meaning of section 701 of the Act (19 U.S.C. § 1671) and/or were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notices of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Register of April 24, 1985, and June 27, 1985, (50 FR 16164, 50 FR 26636, and 50 FR 26637). The hearing was held in Washington, DC, on August 20, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRWOMAN PAULA STERN, COMMISSIONER SEELEY G. LODWICK, AND COMMISSIONER DAVID B. ROHR

We determine that an industry in the United States is materially injured by reason of imports of cold-rolled carbon steel sheets (including cold-rolled plates) from Austria and Sweden, which the Department of Commerce (Commerce) has determined to be subsidized. We also determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of carbon steel plates from Sweden, which Commerce has determined to be subsidized. 1/ Finally, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of hot-rolled carbon steel sheets from Austria and Sweden, which Commerce has determined to be subsidized, or by reason of imports of hot-rolled carbon steel sheets from Austria, which Commerce has determined are being sold at less than fair value (LTFV).

Material injury to the domestic industry producing cold-rolled carbon steel plates and sheets by reason of subsidized imports from Austria and Sweden is primarily evidenced by decreased domestic production, consumption, employment, and by the deteriorating financial performance of the industry during the period of investigation, particularly in 1985. The increasing volume of subsidized imports and the apparent underselling by those imports indicate a causal connection between the injury suffered and the subsidized imports. Our determinations of no material injury or threat thereof by reason of subsidized imports of carbon steel plates from Sweden, by reason of subsidized imports of hot-rolled carbon steel sheets from Austria and Sweden, and by reason of LTFV imports of hot-rolled carbon steel sheets from Austria,

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1/ Material retardation is not an issue in these investigations and will not be discussed further.

are based on our conclusion that although the domestic industries producing these products are materially injured, that material injury is not by reason of the imports under investigation.

The like products and the domestic industries

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

The imported products which are the subject of these investigations are carbon steel plate, both cut-to-length and in coils, hot-rolled carbon steel sheets, and cold-rolled carbon steel plates and sheets. These products have been the subject of numerous Commission countervailing duty and antidumping duty investigations. 4/ In previous investigations, including the preliminary investigations in these cases, 5/ the like products were defined as follows:

Imported Product	Like Product
carbon steel plate cut-to-length	carbon steel plate (both coiled and cut-to-length)
carbon steel plate in coils	carbon steel plate (both coiled and cut-to-length)
cold-rolled carbon steel sheet	cold-rolled carbon steel sheet
cold-rolled carbon steel plate	cold-rolled carbon steel sheet
hot-rolled carbon steel sheet	hot-rolled carbon steel sheet

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

4/ See Report of the Commission (Report) at Appendix F for a list of prior Commission investigations of carbon steel products.

5/ Certain Carbon Steel Products from Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, Invs. Nos. 701-TA-225-234 and 731-TA-213-217, 219, 221-226, and 228-235 (Preliminary), USITC Pub. 1642 (1985) at 9.

In previous investigations, including the preliminary investigations in these cases, 6/ the Commission determined that the relevant domestic industries were the domestic producers of carbon steel plates; 7/ the domestic producers of cold-rolled carbon steel sheets; 8/ and the domestic producers of hot-rolled carbon steel sheets. 9/

No party has raised any argument in favor of different definitions of like product or domestic industry, nor does any information in the record suggest that different determinations would be appropriate. Therefore, we adopt the like product and domestic industry determinations reached in the preliminary investigations.

Condition of the domestic industries

Carbon steel plates

Throughout the period under investigation, the domestic carbon steel plate industry has experienced difficulties. Despite small improvements from 1982 to 1984, the indicators of performance in the domestic industry have not returned to previous levels, and data for the most recent period show a downturn in performance.

Production increased slightly from 3.9 million tons in 1982 to 4.2 million tons in 1984. 10/ Data for the most recent period show a decline as compared with the corresponding period in 1984. Plate production during January-June 1985 was 2.1 million tons, representing a 15 percent decline from the level reached during January-June 1984. Domestic shipments of carbon

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6/ Id. at 10.
7/ See Report at I-7 for a list of the domestic producers.
8/ See Id. at III-5 for a list of the domestic producers.
9/ See Id. at II-5 for a list of the domestic producers.
10/ Id. at I-10.

steel plates have followed the same pattern as production. Shipments increased by 11 percent from 1982 to 1984. 11/ During January-June 1985, shipments were 15 percent lower than during the corresponding period of 1984. Capacity utilization improved from 33 percent in 1982 to 39 percent in 1984. Capacity utilization during January-June 1985 declined to 39 percent, as compared with 43 percent during the corresponding period of 1984. 12/

Both employment and hours worked declined from 1982 to 1983, before improving somewhat during 1984. 13/ Employment dropped from 10,118 workers in 1982 to 9,370 workers in 1983, then increased to 9,650 workers in 1984, and hours worked declined from 19.6 million hours in 1982 to 19.1 million hours in 1983, before increasing to 19.5 million hours in 1984. Employment during January-June 1985 declined to 9,376 workers, as compared with 11,708 workers during January-June 1984, while hours worked fell to 9.9 million hours during January-June 1985, as compared with 11.4 million hours during the corresponding period in 1984.

The financial experience of the U.S. producers substantiates the view that the domestic industry is still experiencing material injury. Net sales declined by 15 percent from 1982 to 1983, then increased in 1984. 14/ During the most recent period, January-June 1985, net sales decreased to $734 million, as compared with the corresponding period of 1984. The domestic industry has reported operating losses during the entire period under investigation. 15/ The improvement seen in some indicators of performance

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11/ Id. at I-11.
12/ Id. at I-10.
13/ Id. at I-13.
14/ Id. at I-15-I-16.
15/ Id.

during 1984 has not continued, and the domestic industry is experiencing material injury. 16/

Hot-rolled carbon steel sheets

The domestic hot-rolled carbon steel sheet industry also has experienced difficulties throughout the period under investigation. As with the domestic carbon steel plate industry, despite improvements from 1982 to 1984, the indicators of performance in the domestic industry have not returned to previous levels, and data for the most recent period show a downturn in performance with respect to some indicators.

Production increased from 7.8 million tons in 1982 to 11.0 million tons in 1984. 17/ Data for the most recent period show a decline as compared with the corresponding period in 1984. Hot-rolled carbon steel sheet production during January-June 1985 was 5.9 million tons, representing a 3 percent decline from the level reached during January-June 1984. Domestic shipments of hot-rolled carbon steel sheet increased by 38 percent from 1982 to 1984. 18/ During January-June 1985, shipments were slightly higher than during the corresponding period of 1984. Capacity utilization improved from 40.2 percent in 1982 to 58.8 percent in 1984. Capacity utilization during January-June 1985 remained relatively stable, declining only slightly to 62.7 percent, as compared with 63.0 percent during the corresponding period of 1984. 19/

16/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causation. She joins her colleagues by concluding that the domestic industry is experiencing economic problems.
17/ Report at II-7.
18/ Id. at II-8.
19/ Id. at II-7.

Both employment and hours worked increased throughout the period under investigation. 20/ Employment increased from 15,600 workers in 1982 to 18,124 workers in 1984, and hours worked increased from 29.8 million hours in 1982 to 35.7 million hours in 1984. Employment during January-June 1985 increased to 19,133 workers, as compared with 17,277 workers during January-June 1984, while hours worked increased slightly to 19.9 million hours during January-June 1985, as compared with 19.7 million hours during the corresponding period in 1984.

The financial experience of the U.S. producers substantiates the view that the domestic industry is still experiencing material injury. Net sales increased by 31 percent from 1982 to 1983, and continued to increase to $3.6 million in 1984. 21/ During the most recent period, January-June 1985, net sales decreased by 10 percent to $1.8 billion, as compared with $2.0 billion during the corresponding period of 1984. Many firms in the domestic industry have reported operating losses during the entire period under investigation. 22/ The improvement seen in some indicators of performance during 1984 has not resulted in improved financial performance. We conclude that the industry is experiencing material injury. 23/

Cold-rolled carbon steel plates and sheets

The domestic industry producing cold-rolled carbon steel sheets experienced problems during the period covered by this investigation. As recently as January 1985, the Commission determined that the domestic industry was experiencing material injury based upon data available through September

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20/ Id. at II-11.
21/ Id. at II-13-II-14.
22/ Id.
23/ See supra note 16.

1984. 24/ With an improvement in the economy, there was a consequential improvement in the cold-rolled sheet industry during 1983 and 1984. However, as indicated by a downtown in the first six months of 1985, the industry continues to experience difficulties.

Domestic production of cold-rolled carbon steel sheets rose from 8.5 million tons in 1982 to 11.3 million tons in 1983, before falling to 10.7 million tons in 1984. In January-June 1985, there was a decrease in production to 5.5 million tons from 6.2 million tons during the same period in 1984. 25/ Production capacity for domestic cold-rolled carbon steel sheet producers declined slightly from 16.5 million tons in 1982 to 16.1 million tons in 1983, and then fell to 15.2 million tons in 1984. 26/ Capacity utilization rose from 51.3 percent in 1982 to 70.1 percent in 1983, and increased again slightly in 1984 to 70.2 percent. Capacity utilization stood at 70.3 percent in January-June 1985, as compared with 80.4 percent during the same period in 1984. 27/ U.S. producers' shipments generally followed the same trends as production. 28/

Apparent consumption of cold-rolled carbon steel sheets was 12.1 million tons in 1982, rising to 15.3 million tons in 1983. Consumption again increased in 1984 to 16.3 million tons. Apparent U.S. consumption for the period January-June 1985 was 7.9 million tons, which represents a decrease from the 8.8 million ton level reached during the same period in 1984. 29/

24/ See Cold-Rolled Carbon Steel Products from the Republic of Korea, Inv. No. 701-TA-218 (Final), USITC Pub. 1634 (1985).
25/ Report at III-7.
26/ Id.
27/ Id.
28/ Id. at III-8.
29/ Id. at III-6.

Employment rose substantially between 1982 and 1983, but declined slightly in 1984. 30/ For the January-June 1985 period, employment was below the level attained in the same period in 1984. 31/ Hourly compensation paid in the domestic industry decreased from 1982 to 1983, although there was some improvement in 1984. 32/ Despite general improvement in production, capacity utilization, total U.S. consumption, and net sales, the domestic industry experienced operating losses in 1982 and 1983. 33/ In 1984, the domestic industry showed an operating profit. 34/ However, the operating profit picture substantially deteriorated in January-June 1985 when compared with the same period in 1984. 35/

Although there has been some improvement in the condition of the domestic industry, particularly during 1984, we find that the industry is experiencing material injury. 36/

Cumulation

Petitioners urged the Commission to examine the cumulative impact of imports from Austria and Sweden together with imports from Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and Venezuela. These countries have all entered voluntary restraint agreements (VRAs) with the United States. The investigations regarding imports from these countries of the products at issue in the instant investigations have been terminated as a result of the withdrawal of the petitions. The terminations all occurred

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30/ Id. at III-10.
31/ Id.
32/ Id. at III-11.
33/ Id. at III-12. The exact figures for the period 1982-83 are confidential.
34/ Id.
35/ Id.
36/ See supra note 16.

prior to any final determinations as to whether the imports were unfairly traded. The statute does not require cumulation in such circumstances. Because these imports have not been determined to be unfairly traded and because there are no pending investigations involving them, we have concluded that it is not appropriate to include them in any cumulative analysis. See Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 701-TA-242 and 731-TA-252-253 (Preliminary), USITC Pub. 1680 (1985) at 12, note 25.

Petitioners also urged the Commission to cumulate imports subject to countervailing duty investigations or orders with imports subject to antidumping investigations or orders. As we have previously stated, we believe that it is not appropriate to cumulate imports across countervailing duty and antidumping investigations, and have declined to do so. See Iron Construction Castings from Brazil, Canada, India, and the People's Republic of China, Invs. Nos. 701-TA-249 and 731-TA-262-265 (Preliminary), USITC Pub. 1720 (1985) at 12. Consequently, we have only considered as eligible for cumulative analysis imports subject to the same type of investigation or final order as those at issue in each investigation.

In connection with our consideration of material injury by reason of subsidized cold-rolled carbon steel plates and sheets from Austria and Sweden, we have conducted a cumulative analysis of those imports and subsidized imports of cold-rolled carbon steel plates and sheets from the Republic of Korea. 37/ The Commission determined that the Korean imports were a cause of material injury or threat thereof in a recent investigation. 38/ We have not

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37/ Investigations Nos. 701-TA-230-231.

38/ See Certain Cold-Rolled Carbon Steel Products from Korea, Inv. No. 701-TA-218 (Final), USITC Pub. 1634 (1985).

cumulated the Austrian and Swedish imports under investigation with imports subject to other outstanding countervailing duty orders. Those orders are more remote in time, and the unfairly traded imports which were subject to the investigations resulting in those orders did not enter the U.S. market reasonably coincident in time with the imports currently under investigation. 39/

No material injury or threat thereof by reason of subsidized imports of carbon steel plates from Sweden 40/

Imports of carbon steel plates from Sweden declined from 74,000 tons in 1982 to 42,000 tons in 1983. Imports then increased to 98,000 tons in 1984. Data for the most recent period, January-June 1985, show a decline of 34 percent, to 41,000 tons, as compared with 62,000 tons during the comparable period of 1984. 41/ As a share of apparent U.S. consumption, imports from Sweden have remained fairly stable during the period under investigation, declining from 1.3 percent of apparent U.S. consumption in 1982 to 0.8 percent in 1983, before increasing to 1.5 percent in 1984. 42/ Data for the most recent period show a decline in the import penetration ratio to 1.2 percent of apparent U.S. consumption in January-June 1985, as compared with 1.8 percent during the corresponding period of 1984.

The pricing data collected in this investigation indicate that the prices of carbon steel plates from Sweden have not declined relative to the U.S. producers' prices. Price comparisons show a mixed pattern of over and

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39/ Commissioner Lodwick notes that, in addition to the factors stated above, he bases his decisions whether to cumulate the imports under investigation with imports subject to outstanding duty orders on what has happened in the market since the duty orders were issued.

40/ The Commission finds that there are no imports from other countries whose impact should be cumulatively assessed with the imports from Sweden.

41/ Report at I-19.

42/ Id. at I-20.

underselling, with no consistent trend or pattern as to either specific products or particular geographic areas. 43/ These pricing patterns are consistent with the Swedish position as a minor supplier to the U.S. market. Imports from Sweden represented only 5 percent of total imports in 1984. The Commission was able to confirm several instances of sales lost to Swedish imports. In a number of those instances, however, the purchasers indicated that stability of prices, rather than price levels, as well as the quality of the imported product, were the reasons for the purchase of Swedish imports.

Sweden is a very small supplier to the U.S market. Swedish imports were at their highest level at the same time the U.S. industry recorded its best performance during the period under investigation. The pricing data do not indicate price suppression or depression of U.S. producers' prices. Therefore, we have determined that imports of carbon steel plates from Sweden are not a cause of material injury to the domestic industry.

Similarly, we have determined that imports of carbon steel plates from Sweden are not a threat of material injury to the domestic industry. The data indicate that Swedish production capacity has increased only slightly during the period under investigation, and that capacity utilization has remained at very high levels during the period under investigation. 44/ The market penetration ratio of Swedish imports has remained fairly stable during the period under investigation, and there is no evidence to suggest a rapid increase in the forseeable future. Swedish production and shipments to the United States have both decreased during the most recent period for which data

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43/ Id. at I-25-I-26.
44/ Id. at a-8. The exact figures are confidential.

are available. 45/ There has been a decline in U.S. producers' inventories since year-end 1983, and data for the most recent period show a decline in inventory held as of June 30, 1985, as compared with June 30, 1984. 46/ Moreover, the available data do not support petitioner's argument with respect to shifts to third country markets and a resulting threat of material injury to the domestic industry. We have also considered the potential for product shifting. While the capability to shift from production of other products under investigation into production of carbon steel plates exists as a theoretical matter, we have concluded that such a shift is unlikely to occur in the near future, because it would require the idling of substantial capacity and result in production of lower value products.

No material injury or threat thereof by reason of subsidized imports of hot-rolled carbon steel sheets from Austria and Sweden 47/

Imports of hot-rolled carbon steel sheets from Austria and Sweden increased from 21,000 tons in 1982 to 146,000 tons in 1984. Data for the most recent period, January-June 1985, show an increase of 18 percent, to 67,000 tons, as compared with 57,000 tons during the comparable period of 1984. 48/ As a share of apparent U.S. consumption, imports from Austria and Sweden have increased during the period under investigation, although they remain at very low levels. Imports from Austria and Sweden as a share of apparent U.S. consumption increased from 0.2 percent in 1982 to approximately 1.2 percent in

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45/ Id. at a-8-a-9.
46/ Id. at I-12.
47/ The Commission has determined that it is appropriate to assess the cumulative impact of imports from Austria and Sweden, but that it is inappropriate to include the impact of imports from any other country.
48/ Report at II-17. Commerce excluded Surahammars Bruks AB from its final countervailing duty determination. When that firm's exports are excluded from consideration (assuming exports to the United States to be equal to imports), imports from Sweden during 1984 are significantly less than these figures indicate. The exact figures are confidential. Id.

1984. 49/ Data for the most recent period show an import penetration ratio of 1.1 percent of apparent U.S. consumption in January-June 1985, as compared with 0.8 percent during the corresponding period of 1984.

The pricing data collected in this investigation were insufficient to analyze price trends or to determine whether Austrian and Swedish prices have increased or declined relative to the U.S. producers' prices. Direct price comparisons show overselling by the imported products in all but one instance. 50/ Imports from Austria and Sweden together represented only 5 percent of total imports in 1984. There were no allegations of sales lost to imports of Austrian hot-rolled carbon steel sheets. The Commission confirmed several instances of sales lost to Swedish imports involving very small quantities. Moreover, in each of those instances, the purchaser indicated that the quality of the imported product was the primary consideration for the purchase of Swedish imports.

Both Austria and Sweden are very small suppliers to the U.S market. Imports have increased during the period, but at the same time many of the performance indicators of the U.S. industry have shown improvement. The pricing data do not indicate price suppression or depression of U.S. producers' prices. Therefore, we have determined that imports of hot-rolled carbon steel sheets from Austria and Sweden are not a cause of material injury to the domestic industry.

Similarly, we have determined that imports of hot-rolled carbon steel sheets from Austria and Sweden are not a threat of material injury to the domestic industry. The data indicate that Austrian production has increased

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49/ Id. at II-18. Again, if the figures for Surahammars Bruks AB are excluded, the import penetration ratio for 1984 would be lower. Id.
50/ Id. at II-24.

only slightly during the period under investigation, and that capacity utilization has consistently been high and has increased since 1983. 51/ Although imports from Austria have increased, those imports remain at very low levels. Moreover, the increase has occurred during a period when apparent U.S. consumption has been increasing. The available pricing information does not suggest that imports from either Austria or Sweden will have a depressing or suppressing effect on domestic prices for hot-rolled carbon steel sheets.

With respect to Sweden, the data indicate that while Swedish production capacity has increased during the period under investigation, capacity utilization has remained consistently at very high levels. 52/ The market penetration ratio of Swedish imports has increased only slightly during the period under investigation, and there is no evidence to suggest a rapid increase in the forseeable future. Swedish shipments to the United States have decreased during the most recent period for which data are available. 53/

With respect to imports from both Austria and Sweden, the available data do not support petitioner's argument with respect to shifts to third country markets and a resulting threat of material injury to the domestic industry. We have also considered the potential for product shifting. While the capability to shift from production of other products under investigation into production of hot-rolled carbon steel sheets exists as a theoretical matter, we have concluded that such a shift is unlikely to occur in the near future. Such shifts would require the idling of substantial capacity for these alternate products and result in production of lower value products. It does

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51/ Id. at a-5.
52/ Id. at a-8.
53/ Id. at a-9.

not appear to us likely that Austrian or Swedish producers would willingly idle expensive equipment in order to increase exports to the United States of the lower valued hot-rolled carbon steel sheets. We therefore conclude that there is no real and imminent threat of material injury by reason of imports of hot-rolled carbon steel sheets from either Austria or Sweden.

No material injury or threat thereof by reason of LTFV imports of hot-rolled carbon steel sheets from Austria 54/

In view of the fact that we have determined that the cumulative effect of imports of Austrian and Swedish hot-rolled carbon steel sheets is no material injury to the domestic industry, logic dictates that the same result should hold with respect to the LTFV imports from Austria. Similarly, the factors considered above with respect to no threat of material injury by reason of subsidized imports from Austria also hold true with respect to LTFV imports from Austria. Therefore, we have determined that there is no material injury or threat thereof by reason of LTFV imports from Austria.

Material injury by reason of subsidized imports of cold-rolled carbon steel sheets from Austria and Sweden

Imports of cold-rolled carbon steel sheets from Austria and Sweden increased from 554 tons in 1982, to 21,000 tons in 1983, and to 217,000 tons in 1984. 55/ Data for the most recent period, January-June 1985, show a decrease in imports to 91,000 tons, as compared with 101,000 tons during the corresponding period of 1984. 56/ As a share of apparent U.S. consumption, imports from Austria and Sweden were negligible in 1982, 0.2 percent in 1983,

54/ The Commission finds that there are no imports from other countries whose impact should be cumulatively assessed with the imports from Austria.
55/ Report at III-16.
56/ Id.

and 1.3 percent in 1984. During the interim period January-June 1985, imports from the two countries stood at the same levels as during the corresponding period of 1984. 57/ As noted above, we have assessed the cumulative impact of the imports currently under investigation and subsidized imports of cold-rolled carbon steel sheet from Korea which the Commission recently determined to be a cause of material injury or threat thereof to the domestic industry. 58/ The relevant import penetration ratios after cumulation were 0.5 percent in 1982, 1.4 percent in 1983, and 3.6 percent in 1984. During the interim period January-June 1985, the ratio was 2.8 percent, as compared with 3.4 percent during the comparable period during 1984. 59/

The pricing data collected in these investigations are insufficient for a complete comparison of the price levels of domestic and imported products. Where comparisons were possible, the prices of imports tended to be lower than those of the domestic products. 60/ The margins of underselling generally ranged from 1.1 percent to 6.9 percent for the Austrian products and from 0.9 percent to 10.8 percent for the Swedish products. 61/ The available information indicated that the domestic producers have engaged in price cutting in an effort to retain customers. Price depression was confirmed in two instances in which U.S. producers were forced to lower their prices to

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57/ Id. at III-17.
58/ Certain Cold-Rolled Carbon Steel Products from the Republic of Korea, Inv. No. 701-TA-218 (Final), USITC Pub. 1634 (1985). The import penetration ratio for Korean imports was 0.7 percent in 1981, 0.5 percent in 1982, 1.2 percent in 1983, and 2.5 percent during the interim period January-September 1984. Id. at A-24.
59/ Report at III-4. Commissioner Lodwick notes that since the countervailing duty order on the Korean imports was entered in February 1985, he cumulated those imports only through January 1985.
60/ Id. at III-21-III-23.
61/ Id.

meet the price competition from the Austrian imports. 62/ This, in turn, prevented domestic producers from achieving favorable operating levels.

In light of the import penetration levels and the apparent underselling by imported cold-rolled carbon steel sheets, we determine that the domestic industry has been materially injured by subsidized imports from Austria and Sweden.

62/ Id. at III-24.

ADDITIONAL AND DISSENTING VIEWS OF VICE CHAIRMAN LIEBELER

I join with the Commission majority in their discussion of the like products and domestic industries. Because my views on cumulation and causation differ from those of my colleagues, I offer these additional and dissenting views.

These investigations resulted from petitions filed in December 1984 by United States Steel Corp. and Chaparral Steel Corp. with the United States International Trade Commission ("Commission") and the Department of Commerce ("Commerce"). The petitions allege that imports into the United States of certain carbon steel products from Austria, Czechoslovakia, East Germany (German Democratic Republic), Finland, Hungary, Norway, Poland, Romania, Sweden, and Venezuela are being subsidized by the respective governments (countervailing duty petitions) or sold in the United States at less than fair value (LTFV) (antidumping duty petitions), and that industries in the United States are materially injured or threatened with material injury by reason of such imports. Accordingly, the Commission instituted 10

countervailing duty investigations and 23 antidumping duty investigations, which were in total referred to as Certain Carbon Steel Products from Austria, Czechoslavakia, East Germany, Finland, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, ("Carbon Steel")[1] The Commission made preliminary determinations in all but 3 of the antidumping duty investigations, which were terminated when the relevant petitions were withdrawn. In 24 of the preliminary investigations, 8 countervailing duty and 16 antidumping duty, the Commission made affirmative determinations, and in 6 preliminary investigations, 2 countervailng duty and 4 antidumping duty, it made negative determinations. Since the vote on the preliminary investigations, 17 investigations were terminated by Commerce either as a result of petitions being withdrawn or negative determinations by Commerce. One investigation is still pending at Commmerce.[2] The current series of final investigations is composed of 6 investigations, 5 countervailing duty and 1 antidumping duty, covering three products.

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[1]Inv. Nos. 701-TA-225-234 (Preliminary) and 731-TA-213-235 (Preliminary).

[2]Inv. No. 731-TA-234.

On 30 October 1984, the Trade and Tariff Act of 1984 went into effect (1984 Act). The 1984 Act amends the provisions of Title VII of the Tariff Act of 1930, inter alia to include a specific provision on cumulation. Because these investigations were instituted after the 1984 Act became effective, the issues in this investigation are governed by the 1984 Act. The instant investigations, when they appeared as preliminary investigations, presented the Commission with its first opportunity to consider the 1984 amendments. The crucial issues in this series of investigations involve cumulation and causation. As a result, my views are concerned primarily with these two issues.

I. Cumulation of Imports under the 1984 Act

Paragraph 7 of Section 771 of the Tariff Act of 1930 defines material injury and enumerates factors which the Commission must consider, along with other factors, in determining material injury.[3] The

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[3]19 U.S.C. 1677(7)(B)(1982).

statute specifically directs the Commission to consider (i) the volume of the imports which are the subject of the investigation, (ii) the effect of the imports on prices in the United States for the like product, and (iii) the impact of imports on the domestic producers of the like product.[4] Subparagraph C expands upon each of the three factors listed in subparagraph B. Section 612(A)(2)(a) of the 1984 Act amends Title VII by appending subparagraph C with Section 771(7)(C)(iv):

> (iv) CUMULATION- For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market.[5]

Although this new cumulation provision raises several questions about its application, in the instant investigation only two questions are paramount. Namely, (1) whether imports from countries subject only to a Section 701 countervailing duty investigation are to be cumulated with imports from countries subject only to a section 731 antidumping investigation, and (2) whether

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[4] Id.

[5] 19 U.S.C. 1677(7)(C)(iv) (1982 & 1985 Supp.).

imports from countries currently under investigaion are to be cumulated with imports from countries which are currently subject to outstanding countervailing duty orders or antidumping duty orders. These questions were extensively discussed in the preliminary phase of this series of investigations. There I concluded that it was inappropriate to cross-cumulate and to cumulate imports from countries under investigation with imports from countries subject to outstanding final orders.[6]

There are no cases currently under investigation, other than the instant series of investigations, that involve the products at issue here. Because I decline to cumulate across statutes (i.e. add together the volume of imports subject to antidumping investigations with those of imports subject to countervailing duty investigations) and to cumulate with imports subject to final orders, I am left with the following table of import penetration ratios:

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[6]Carbon Steel, supra note 1, Views of Vice Chairman Liebeler at 43-52 for a discussion of the resolutions to the questions.

Table 1

CUMULATED IMPORTS

Case	1982	1983	1984	Jan.- June 1984	1985
Carbon Steel Plates					
CVD (c)	1.3	0.8	1.5	1.8	1.2
Hot-rolled Carbon Steel Sheets					
AD (b)	0.05	0.1	0.6	0.3	0.7
CVD (a)	0.2	0.3	1.2	0.8	1.1
Cold-rolled Carbon Steel Plates and Sheets					
CVD (a)	0.005	0.2	1.3	1.2	1.2

Source: Report at I-6, II-4, and III-4, Tables I-2, II-3, and III-2.

Notes: (a) Austria and Sweden
(b) Austria only
(c) Sweden only

II. Rebuttable Presumption

I have evaluated the data in light of my earlier stated presumption, that a minimum threshold import penetration ratio of 2.5 percent be established to find injury, or a real and imminent threat of injury, by reason of the subject imports.[7] The maximum

[7]This presumption was first applied in the preliminary stage of the instant series of investigations. Carbon Steel, supra

(Footnote continued to page 27)

import penetration ratio for the antidumping duty investigation involving hot-rolled carbon steel sheets from Austria was only 0.7 percent, substantially below the 2.5 percent minimum threshold.[8] Likewise, for the aggregated countervailing duty investigations, all are below the threshold level. The three aggregates for the countervailing duty investigations and their maximum import penetration ratios are as follows: carbon steel plates, 1.8 percent;[9] cold-rolled carbon steel sheets, 1.3 percent;[10] and hot-rolled carbon steel sheets, 1.2 percent.[11]

(Footnote continued from page 26)
note 1, Views of Vice Chairman Liebeler at 50-53. The rationale behind this presumption was discussed in detail in Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Inv. Nos. 701-TA-242, 731-TA-252, 53 (Preliminary), USITC Pub. 1680 (April 1985), Separate Views of Vice Chairman Liebeler at 19-30. This presumption has also been applied in Oil Country Tubular Goods from Austria, Romania, and Venezuela, Inv. Nos. 701-TA-240, 41, 731-TA-249-51 (Preliminary), USITC Pub. 1679 (1985), Additional Views of Vice Chairman Liebeler at 25-27 and Iron Construction Castings from Brazil, Canada, India, and the Republic of China, Inv. Nos. 701-TA-249, 731-TA-262-65 (Preliminary), USITC Pub. 1720 (1985) at 18, note 58.

[8]Report at Table II-3.

[9]Id. at Table I-2.

[10]Id. at Table III-2.

[11]Id. at Table II-3.

The 2.5 percent presumption is a rebuttable presumption. This presumption can be rebutted by evidence that both demand and supply for the product are highly inelastic. There is nothing on the record in this series of investigations to suggest such inelastic demand or supply. Therefore, I determine that the domestic industries producing carbon steel plates, hot-rolled carbon steel sheets, and cold-rolled carbon steel plates and sheets are not materially injured or threatened with material injury by reason of dumped or subsidized imports of such carbon steel products.

VIEWS OF COMMISSIONER ECKES

Unlike my colleagues, I voted affirmatively on all the present steel cases involving certain flat-rolled products from Austria and Sweden. So that the parties and the public can understand the reasons for my dissents, I intend to explain fully my determinations in these separate views.

Let me offer a few preliminary, general observations. First, those who suspect that the quasi-judicial administrative process does not always function properly will probably view with alarm the Commission's determinations in these cases. They should. This is the most important set of cases brought before this agency for final decisions since the Trade Act of 1984 became law. Thus, the Commission's disposition of the instant final investigations is a bellwether of how the Commission majority are likely to interpret and apply the 1984 law which contains important new provisions relating to cumulation of imports and threat of material injury.

Second, having served on the Commission for over four years, I have become sensitive to the role of precedent and the importance of taking a consistent approach to the administration of the law. It is a fundamental notion of our legal system, of which the Commission is a part, that decision makers should look to previous decisions based on similar legal questions and fact patterns for guidance in deciding present cases. As an integral component of the

quasi-judicial trade administration system, we cannot ignore the value or importance of precedent. Precedent helps insure that similar cases are decided according to the same basic principles. Durable guidelines are essential if our industries and our trading partners are to plan their economic activities with a view to international principles of transparency and predictability in trade decisions. Consistency encourages confidence in the essential fairness of the decision makers. I realize that Commissioners change and inevitably new Commissioners bring new, often valuable approaches, but Commissioners individually have a continuing obligation to remain consistent in following the legal guidance of the statute as well as the reviewing courts.

Third, the problems of the domestic steel industry and the impact of imports on its competitiveness and performance, are hardly new issues for the Commission. Over the past four years we have conducted literally hundreds of steel-related Title VII investigations together with a comprehensive Section 201 investigation involving a wide variety of steel products from most of the supplying nations. In light of this extensive background, the present cases do not pose difficult or complex factual or analytical problems.

Therefore, in my view, the majority's negative determinations raise a number of serious questions about the majority's understanding of the fundamentals of competition in the steel industry; about its application of the legal standards for material

injury, threat, and causation to the facts in these investigations; and about the majority's consistency with Commission precedent.

These concerns are addressed further as I discuss each product separately with respect to certain statutory considerations: material injury and causation. 1/ Central to my own determinations are the so-called "conditions of trade," the factors most relevant to the assessment of how imports in fact compete with domestic products and the impact of such competition on domestic industries. Import penetration figures, it is true, can be important indicators of the impact of import volumes, but they are not the only factors relevant to the question of causation. The statute requires more from the Commission than a mere fascination with such arithmetic calculations. The Commission also must assess the trends of import volumes and penetrations. Important too are pricing data, involving domestic and import selling price trends as well as specific purchase prices--all key indicators of the impact of imports on domestic pricing policies.

CARBON STEEL PLATE

Conditions of Trade: Slightly more than a year ago--in August 1984--the Commission considered the conditions of trade for this product within the context of a final affirmative determination on Certain Hot-Rolled Carbon Steel Plate from the Republic of

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1/ The definitions of the appropriate "like product" and corresponding domestic industry in these investigations were discussed in the preliminary investigations. No questions were raised in the course of these preliminaries on these issues; therefore, I adopt the discussion in the preliminary investigations with regard to these products.

Korea. 1/ This is the most recent final investigation regarding this product and contains the most recent, definitive statement by the Commission regarding its analytical framework for this product. The entire present Commission, (including Chairwoman Stern who dissented from the majority determination) concurred in the following language:

> For the purposes of determining material injury and causation, Congress intended that the Commission consider such factors as "the conditions of trade, competition, and development regarding the industry concerned." Among the conditions of trade which we have found important in this investigation are the apparent fungibility of the domestic and imported plate available in the market, the price sensitivity of steel products, the variety of other sources for imported plate and the role of these other imports in the market.
>
> Imported and domestic plate are fungible products. Once certain objective criteria, such as availability, dimensions and quality, are met to the satisfaction of the purchaser, price becomes the major factor in the decision to purchase. Ultimately imported and domestic steel compete on the basis of price in the same end-user market. The presence of lower-priced imports can affect the ability of the domestic steel producer to cover costs and to generate funds for capital improvements. [Emphasis added] [Footnotes omitted]

The majority of the Commissioners voting in the affirmative continued with this discussion:

1/ Certain Hot-Rolled Carbon Steel Plate from the Republic of Korea, Inv. No. 731-TA-151 (Final) USITC Pub. No. 1561 (August, 1984).

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

To summarize, the last time the Commission considered carbon steel plate in a final investigation, a Commission majority noted the fungibility of the product (that is, plate is highly substitutable), focused on competition based on price, stressed that unfair imports enter the U.S. concurrently from a variety of sources, and emphasized "the impact of small import volumes and penetrations is magnified in the marketplace." [emphasis added].

Given this analysis, the majority must be able to distinguish its negative determination regarding Swedish plate from its affirmative decision in the previous investigation involving Korean imports if one of these decisions is not to be reversed. If the majority decision in the Korea case is supported by substantial evidence, then this negative determination regarding imports from Sweden cannot be legally sound.

I do not believe the two cases can be substantially distinguished. From my vantage point, there is nothing in current

conditions to differentiate them from the conditions of trade embraced by the majority last year. For one thing, U.S. consumption remains depressed -- down sharply from 1981 levels, the last full year in which this industry was profitable. The increases in consumption during 1984 do not begin to approach historical levels. On the import side, as unfairly traded Swedish plate entered the U.S. market, imports from other sources were also continuing to increase their share of U.S. consumption from 27.9 percent in 1984 to 35 percent for the first half of 1985. With respect to domestic capacity utilization trends also little has changed. In fact, the domestic industry is presently operating at lower capacity utilization rates than during the first half of 1984.

Material Injury: In my opinion this industry is clearly experiencing material injury. Indeed, in the Korean investigation previously mentioned and in the preliminary affirmative determinations on these cases in February 1985, the Commission found material injury.

Has anything changed that might alter this judgment? The only change evident to me is further information that the condition of this industry has continued to deteriorate. Many of the basic indicators of performance are lower in the first half of 1985 than for the comparable period of 1984. For example, net sales are down sharply, more firms are reporting operating losses, U.S. production and capacity utilization have fallen, and employment and wages have declined.

More relevant to the consistency of Commission determinations, the condition of the hot-rolled carbon steel plate industry appears similar to the condition considered in the Commission's affirmative determination on Korean plate. A comparison of half-year data for 1985 with full-year data for 1983, the most recent full year considered in the Korean case, suggests that the industry's performance, despite some improvements during 1984, shows a return to 1983 levels. The current capacity utilization rate of 39 percent compares to the 35 percent level registered for 1983. During the first half of 1985 the domestic industry shipped 1.9 million tons, a total which annualized is virtually the same as the 3.7 million tons shipped during 1983. Furthermore, employment levels for carbon steel plate production workers during the first half of 1985 are virtually identical to calendar year 1983 levels.

As suggested in earlier discussion, there are other disturbing similarities. The industry continues to show operating losses during 1985, although admittedly not of the magnitude evident in 1983. Sales revenues have turned downward again after increases in 1984. In fact, data collected in this investigation show that 11 producers, accounting for over 80 percent of domestic shipments, now report operating losses, compared with 8 producers in 1983 and 1984. Domestic producers continue to report negative cash flows on their operations.

In short, it is my conclusion that there has been no significant change in the conditions of trade for plate, and that

there has been no significant, sustained improvement in the condition of the domestic industry since the Korean affirmative determination in August 1984. If anything, this industry is even more vulnerable now to unfair import competition.

Causation: In assessing the causation issue, the remaining key statutory question before the Commission, it is once again instructive to compare the data in this investigation with the 1984 Korean investigation. In that investigation the Commission noted that the rate of decline for Korean imports was less than the decline in consumption. Subsequently, those imports increased while consumption remained steady. As a share of apparent U.S. consumption, Korean imports were 1.2 percent in 1981, 1.6 percent in 1982, and 1.8 percent in 1983. The Commission majority also noted that the decline to 0.6 percent in the first quarter of 1984 coincided with the beginning of the investigation, and stated "a decline in imports following commencement of an investigation is not uncommon."

As occurred in the Korean case, Swedish imports took an increasing share of U.S. consumption in the year preceding the instant investigation (1984). In 1982 the Swedish product had a 1.3 percent market share, during the next year this market share declined to 0.8 percent, but then it increased again, climbing to 1.5 percent in 1984. A comparison of the first half of 1984 with the same segment of 1985, shows a decline in market share from 1.8 percent to 1.2 percent. However, in light of the experience with

Korean imports noted above, the 1985 decline was not unexpected: The domestic petitioner filed this trade complaint in mid-December 1984.

Turning to pricing and sales information, I again find nothing that significantly differentiates the two cases, or that supports an affirmative determination on Korean plate and a negative determination on Swedish plate. In the Korean case the Commission data showed underselling in 26 out of 29 instances, with margins in the 10 to 20 percent range.

For Swedish plate, the Commission data show that, despite some brief price firming in mid-1984, domestic selling prices for plate sold to steel service centers have declined 10 to 15 percent from 1984 levels. The 1985 price levels for three of the four products surveyed are virtually identical to first quarter 1983 levels. Commission data show eight instances of Swedish underselling out of 13 possible comparisons, and the margins of underselling range up to 18 percent. In four of the comparisons the margins equaled or exceeded 10 percent.

During the first half of 1985, almost two-thirds of domestic plate production consisted of cut-to-length products. During this period there were six confirmed instances of Swedish underselling domestic cut-to-length products. Cut-to-length products accounted for almost three-fourths of all Swedish imports entering the United States in 1984. Furthermore, the Commission staff verified several lost sales in which U.S.consumers purchased Swedish imports instead

of the same domestic product because Swedish prices were lower. Finally, the Commission confirmed 5 allegations of lost revenues involving one purchaser brought about when low-priced Swedish imports forced domestic producers to lower prices.

In my view, it is clear that the domestic industry is experiencing material injury by reason of subsidized imports from Sweden. From the foregoing analysis, I can find no compelling reason to deviate from Commission precedent. The facts in the Korean and Swedish investigations are essentially the same. The conditions of trade remain unchanged. The only thing that has changed is the determination of a majority of this Commission. Like the petitioner in this investigation, I am left to ponder the failure of the majority to administer U.S. trade laws in a consistent manner, as Congress intended, and what this signals for future investigations.

HOT-ROLLED CARBON STEEL SHEET

Material Injury: Over the past three years in a series of Title VII and Section 201 investigations the Commission repeatedly has found evidence of injury to this industry. In the preliminary investigation of these imports from Austria and Sweden, concluded in February 1985, the ITC determined that this industry remains materially injured. Essentially, this determination reaffirmed the Commission's conclusion in the most recent final investigation completed in August, 1984, regarding LTFV imports of this product from Brazil. 1/

1/ Hot-Rolled Carbon Steel Sheet from Brazil, Inv. No. 731-TA-153(F), USITC Pub. No. 1568 (August, 1984).

Data developed in the present investigations demonstrate that the hot-rolled carbon steel sheet industry continues to experience material injury. For the first half of 1985 domestic production and capacity utilization are at lower levels than during the first half of 1984. On June 30, 1985, domestic inventories were approximately 20 percent greater than a year earlier. The financial indicators are also more negative than a year ago. For the first half of 1985, sales revenues were lower than for the first six months of 1984. As a consequence, the hot-rolled carbon steel sheet industry continues to experience operating losses, and these losses have increased in magnitude. Nine producers, accounting for more than three-fourths of 1984 shipments, indicated operating losses. The industry's cash flow situation also has deteriorated. After experiencing a marginally positive cash flow in 1984, the industry recorded a negative cash flow from operations during the first half of 1985. On the basis of these data, I conclude that the hot-rolled carbon steel sheet industry remains materially injured.

Causation: In assessing causation the Commission customarily looks at import volumes and penetration, and at pricing data for evidence of underselling, price depression or suppression, or lost sales.

In the present cases import data show that hot-rolled sheet imports from Austria rose from 4,000 tons in 1982 to 74,000 tons in 1984; import penetration climbed from less than 0.05 percent in 1982

to 0.6 percent in 1984. In the first half of 1985 imports were 44,000 tons, up from 20,000 tons in the first half of 1984. Market share during the more recent period was 0.7 percent, up from 0.3 percent in the same period a year earlier. Looking closely at the half-year comparisons from 1984-1985, it is interesting to note that Austrian imports and market share rose at a time when total import market share remained constant at 19.8 percent. This suggests that Austrian producers moved into the U.S. market to replace other foreign imports subject to various restrictions, such as countervailing and antidumping duties or voluntary restraint agreements.

For Sweden a similar pattern emerges from the import data. Imports rose from 17,000 tons in 1982 to 72,000 tons in 1984, and market share increased from 0.2 percent in 1982 to 0.6 percent in 1984. In half-year comparisons from 1984-1985, when data for Surahammars Bruk, a firm that Commerce excluded from these CVD investigations, is removed, the pattern shows increasing imports and market share for unfairly traded Swedish hot-rolled sheet in 1985 over 1984. In effect, the data show that both Austrian and Swedish producers have increased their U.S. market share, while imports from other countries declined in the first half of 1985.

While it certainly is arguable that imports from Austria and Sweden cumulatively are causing injury to the domestic industry, I have determined that these imports are threatening material injury. In reaching this conclusion I have cumulated subject imports, as

required by law. My analysis rests heavily on provisions of the 1984 Trade Act, especially the following section:

> Threat of material injury.--
> (i) In general. -- In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant economic factors --
> . . . (VIII) the potential for productshifting [sic] production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s)

The Conference Report, which accompanies these amendments, does not provide much guidance for the Commission's interpretation. The report does state that the Commission's threat of material injury analysis should carefully assess and evaluate how a particular marketplace operates, the role of imports in the market, the rate of increase in unfairly traded imports, and their probable future impact on the industry.

Nonetheless, it is clear that this provision instructs the Commission to consider carefully the prospect that in certain investigations foreign producers may have an ability and incentive to shift their product mix, and so circumvent outstanding countervailing and antidumping orders. The petitioner raised these concerns in the present investigations, and for good reason, in my judgment.

Concern about product shifting and circumvention in these investigations stems from the fact that steel products are closely-related in terms of the production process, as well as their inherent fungibility, a point the Commission has repeatedly

addressed in the past. Indeed, reviewing Commission steel investigations, it is difficult to find a report or opinion that does not stress the fungibility of steel. Among steel products hot-rolled carbon steel sheet is the most fungible of products. Not only is hot-rolled sheet an important product in the marketplace but also it is the feedstock for other carbon steel products, such as cold-rolled sheet.

The relationship between hot-rolled sheet and cold-rolled merits close attention. Like all sheet products, cold-rolled sheet begins as hot-rolled sheet. Essentially it is additional rolling that converts the one product to the other. Thus, a producer, when faced with excess capacity or diminished market opportunities resulting from countervailing or antidumping duties, can usually shift its production mix to take advantage of market circumstances.

There is an important corollary to the notion of product fungibility, and that is the price sensitivity of carbon steel products. Repeatedly, the Commission has observed this relationship in its assessment of countless Title VII and Section 201 petitions. In essence, as more and more foreign suppliers enter the U.S. market, the mere availability of lower priced steel often has demonstrated a suppressing effect on domestic prices. This impact is repeatedly reflected in anecdotal data about lost sales and lost revenues developed in the Commission's reports.

My assessment of the cumulative impact of hot-rolled sheet imports from Austria and Sweden persuades me that these imports pose

a threat of material injury to the domestic industry producing the same products. In preceding discussion I have explained how the market for fungible hot-rolled sheet products reacts to increases in supply and price competition. In this market, quality or other factors which sometimes affect price competition for other merchandise are simply not as important. Hot rolled sheet steel is hot-rolled sheet steel, whatever the source, and a series of Commission investigations have shown that price determines which supplier makes a sale. Thus, import penetrations are achieved on the basis of lower price.

With this framework in mind, it is important to note that imports from both Sweden and Austria were 0.2 percent of U.S. consumption in 1982 and 0.3 percent in 1983. Their combined market penetration jumped to 1.2 percent in 1984. 1/ During the first half of 1985, as domestic production turned downward, these imports increased market share, accounting for 1.1 percent of total U.S. consumption when compared with the first half of 1984. As I have discussed earlier, it appears that subsidized steel from Austria and Sweden as a share of U.S. consumption replaced steel previously imported from other nations, so that overall imports, which climbed from 16 percent in 1982 to 21 percent market share in 1984, retained 20 percent of U.S. consumption in the first half of 1985.

In assessing candidates for cumulation the Commission typically looks to see whether all imports are "subject to investigation;" whether they compete in the same markets; and whether they have entered the U.S. market at the same time. In the instant cases,

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1/ Confidential penetration trends for subsidized imports are comparable.

each of these conditions is satisfied. As discussed above, hot-rolled products are considered to be the most fungible of carbon steel products. Further, imports from both Austria and Sweden show similar increasing import trends, particularly in 1984. Finally, data indicate that about half of the 1984 imports from each country entered the same three customs ports.

The impact of these emerging suppliers of subsidized hot-rolled sheet on an injured U.S. industry, already facing intense import competition, is clear. Data collected on domestic selling prices demonstrate that the brief price increases for this product in mid-1984 did not hold. Indeed, during the first-half of 1985, domestic prices to steel service centers slipped to levels well below those in earlier levels. For some hot-rolled sheet items domestic selling prices to end-users have fallen below 1983 levels. There are instances of overselling, as well as one instance of Swedish steel underselling the domestic market.

The evidence of price suppression and depression is strong, based on selling price data. For one of the hot-rolled items the imported Austrian product was priced lower in each quarter from 1984 through the first half of 1985, except for an increased price in the third quarter of 1984. The imported product price declined by 21 percent from the third quarter of 1984 to the second quarter of 1985. Domestic selling prices for the same period generally trended downward, but not as rapidly or as much as imports. I would note that these prices are for sales to service centers, a factor that increases the suppressing impact of lower prices. Service centers source from a variety of suppliers, and sell to various end-users.

Because of their position in the marketplace, they have ready access to the most current price quotes and know the nature of price competition. Thus, in a market characterized by excess capacity, a fungible product, and intense price competition, even small volumes of imports have a material impact on the domestic producers.

Nonetheless, I am persuaded that an even stronger affirmative case rests on the threat of material injury, as provided for in the 1984 Trade Act. Given that the Commission majority voted to impose countervailing duties on imports of Austrian and Swedish cold-rolled sheet, I believe that there is a "real and imminent" threat that these emerging suppliers will export increased quantities of hot-rolled product instead of the cold-rolled sheet.

I have also reached an affirmative determination regarding imports from Austria which have been found to be sold at less than fair value. I have determined that they are threatening the domestic industry with material injury. The basis for my determination regarding these imports is discussed above, namely the prospect of circumvention of the orders which will be imposed on subsidized imports of cold-rolled sheet from Austria and Sweden.

In the recently concluded investigation of Live Swine and Pork from Canada, 1/ I noted the story of the little Dutch boy

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1/ Live Swine and Pork from Canada, Inv. No. 701-TA-224 (Final), USITC Pub. No. 1733, (July, 1985).

who, while walking along a dike, noticed a small hole through which a tiny stream was flowing. He recognized the problem instinctively and stuck his finger in the dike. Like swine and pork, hot-rolled and cold-rolled sheet are products which are closely-related in the marketplace. Producers can easily shift their production mix to take advantage of market opportunities. Consequently, unless both holes in the dike--the one labelled subsidized hot-rolled sheet and the other labelled subsidized cold-rolled sheet--are closed, the domestic industry will experience increased market pressure and material injury.

COLD-ROLLED PLATES AND SHEET

Material Injury: As recently as January, 1985, the Commission determined that the domestic industry producing cold-rolled sheet was experiencing material injury. 1/ This conclusion remains appropriate.

Data developed in these investigations show that the economic health of the domestic cold-rolled plate and sheet industry has continued to deteriorate. When the first half of 1985 is compared to the first half of 1984, one finds that production, capacity utilization, and shipments are all down from the comparable 1984 levels. Profit-and-loss data also indicate additional weakness.

1/ Cold-Rolled Carbon Steel Plates and Sheets from Argentina, Inv. No. 731-TA-175 (Final), USITC Pub. No. 1637, (January, 1985).

Six reporting domestic producers -- estimated to produce one-third of cold-rolled shipments in 1984--reported losses in the first half of 1985.

Causation: Pursuant to provisions of the 1984 Trade Act, I have cumulated subsidized imports from Austria and Sweden, in making affirmative determinations in these investigations. Both of these supplying countries first entered the U.S. market with sizable sales in 1983. In 1984, their combined imports reached a U.S. market share of 1.3 percent and remained at about that level during the first half of 1985, even though domestic consumption declined.

Considering pricing patterns, I note that domestic selling prices to steel service centers fell during the first half of 1985. The prices for Austrian and Swedish cold-rolled imports exhibit similar declines, and often these were well below the prices of domestically produced steel. On the basis of delivered transaction prices, imports from Austria undersold domestic sheets in six instances by margins ranging from 1.1 percent to 6.9 percent. Imports from Sweden undersold domestic cold-rolled sheets in 9 of 10 price comparisons with margins ranging from 0.9 percent to 10.8 percent. I note also that the Commission staff confirmed instances of domestic sales lost on the basis of price to imports from Austria and Sweden.

In my judgment it is appropriate under provisions of the 1984 law to cumulate cold-rolled imports from Austria and Sweden. For one thing, the Commission has found time and again that cold-rolled

sheet is a fungible product. Second, these imports entered the U.S. market simultaneously; in fact, both countries displayed rising import penetration ratios, which is typical of emerging suppliers. Third, information collected by the Commission staff indicate that about two-thirds of these imports from Sweden and Austria enter through the same four Customs ports.

Finally, I believe my determinations in these investigations are consistent with my affirmative determination regarding cold-rolled sheet imports from Argentina. In that investigation, incidentally, it is interesting to note that my colleagues reached a negative determination, even though the facts in that investigation are remarkably similar to the cumulative impact of such imports from Austria and Sweden.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

As a result of preliminary determinations by the U.S. Department of Commerce 1/ that producers or exporters of certain carbon steel products in Austria and Sweden are receiving subsidies from their Governments and that imports of hot-rolled carbon steel sheets from Austria are being sold in the United States at less than fair value (LTFV), the U.S. International Trade Commission instituted the following investigations under sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and § 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of subsidized and/or LTFV imports:

Carbon steel plates, provided for in item 607.66 of the Tariff Schedules of the United States (TSUS):
- Countervailing duty investigation on imports from Sweden (investigation No. 701-TA-225 (Final));

Hot-rolled carbon steel sheets, provided for in TSUS items 607.67 and 607.83:
- Countervailing duty investigations on imports from—
  - Austria (investigation No. 701-TA-227 (Final)) and
  - Sweden (investigation No. 701-TA-228 (Final)); and
- Antidumping investigation on imports from Austria (investigation No. 731-TA-219 (Final)); and

Cold-rolled carbon steel plates and sheets, provided for in TSUS item 607.83:
- Countervailing duty investigations on imports from—
  - Austria (investigation No. 701-TA-230 (Final)) and
  - Sweden (investigation No. 701-TA-231 (Final)).

Notice of the institution of the Commission's final countervailing duty investigations 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 April 24, 1985. 2/ Notice of the institution of the Commission's final antidumping investigation and of a public hearing to be held in connection with both the countervailing duty investigations and the antidumping investigation was given in the same

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1/ On Mar. 20, 1985, Commerce published notices in the Federal Register of its preliminary affirmative determinations of subsidy for subject products from Austria (50 F.R. 11220) and Sweden (50 F.R. 11224); on June 3, 1985, Commerce published notice that it had made a preliminary determination of sales in the United States at LTFV of imports of subject products from Austria (50 F.R. 23339). Commerce subsequently made final determinations in all of the investigations, publishing notices in the Federal Register on Aug. 19, 1985. Copies of those final determinations are presented in app. A.

2/ A copy of the Commission's notice of investigations, as published in the Federal Register on Apr. 24, 1985, is presented in app. B.

manner. 1/ The hearing was held in the Commission's Hearing Room on August 20, 1985. 2/

Background

These investigations result from petitions filed with the Commission and the Department of Commerce by the United States Steel Corp. (U.S. Steel), Pittsburgh, PA, and Chaparral Steel Co. (Chaparral), Midlothian, TX, on December 19, 1984. 3/ In addition to the products subject to the present final investigations, U.S. Steel filed petitions alleging that exporters of certain carbon steel products from Venezuela were receiving subsidies from the Government of Venezuela. U.S. Steel also filed petitions alleging that cold-rolled carbon steel plates from Austria and certain carbon steel products from Czechoslovakia, the German Democratic Republic (East Germany), Hungary, Poland, Romania, and Venezuela were being sold in the United States at LTFV. Also, Chaparral filed a petition alleging that carbon steel structural shapes from Norway and Poland were being sold in the United States at LTFV. The Commission instituted preliminary investigations on all of these products and made preliminary affirmative injury determinations concerning each of them. Upon receipt of a letter withdrawing the pertinent petitions, the antidumping cases involving imports from Czechoslovakia and Hungary were terminated by the Department of Commerce on June 4, 1985, prior to a preliminary determination

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1/ In a notice published in the Federal Register on May 10, 1985 (50 F.R. 19767), Commerce extended the deadline for its final countervailing duty investigations to correspond to the date of the final determinations in the antidumping investigations. Subsequently, on June 27, 1985, the Commission published notice of the initiation of the antidumping investigation of hot-rolled sheets from Austria and scheduling of a hearing and also published notice of the scheduling of the hearing in the countervailing duty investigations to be held concurrently with the hearing in the antidumping case. Copies of the Commission's notices, as published in the Federal Register, are presented in app. B.

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

3/ In response to a petition filed by Bethlehem Steel Corp. (Bethlehem), Bethlehem, PA, on Dec. 20, 1984, alleging that imports of certain carbon steel products (plates in coils, hot-rolled sheets, and cold-rolled plates and sheets) from Finland were being sold in the United States at LTFV, the Commission and Commerce instituted preliminary antidumping investigations. However, on Jan. 25, 1985, Commerce notified the Commission that, upon receipt of a letter from Bethlehem withdrawing the petitions, it was terminating its investigations; consequently, the Commission made no determination in the investigations involving Finland. A copy of Commerce's notice, as published in the Federal Register on Jan. 31, 1985, is presented in app. D.

In addition to the products subject to the present final investigations, U.S. Steel filed petitions alleging that exporters of galvanized carbon steel sheets from Austria and Venezuela were being subsidized by the Governments of Austria and Venezuela and galvanized carbon steel sheets from Austria, East Germany, Romania, and Venezuela were being sold in the United States at LTFV. The Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of alleged subsidized and/or LTFV imports of galvanized carbon steel sheets from the aforementioned countries.

as to the question of LTFV sales. 1/ Although Commerce made affirmative preliminary determinations with regard to (1) the countervailing duty cases involving imports from Venezuela; (2) the antidumping cases involving imports of subject products from East Germany, Poland, Romania, and Venezuela; and (3) the antidumping case involving carbon steel structural shapes from Poland, these cases were likewise terminated upon withdrawal of the petitions by U.S. Steel and Chaparral. 2/ Commerce made a negative determination with respect to imports of cold-rolled sheets from Austria and terminated its investigation; accordingly, the Commission also terminated its investigation of Austrian cold-rolled sheets. 3/ Commerce extended its investigation on structural shapes imported from Norway. 4/

Discussion of Report Format

This report is organized in three major parts on the basis of product groups. Part I deals with carbon steel plates; part II deals with hot-rolled carbon steel sheets; and part III deals with cold-rolled carbon steel sheets (including cold-rolled plates). Discussions of Commerce's preliminary subsidy and LTFV determinations, the foreign producers of these products in Austria and Sweden, the aggregate financial experience of U.S. producers of the subject carbon steel products on the overall operations of their establishments in which these products are produced, and exchange rates of the Austrian and Swedish currencies are presented in this introductory portion of the report.

Nature and Extent of Subsidies and/or Sales at LTFV

Commerce made final determinations that certain benefits that constitute subsidies are being provided to manufacturers, producers, or exporters of certain carbon steel products in Austria and Sweden by their Governments; Commerce estimated the net subsidy to be 2.27 percent with respect to hot- and cold-rolled sheets from Austria and 8.77 percent with respect to plates and hot- and cold-rolled sheets from Sweden. 5/ Commerce also made a final determination that hot-rolled carbon steel sheets from Austria are being sold in the United States at LTFV and found a margin of 2.2 percent. 6/ Details of Commerce's final subsidy and LTFV determinations are contained in the Federal Register notices presented in appendix A.

1/ Copies of Commerce's notices of termination, as published in the Federal Register on June 4, 1985, are presented in app. D.

2/ Copies of the Commission's notices of termination, effective July 19, 1985, for Romania and Venezuela; July 30, 1985, for Poland (structural shapes); and Aug. 12 for East Germany and Poland (plates) are presented in app. D.

3/ A copy of the notice of termination, which will be published in the Federal Register, is presented in app. D.

4/ Commerce is currently scheduled to make its final determination in the structural shapes from Norway investigation not later than Oct. 16, 1985 (50 F.R. 32758). The Commission accordingly extended its investigation.

5/ Commerce excluded Surahammars Bruks AB from its determinations with respect to the imports from Sweden.

6/ Commerce found a margin of 0.2 percent, which it considered de minimis, for cold-rolled carbon steel sheets from Austria.

Foreign Producers

Austria

Austria's raw steel production totaled * * * short tons in 1980, increasing to * * * tons in 1984, whereas capacity to produce raw steel declined slightly from * * * tons in 1980 to * * * tons in 1984 (table 1). 1/

Table 1.—Raw steel: Austria's production and capacity, 1980-84, January-June 1984, and January-June 1985.

(In thousands of short tons)

Item	1980	1981	1982	1983	1984	January-June—	
						1984	1985
Production	***	***	***	***	***	***	***
Capacity	***	***	***	***	***	***	***

Source: Posthearing submission by counsel for respondents.

Austria's production of finished steel products increased by about 4 percent, from * * * tons in 1980 to * * * tons in 1984 (table 2). Imports increased by 17 percent from 554,000 tons in 1980 to 650,000 tons in 1984. Exports increased irregularly from 2.2 million tons in 1980 to 2.6 million tons in 1984, or by 18 percent. Apparent consumption remained fairly steady, ranging from * * * tons to * * * tons during 1980-84.

Table 2.—Finished steel mill products: Austria's production, imports, exports, and apparent consumption, 1980-84, January-June 1984, and January-June 1985.

(In thousands of short tons)

Period	Production	Imports	Exports	Apparent consumption 1/
1980	***	554	2,222	***
1981	***	573	2,432	***
1982	***	562	2,137	***
1983	***	600	2,304	***
1984	***	650	2,633	***
January-June—				
1984	***	325	1,356	***
1985	***	345	1,358	***

1/ Estimated by the staff of the U.S. International Trade Commission to be production plus imports minus exports.

Source: Posthearing submission by counsel for respondents, except as noted.

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

Sheets less than 3 millimeters (about 0.118 inch) in thickness constituted the major product category exported from Austria in 1983, accounting for 38 percent of total exports, followed by tubes and fittings (14 percent), ingots and semifinished products (13 percent), and plates (12 percent). Western Europe was the principal foreign market for Austria's exports of sheets in 1983, with 60 percent of the total. Eastern Europe and the Middle East were secondary export markets for sheets, accounting for 37 and 2 percent, respectively, of total sheet exports. 1/

Austria's production of hot-rolled sheets increased by 19 percent, from * * * tons in 1980 to * * * tons in 1984, and capacity increased slightly from * * * tons in 1980 to * * * tons in 1984, resulting in a rise in capacity utilization to * * * percent in 1984 from * * * percent in 1980 (table 3). Shipments of hot-rolled sheets increased by 22 percent, from 319,000 tons in 1980 to 388,000 tons in 1984, and exports increased by 17 percent, to 622,000 tons, in the same period. Austria's apparent consumption of hot-rolled sheets increased by 25 percent in the 5-year period to 672,000 tons in 1984.

Table 3.—Hot-rolled carbon steel sheets: Austria's production, capacity, capacity utilization, domestic shipments, imports, exports, and apparent consumption, 1980-84 and January-June 1985

Item	1980	1981	1982	1983	1984	Jan.-June 1985
Production 1/						
1,000 short tons	***	***	***	***	***	***
Capacity——do	***	***	***	***	***	***
Capacity utilization percent	***	***	***	***	***	***
Domestic shipments						
1,000 short tons	319	319	329	332	388	218
Imports——do	219	246	242	273	284	132
Exports——do	533	671	398	518	622	321
Apparent consumption 2/——do	538	565	571	605	672	350

1/ Includes production of hot-rolled sheets consumed in downstream production of other steel mill products.

2/ Estimated by the staff of the U.S. International Trade Commission to be domestic shipments plus imports.

Source: Posthearing submission by counsel for respondents, except as noted.

As indicated in table 4, Austria's production of cold-rolled sheets increased by 19 percent, from * * * tons in 1980 to * * * tons in 1984. Capacity increased slightly from * * * tons to * * * tons, resulting in a capacity utilization of * * * percent in 1984 compared with * * * percent in 1980. Shipments of cold-rolled sheets decreased by 3 percent, to 171,000 tons, in 1984, whereas imports increased by 24 percent, to 56,000 tons. Austria's apparent consumption in 1984 was 227,000 tons—an increase of 3 percent compared with such consumption 1980.

1/ United Nations, U.N. Statistics of World Trade in Steel, 1979-83.

Table 4.—Cold-rolled carbon steel sheets: Austria's production, capacity, capacity utilization domestic shipments, imports, exports, and apparent consumption, 1/ 1980-84 and January-June 1985.

Item	1980	1981	1982	1983	1984	Jan.-June 1985
Production						
1,000 short tons	***	***	***	***	***	***
Capacity---do	***	***	***	***	***	***
Capacity utilization percent	***	***	***	***	***	***
Domestic shipments						
1,000 short tons	176	179	136	160	171	100
Imports---do	45	43	40	47	56	36
Exports---do	777	874	860	943	950	518
Apparent consumption 2/---do	221	222	176	207	227	136

1/ Includes production of cold-rolled sheets consumed in downstream production of other steel mill products.

2/ Estimated by the staff of the U.S. International Trade Commission to be domestic shipments plus imports.

Source: Posthearing commission by counsel for respondents, except as noted.

Voest-Alpine, a State-owned integrated producer, is the dominant Austrian steel producer and the only Austrian producer known to be exporting carbon steel sheets to the United States; it produced 4.2 million tons of raw steel in 1982. During 1981-83, Voest-Alpine accounted for approximately 90 percent of all rolled steel products produced in Austria. Voest-Alpine's capacity to produce hot-rolled sheets is 647,000 tons per year. Its annual capacity for producing cold-rolled sheets is 1.2 million tons per year. 1/

Sweden

The Swedish steel market in 1983 underwent a recovery owing both to the general economic upturn in Western Europe and North America and to the 16-percent devaluation in the country's currency during October 1982. The economic upswing affected the steel industry favorably.

Crude steel production in Sweden declined from 4.7 million tons in 1980 to 4.1 million tons in 1981 and then increased to 4.4 million tons in 1982 and 4.6 million tons in 1983. 2/ Sweden imports nearly one-half of the carbon steel it uses, principally hot-rolled and cold-rolled plates and sheets.

The Swedish carbon steel market has undergone extensive restructuring since 1978, when the Government and private industry agreed to merge the top three commercial integrated steel producers (Granges, Norrbottens Jarnverk,

1/ Metal Bulletin, Iron and Steel Works of the World, 8th ed., 1983.

2/ United Nations, U.N. Annual Bulletin of Steel Statistics for Europe, 1982 and 1984. According to the 1984 annual report of Svenskt Staal AB, Swedish crude steel production increased by about 12 percent in 1984 and total shipments of steel within Sweden increased by 11 percent in that year.

and Stora Kopparberg) into one company and created Svenskt Staal AB (SSAB). 1/ The goal was to concentrate production in fewer units with more efficient technology. SSAB's steel production units are the facilities at Borlänge, Lulea, and Oxelösund. The company, 75 percent owned by the State and 25 percent by Granges AB, closed a number of operations, restructured others, and reduced the number of employees by 20 percent, to about 12,500 in 1984 from approximately 16,000 in 1978. SSAB's crude steel capacity is approximately * * * tons; its total production of crude steel rose from * * * tons in 1982 to * * * tons in 1983 and * * * tons in 1984, giving SSAB an effective 1984 capacity utilization level of * * * percent. 2/ In 1984, SSAB was responsible for approximately * * * percent of Sweden's crude steel production.

SSAB, the only large Swedish producer of carbon steel, manufactures all of the steel products under investigation as well as many other steel products. According to SSAB's 1984 annual report, capital investments in connection with the restructuring of the company have been completed. Additional capital expenditures will be allocated for the purpose of improving product quality, delivery schedules, and service. The average level of investment for the next few years is expected to amount to 500 million Swedish krona (approximately $60.4 million) per year, of which 212 million krona (approximately $25.6 million) were allocated to the modernization of the rolling mills.

Approval was given in 1984 for the addition of a coiler for the wide-strip mill at the strip mill division, costing 175 million krona (approximately $21.2 million). In addition, modifications are targeted for the reheating furnace at the heavy plate division at Oxelösund. The heavy plate division produces hot-rolled plates in thicknesses ranging from 6 mm to 155 mm (about 0.24 to 6.2 inches). Production consists of standard grades of commercial steel, as well as extra-high strength and wear-resistant plates. Total plate production amounted to about 506,000 tons in 1983, and increased to 514,000 million tons in 1984. Approximately 65 percent of the sales volume is exported. Principal export markets include Scandinavia, the European Community, and the United States.

The strip mill division at Domnarvet, Scandinavia's largest producer of wide strip and sheets, consists of hot-rolling mills, cold-rolling mills, and metallizing lines (hot-dipped galvanized sheets and aluzinc coated sheets).

Counsel for the respondent submitted a confidential postconference submission in the preliminary investigation providing production and capacity information for SSAB. These data are presented in table 5. Total mill production of flat-rolled products rose by * * * percent, from * * * tons in 1982 to * * * tons in 1984. Capacity utilization in the flat-rolled production processes ranged from * * * to * * * percent.

1/ According to the Commerce Department, imports of the carbon steel products included in these investigations from Sweden are limited to two exporting firms, SSAB and Surahammars Bruk AB. In its final determination of subsidy, Commerce excluded Surahammars AB from its affirmative finding.

2/ Data on operations of SSAB were provided in a confidential submission during the preliminary investigation.

Table 5.—Flat-rolled products: 1/ Svenskt Staal AB's total mill production, capacity, and capacity utilization, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	Jan.-June—	
				1984	1985
Production:					
Hot strip mill					
1,000 short tons—	***	***	***	***	***
Pickling line——do——	***	***	***	***	***
Cold mill——do——	***	***	***	***	***
Annealing——do——	***	***	***	***	***
Quarto plate mill——do——	***	***	***	***	***
Capacity:					
Hot strip mill——do——	***	***	***	***	***
Pickling line——do——	***	***	***	***	***
Cold mill——do——	***	***	***	***	***
Annealing——do——	***	***	***	***	***
Quarto plate mill——do——	***	***	***	***	***
Capacity utilization:					
Hot strip mill——percent—	***	***	***	***	***
Pickling line——do——	***	***	***	***	***
Cold mill——do——	***	***	***	***	***
Annealing——do——	***	***	***	***	***
Quarto plate mill——do——	***	***	***	***	***

1/ Flat-rolled products consist of sheets and strip in thicknesses from 0.35 to 155 millimeters, produced by the strip mill division at Domnarvet facility, and heavy plates in thicknesses ranging from 6 to 155 millimeters produced at Oxelösund facility.

Source: Production and capacity; submission by counsel for respondents.

As shown in table 6, SSAB's exports of carbon steel plates to the United States increased from * * * tons in 1982 to approximately * * * tons in 1984. Exports of hot-rolled carbon steel sheets increased from * * * tons in 1982 to * * * tons in 1984, and cold-rolled carbon steel plates and sheets exports rose from * * * tons to * * * tons during the same period.

Table 6.—Certain carbon steel flat-rolled products: Svenskt Staal AB's domestic shipments, total exports, and exports to the United States, by types, 1982-84, January-June 1984, and January-June 1985

(In thousands of short tons)

Item	1982	1983	1984	Jan.-June—	
				1984	1985 1/
Carbon steel plates:					
Domestic shipments	***	***	***	***	***
Total exports	***	***	***	***	***
Exports to the United States	***	***	***	***	***
Hot-rolled carbon steel sheets:					
Domestic shipments	***	***	***	***	***
Total exports	***	***	***	***	***
Exports to the United States	***	***	***	***	***
Cold-rolled carbon steel sheets:					
Domestic shipments	***	***	***	***	***
Total exports	***	***	***	***	***
Exports to the United States	***	***	***	***	***

1/ Preliminary.

Source: Submission by counsel for respondents.

Financial Experience of U.S. Producers of the Subject Products

Overall operations of establishments within which the subject products are produced 1/

* * * U.S. producers' total net sales of their establishments within which the subject carbon steel products are produced increased slightly from $20.6 billion in 1982 to $20.7 billion in 1983 and then rose to $23.9 billion in 1984, or by 15 percent (table 7). During the interim period ended June 30, 1985, such net sales fell by 4 percent, to $12.0 billion, compared with $12.5 billion in the corresponding period of 1984.

The responding firms incurred aggregate operating losses of $2.6 billion, or 12.4 percent of net sales, in 1982; $1.8 billion, or 8.9 percent of sales, in 1983; and $143 million, or 0.6 percent of sales, in 1984. Although there was an operating income of $119 million, or 1.0 percent of net sales, during the interim period ended June 30, 1984, an operating loss of $320 million, or 2.7 percent of sales, was incurred during the interim period in 1985.

1/ The data in this section were obtained from responses to the Commission's questionnaire, which requested information on carbon steel structural shapes as well as the products covered by the instant investigations. Data presented are overstated to the extent that * * * companies that produced structural shapes (as well as one or more of the subject products included in this report) provided the Commission with data on their overall operations for not only the facilities making the subject products, but also for those in which carbon steel structural shapes are made.

Table 7.—Income-and-loss experience of * * * U.S. producers 1/ on the overall operations of their establishments within which the subject carbon steel products are produced, 2/ accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30—	
				1984	1985
Net sales——million dollars—	20,600	20,725	23,853	12,473	12,035
Cost of goods sold——do——	22,340	21,656	23,133	11,904	11,976
Gross profit or (loss)——do——	(1,740)	(931)	720	569	59
General, selling, and administrative expenses——do——	813	911	863	450	379
Operating income or (loss) 3/——do——	(2,553)	(1,842)	(143)	119	(320)
Depreciation and amortization expense included above——do——	915	838	951	469	472
Cash flow or (deficit) from operations——do——	(1,638)	(1,004)	808	588	152
As a share of net sales:					
Gross profit or (loss) percent—	(8.4)	(4.5)	3.0	4.6	0.5
Operating income or (loss) percent—	(12.4)	(8.9)	(0.6)	1.0	(2.7)
Cost of goods sold——do——	108.4	104.5	97.0	95.4	99.5
General, selling, and administrative expenses——percent—	3.9	4.4	3.6	3.6	3.1
Number of firms reporting operating losses——	11	10	6	3	8

1/ * * *.

2/ * * * U.S. producers' data include operations of their establishments within which carbon steel structural shapes are produced, as requested in the questionnaire. U.S. producers submitting usable data together accounted for * * * percent of 1984 shipments of carbon steel plates, hot-rolled carbon steel sheets, and cold-rolled carbon steel sheets, combined, as reported by the American Iron & Steel Institute.

3/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, only * * * producers, which together accounted for * * * percent of reported 1984 net sales, including * * *, provided such data. Of the * * * producers, * * * firms did not report those line items, and the remaining * * * firms did not allocate those expenses, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented.

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

The number of firms reporting operating losses decreased from 11 in 1982 to 10 in 1983 and 6 in 1984; however, 8 firms reported such losses during the interim period ended June 30, 1985, compared with only 3 firms during the interim period in 1984.

The responding firms reported aggregate negative cash flows of $1.6 billion in 1982 and $1.0 billion in 1983 and a positive cash flow of $808 million in 1984. These firms experienced a positive cash flow of $152 million in the interim period ended June 30, 1985, compared with $588 million in the interim period in 1984.

Capital expenditures

Although * * * firms submitted data relative to their capital expenditures for buildings, machinery, and equipment used in the production of all products of their establishments in which the subject carbon steel products are produced, most of them were unable to provide such data on the individual subject carbon steel products. The reported total capital expenditures are presented in the following tabulation:

Period	Capital expenditures (Million dollars)
1982	1,205
1983	1,037
1984	1/ 1,049
January-June—	
1984	1/ 401
1985	1/ 475

1/ Data are for * * * firms * * *.

Total capital expenditures dropped from $1.2 billion in 1982 to $1.0 billion in 1983 and 1984; such expenditures during January-June 1985 totaled $475 million, or 18 percent more than reported capital expenditures during the corresponding period of 1984.

Investment in productive facilities

* * * firms supplied data concerning their investment in productive facilities employed in the production of all products of their establishments within which the subject carbon steel products are produced. Most of the responding producers were unable to provide such data on the individual subject carbon steel products. The reported values of their investment in

property, plant, and equipment are presented in the following tabulation (in millions of dollars):

Period	Original cost	Book value
1982	23,806	9,643
1983	21,737	8,940
1984	1/ 21,568	1/ 8,838
As of June 30—		
1984	1/ 21,815	1/ 8,732
1985	2/ 22,386	2/ 8,840

1/ Data are for * * * firms, including * * *.
2/ Data are for * * * firms, including * * *.

The responding U.S. producers' aggregate investment in productive facilities, valued at cost, declined annually from $23.8 billion in 1982 to $21.6 billion in 1984 and rose by 3.8 percent, to $22.4 billion, as of June 30, 1985. The book value of such assets fell from $9.6 billion in 1982 to $8.8 billion as of June 30, 1985.

Impact of imports on U.S. producers' growth, investment, and ability to raise capital

The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of the subject carbon steel products from the countries involved in these investigations on their firms' growth, investment, and ability to raise capital. Their responses are presented below.

* * * * * * *

Exchange rates

Quarterly data reported by the International Monetary Fund on the value of the Austrian schilling and the Swedish krona indicate that during January 1982-June 1985, the nominal value of the two currencies depreciated relative to the U.S. dollar by a total of 24.2 and 35.8 percent, respectively. Because the level of inflation in Austria was similar to that in the United States over the 14-quarter period, changes in the real value of the schilling were approximately the same as those in the nominal value. 1/ In contrast, the high inflation rate in Sweden over the same period resulted in the devaluation of the currency of that country in real terms by 19.0 percent relative to the U.S. dollar, representing a difference of 16.8 percentage points from the nominal rate. Tables E-1 and E-2 in appendix E show the nominal and real values of the U.S. dollar relative to the Austrian and Swedish currencies as well as producer price indicators used to measure actual inflation rates in the United States and the respective foreign country during January 1982-June 1985.

1/ The real value of a currency is the nominal value adjusted for the difference between inflation rates in the United States and the respective foreign country. Inflation in the United States averaged 1.1 percent annually during the period, compared with 2.5 percent for Austria and 8.9 percent for

PART I. CARBON STEEL PLATES

Introduction

This part of the report presents information relating specifically to carbon steel plates. As indicated previously, following a preliminary affirmative subsidy determination by the Department of Commerce, the Commission instituted final countervailing duty investigation No. 701-TA-225 (Final) 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 carbon steel plates whether or not in coils from Sweden.

In addition, the Commission instituted final countervailing duty investigation No. 701-TA-226 (Final) concerning imports of carbon steel plates from Venezuela and antidumping investigations Nos. 731-TA-214, 216, and 217 (Final) concerning imports of such products from East Germany, Poland, and Venezuela, respectively. As stated earlier, U.S. Steel, the petitioner in these investigations, subsequently withdrew its petitions, and the investigations by the Department of Commerce and the Commission were terminated.

The Products

Description and uses

The TSUS describes the carbon steel plates covered by this investigation as flat-rolled carbon steel products, whether or not corrugated or crimped, in coils or cut-to-length; 0.1875 inch (3/16 inch or 4.76 millimeters) or more in thickness and over 8 inches in width; not cut, not pressed, and not stamped to nonrectangular shape; not coated or plated with metal and not clad; and not pickled and not cold rolled. Cut-to-length carbon steel plates are provided for in Tariff Schedule of the United States Annotated (TSUSA) items 607.6620 and 607.6625; 1/ coiled plates are provided for in TSUSA item 607.6610.

The production of carbon steel plates typically involves the uniform heating of slabs in continuous or batch-type furnaces to their rolling temperature of approximately 2,400 ^{o}F, sending them through a scalebreaker for the removal of furnace scale (iron oxide formed on the surface of the hot steel during the heating process) by the use of hydraulic water sprays, and then rolling to the desired thickness on various types of mills, including universal, sheared-plate, and hot-strip mills (on which all plates in coiled form are produced). Universal mills utilize alternating sets of vertical and horizontal rolls, which reduce both the width and the thickness of the slabs to plate dimensions. Because the vertical rolls in universal mills control the width while the length of the plates is increased, it is necessary to only trim the ends of the plates. Sheared-plate mills, on the other hand, roll plates only between horizontal rolls, which increases both the length and width of the product, necessitating the trimming of all edges. Most

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1/ Effective Jan. 1, 1984, TSUSA statistical annotation 607.6615 was replaced by 607.6620 (cut-to-length carbon steel plates over 6 inches in thickness) and 607.6625 (cut-to-length carbon steel plates not over 6 inches in thickness).

sheared-mill plate mills are reversing-type mills (in which the heated slabs are passed back and forth—rather than in only one direction—between rolls to reduce thickness). Some, however, are semicontinuous (in which the rough shaping of the slabs is done on reversing-type stands of rollers but the finishing of the plates is done on single-pass finishing stands) or continuous (in which the slabs make only single passes, first through roughing stands and then through finishing stands). Hot-strip mills are continuous and roll plates (and sheets) with horizontal rolls only. The resultant product, termed a "hot band" by the industry, is trimmed and coiled after it is reduced to the desired thickness.

Although the American Iron & Steel Institute (AISI) categorizes the coiled products covered by TSUSA item 607.6610 as hot-rolled carbon steel sheets (primarily because they are produced on the same hot-strip mills on which other sheet products are produced), these products are used in the same applications as cut-to-length plates of the same thickness. From a cost standpoint, coiled plates may be sold for less—reportedly $80 to $100 per ton less—than cut-to-length plates. This is because production costs per unit in hot-strip mills are lower than those in sheared-plate mills and the cutting costs and time are reduced. Coiled plates may be unwound, leveled, and cut to length in the hot-strip mills, by toll processors contracted by the hot-strip mills, or by steel service centers and distributors (SSC's). When done by toll processors or SSC's, the leveling and cutting adds approximately $20 per ton to the product, thus making the cost of the cut products approximately $60 to $80 per ton less than cut-to-length plates from reversing mills. Because of higher labor costs in the hot-strip mills, it costs these domestic producers more than processors to supply this service. Thus, coiled plates which have been cut to length by the producer (called strip-mill plates) are usually priced at a level between the prices of the processor's plates and reversing-mill plates. As a share of total plate production, on the basis of questionnaire responses, 39 percent was produced in hot-strip mills in 1981, 40 percent in 1982, 46 percent in 1983, and 47 percent in January-June 1984; of the total produced in hot-strip mills, 24 percent was cut to length by the producer in 1981, 25 percent in 1982, 15 percent in 1983, and 17 percent in January-June 1984.

In the U.S. market, sales of carbon steel plates by domestic producers and importers are made either directly to end users or to SSC's, which, in turn, sell to end users. 1/ SSC's increased their market share from 27 percent of the total carbon steel plate market in 1982 to 35 percent in 1983, 39 percent in 1984, and 43 percent in January-March 1985; the remainder was shipped to end users (table I-1). The largest end-user markets were the construction, machinery and industrial equipment, and shipbuilding and marine equipment industries, which accounted for 18, 13, and 7 percent, respectively, of total U.S. plate shipments in 1984. Major finished products incorporating carbon steel plates include bridges, storage tanks, pressure vessels, railroad freight and passenger cars, ships, industrial machinery, and other capital-goods-sector products.

1/ Large, integrated domestic producers, such as U.S. Steel and Bethlehem, also use part of their output of carbon steel plates in the manufacture of other products, such as bridges, ships, offshore oil-drilling rigs, and pressure vessels.

Table I-1.—Cut-to-length carbon steel plates: U.S. producers' shipments, by major markets, 1982-84, January-March 1984, and January-March 1985

Market	1982	1983	1984	January-March 1984	January-March 1985
	Quantity (1,000 tons)				
Steel SSC's	826	971	1,207	349	321
Construction and contractors' products	772	611	564	131	130
Machinery, industrial equipment, and tools	461	335	405	91	108
Shipbuilding and marine equipment	215	216	215	66	28
Rail transportation	95	52	84	21	14
Oil and gas industry	107	112	78	18	16
All other	562	507	557	168	134
Total	3,038	2,804	3,110	844	751
	Percent of total				
Steel SSC's	27.2	34.6	38.8	41.4	42.7
Construction and contractors' products	25.4	21.8	18.1	15.5	17.3
Machinery, industrial equipment, and tools	15.2	11.9	13.0	10.8	14.4
Shipbuilding and marine equipment	7.1	7.7	6.9	7.8	3.7
Rail transportation	3.1	1.9	2.7	2.5	1.9
Oil and gas industry	3.5	4.0	2.5	2.1	2.1
All other	18.5	18.1	17.9	19.9	17.8
Total	100.0	100.0	100.0	100.0	100.0

Source: American Iron & Steel Institute.

U.S. tariff treatment

As mentioned, the imported steel plates subject to this investigation are classified and reported for tariff and statistical purposes under items 607.6610 (coiled plates) and 607.6620 and 607.6625 (cut-to-length plates) of the TSUSA. The current column 1, or most-favored-nation (MFN), rate of duty, 1/ final column 1 concession rate granted under the Tokyo round of the

1/ The col. 1 rate is applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA. However, these rates would not apply if preferential treatment is sought and granted to products of developing countries under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries, as provided under the special rates of duty column. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries currently eligible for MFN treatment.

Multilateral Trade Negotiations (MTN), 1/ the rate of duty for least developed developing countries (LDDC's), 2/ and the column 2 duty rate 3/ for these items are shown in the following tabulation:

	Rate of duty (Percent ad valorem)
Col. 1:	
Jan. 1, 1985	6.5
Jan. 1, 1987 1/	6.0
LDDC	6.0
Israel	Free
Col. 2	20.0

1/ The applicable rate prior to the first staged reduction under the Tokyo round (i.e., effective Jan. 1, 1980) was 7.5 percent ad valorem.

Imports of carbon steel plates, if the product of designated beneficiary countries, are eligible for duty-free entry under the CBERA. 4/ Effective September 1, 1985, such articles the product of Israel are free of duty on importation under the United States-Israel Free Trade Area Agreement.

In addition to these import duties, findings of dumping have been issued and antidumping duties are currently in effect with respect to imports of cut-to-length and coiled carbon steel plates from Brazil and cut-to-length plates from Japan, the Republic of Korea (Korea), and Taiwan. Countervailing

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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/ Preferential rates of duty in the special column followed by the code "D" reflect the full U.S. MTN concession rates implemented without staging for particular products of the LDDC's enumerated in general headnote 3(e)(vi) of the TSUSA. Where no rate of duty is provided for LDDC's in the special column for a particular item, the rate of duty in col. 1 applies.

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

4/ The CBERA 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 CBERA, as enacted in title II of Public Law 98-67 (the "Caribbean Basin Economic Recovery Act") and implemented by Presidential Proclamations Nos. 5133 of Nov. 30, 1983, and 5142 of Dec. 29, 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.

duties are currently in effect with respect to imports of cut-to-length plates from Spain and cut-to-length plates and coiled plates from Brazil and Korea. 1/

In other recent cases, petitioners withdrew unfair trade complaints involving cut-to-length plates from Belgium, the United Kingdom, and West Germany and hot-rolled sheets (including coiled plates) from Belgium, France, Italy, the Netherlands, and West Germany in order 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, European Community (EC) exports to the United States of 10 categories of steel products are to be limited to a specified share of apparent U.S. consumption from November 1, 1982, to December 31, 1985. Cut-to-length carbon steel plates are included in a category in which exports are limited to 5.36 percent of consumption. Hot-rolled carbon steel sheets (including coiled plates) are included in a category in which exports are limited to 6.81 percent of consumption.

In recent years, several investigations have been terminated by both the Commission and Commerce following withdrawl of petitions subsequent to voluntary restraint agreements announced with respect to imports from Czechoslovakia, East Germany, Finland, Hungary, Poland, Romania, South Africa, Spain, and Venezuela. A more thorough presentation of title VII investigations is presented in appendix F.

Various "Buy American" provisions, both Federal 2/ and State, may also affect the level of imports of carbon steel plates. One of the most important is section 165 of the Highway Improvement Act of 1982 (Public Law 97-424). It provides that funds authorized by the act be provided by the Secretary of Transportation only if steel and certain other products used in public highway and bridge infrastructure and certain mass transit rolling stock are domestic, if domestically available in adequate quantities and satisfactory qualities, unless the purchase of domestic material "will increase the cost of the overall project contract (excluding labor costs involved in final assembly)

1/ Net subsidy and dumping margins for current investigations, outstanding dumping/countervailing duty orders (as of June 30, 1985) issued since January 1984, and terminated (other than negative) title VII cases since January 1984 are presented in table I-2. The weighted-average (or company-range of) dumping margins for other countries are 0 to 2.81 percent for Japan and 0 percent for Taiwan; the weighted-average net subsidies are 1.88 for Korea, 10.12 percent for Spain, and 0 percent for South Africa. There is also a subsidy order for cut-to-length plates from Brazil that is currently suspended.

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

Table I-2.--Carbon steel plates: 1/ Pending title VII investigations, outstanding dumping/countervailing orders 2/ since January 1984, and terminated (other than negative) title VII cases since January 1984, most recent dumping/subsidy margins, by countries and firms, 1982-84, January-June 1984, and January-June 1985

Investigation/ order/country/ firm	Weighted-average margin	Date of bond or order 3/	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	January-June-- 1984	January-June-- 1985
	Percent		Percent				
Pending countervailing investigations:							
Sweden	4/ 8.77	Mar. 20, 1985	1.3	0.8	1.5	1.8	1.2
Outstanding dumping orders:							
Brazil: 5/ 6/							
Cosipa	100.04	Mar. 22, 1984	7/ 2.6	7/ 3.4	7/ .7	7/ .3	7/ 7.7
Usiminas	65.58	do					
All other	86.81	do					
Brazil: 6/ 8/							
Cosipa	89.46	Mar. 22, 1984	9/ .3	9/ .5	9/ 10/	9/ 10/	9/ .0
CSN	52.57	do					
Usiminas	50.55	do					
All other	57.42	do					
Korea: 5/							
Pohang	5.0	Aug. 22, 1984	7/ 1.6	7/ 1.8	7/ 1.1	7/ 1.1	7/ .4
All other	5.0	do					
Outstanding countervailing orders:							
Brazil: 6/ 8/							
Cosipa	36.48	June 22, 1984	9/ .3	9/ .5	9/ 10/	9/ 10/	9/ .0
CSN	62.18	do					
Usiminas	17.49	do					
All other	36.95	do					
Terminated antidumping investigations:							
Czechoslovakia 11/	-	-	.0	10/	.4	.0	.3
East Germany	42.00	June 3, 1985	.0	.1	1.1	.4	2.1
Finland 5/ 12/	13/ 12.3	July 25, 1984	7/ 1.3	7/ 1.6	7/ 1.7	7/ 2.6	7/ 1.1
Finland 8/ 14/	-	-	9/ .2	9/ .3	9/ .3	9/ .4	9/ .2
Hungary 11/	-	-	.0	.0	.3	.1	.4
Poland 15/	15.02	June 3, 1985	.3	.2	.8	.1	.7
Romania 5/ 16/			7/ .1	7/ .0	7/ 2.4	7/ 10/	7/ 6.0
South Africa 17/	-	-	2.4	.9	1.7	1.3	.8
Spain 12/	5/ 32.82	July 25, 1984	7/ 1.3	7/ .9	7/ 2.7	7/ 2.8	7/ .6
	8/ 22.13	do	9/ 10/	9/ .4	9/ .1	9/ .2	9/ .0
Venezuela 18/	4.84	June 3, 1985	.1	.1	.4	.5	.1
Terminated countervailing investigations:							
Mexico 19/	4.98	Feb. 10, 1984	.1	.5	1.1	1.8	.3
Venezuela 18/	76.26	Mar. 20, 1985	.1	.1	.4	.5	.1

1/ Unless otherwise noted, information pertains to cut-to-length and coiled carbon steel plates combined.

2/ As of June 30, 1985.

3/ Date posting of bond required or date order issued.

4/ Except Surahammars Bruks AB, which was excluded from Commerce's final determination; counsel for the firm * * *.

5/ Cut-to-length carbon steel plates.

6/ Commerce is currently reviewing this case and the outstanding order may be revoked back to Oct. 1, 1984.

7/ Ratio of imports of cut-to-length plates to consumption of cut-to-length and coiled plates.

8/ Coiled carbon steel plates.

9/ Ratio of imports of coiled plates to consumption of cut-to-length and coiled plates.

10/ Less than 0.05 percent.

11/ Terminated, prior to a preliminary LTFV determination by Commerce, June 4, 1985, following withdrawal of the petition.

12/ Terminated Jan. 22, 1985, following withdrawal of the petition.

13/ Rautaruukki Oy is the sole Finnish producer and exporter to the United States of carbon steel plates.

14/ Terminated, prior to a preliminary injury determination by the USITC, Jan. 28, 1985, following withdrawal of the petition.

15/ Terminated Aug. 12, 1985, following withdrawal of the petition.

16/ Terminated by the USITC, effective July 3, 1985, following withdrawal of the petition; this case had been under a suspension agreement Jan. 4, 1983-Mar. 12, 1985.

17/ Terminated, prior to a preliminary LTFV determination by Commerce, May 10, 1984, following withdrawal of the petition.

18/ Terminated July 19, 1985, following withdrawal of the petition.

19/ Terminated Apr. 18, 1984, following withdrawal of petition after Mexico announced the implementation of an export restraint policy. This case was filed only with the Commerce Department because no injury determination was required.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and estimates of the U.S. International Trade Commission.

by more than 10 percentum in the case of projects for the acquisition of rolling stock, and 25 percentum in the case of all other projects," and unless such preference for domestic products is determined by the Secretary of Transportation to be inconsistent with the public interest.

U.S. Producers

About 17 firms, operating a total of 21 facilities, produce carbon steel plates. The majority of these mills are located in the Great Lakes region and in Pennsylvania. The following tabulation shows the producers of carbon steel plates, location of establishments producing the subject product, and each firm's share of total U.S. producers' shipments 1/ of carbon steel plates in 1984:

Firm	Location	Share of shipments (percent)
Armco, Inc	Ashland, KY	***
Bethlehem Steel Corp	Burns Harbor, IN	***
	Sparrows Point, MD	
Cyclops Corp	Mansfield, OH	***
Gulf States Steel Corp	Gadsden, AL	***
Inland Steel Co	East Chicago, IN	***
Interlake, Inc	Riverdale, IL	***
Lone Star Steel Co	Lone Star, TX	***
LTV Steel Co	Cleveland, OH	***
Lukens Steel Co	Coatesville, PA	***
McLouth Steel Products Corp	Trenton, MI	***
National Steel Corp	Detroit, MI	***
	Granite City, IL	
Oregon Steel Mills	Portland, OR	***
Phoenix Steel Corp	Claymont, DE	***
Rouge Steel Co	Detroit, MI	***
Sharon Steel Corp	Farrell, PA	***
U.S. Steel Corp	Baytown, TX	***
	Gary, IN	
	Homestead, PA	
Weirton Steel Corp	Weirton, WV	***

1/ * * *.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.

1/ Producers' total plate shipments, as estimated by the Commission staff from a shipment-based-on-production ratio for coiled plates applied to AISI statistics for hot-rolled sheets (including coiled plates) plus AISI statistics for cut-to-length plates, are presented in the section on apparent U.S. consumption.

As shown, the top two producers accounted for * * * percent of producers' shipments in 1984, and the top four producers accounted for * * * percent. Most of the producers are fully integrated firms that produce a wide range of steel mill products. Of the companies responding to the Commission's questionnaire, * * * reported production of only coiled plates, whereas * * * reported production of only cut-to-length plates; the remaining companies responding to the questionnaire produced both coiled and cut-to-length plates.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 50 firms that imported carbon steel plates from Sweden during October 1982-March 1985. 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 carbon steel plates decreased slightly from 5.7 million tons in 1982 to 5.5 million tons in 1983 and then rose by 17 percent, to 6.5 million tons, in 1984 (table I-3). Such consumption during January-June 1985, at an estimated 3.4 million tons, was only slightly less than the level in the corresponding period of 1984.

Table I-3.--Carbon steel plates: U.S. producers' shipments, imports for consumption, exports, and apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to: Shipments	Ratio of imports to: Consumption
	1,000 short tons				Percent	
1982	4,176	1,561	84	5,653	37.4	27.6
1983	4,246	1,366	63	5,549	32.2	24.6
1984	4,724	1,806	63	6,467	38.2	27.9
Jan.-June--						
1984	2,677	842	21	3,498	31.5	24.1
1985	2,245	1,198	22	3,421	53.4	35.0

Source: Shipments, estimated by the staff of the U.S. International Trade Commission staff: imports and exports, compiled from official statistics of the U.S. Department of Commerce.

The share of the market supplied by imports of carbon steel plates fell from 28 percent in 1982 to 25 percent in 1983 and then rose to 28 percent in 1984. The import market share during January-June 1985, at 35 percent, was 11 percentage points above the January-June 1984 level.

Consideration of Material Injury to an Industry in the United States

The information in this section of the report was compiled from questionnaire data received in connection with the Commission's investigations. It is, therefore, understated to the extent that a few domestic firms that are believed to produce the subject products did not respond to the Commission's questionnaires. Nevertheless, most of the major producers of the products have provided information, and they are believed to account for about 90 percent of total U.S. production of carbon steel plates.

U.S. production, capacity, and capacity utilization

As shown in table I-4, combined production of cut-to-length and coiled plates increased from 3.9 million tons in 1982 to 4.2 million tons in 1984; combined plate production during January-June 1985, at 2.1 million tons, was 15 percent less than that of January-June 1984. Productive capacity for both cut-to-length and coiled plates increased slightly from 11.7 million tons in 1982 to 11.8 million tons in 1983 and then fell to 10.9 million tons in 1984 and an annualized 10.8 million tons during January-June 1985. Capacity utilization increased from 33 percent in 1982 to 39 percent in both 1984 and January-June 1985.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of carbon steel plates, as reported in responses to the Commission's questionnaires, are presented in table I-5. Domestic shipments increased from 3.5 million tons in 1982 to 3.9 million tons in 1984, or by 11 percent. However, such shipments during January-June 1985, at 1.9 million tons, were 15 percent less than during January-June 1984.

The AISI compiles data on shipments of steel products, including those under investigation; however, as has been stated before, it does not compile data for coiled plates separately, but includes them in statistics on hot-rolled sheets. Although the Commission's questionnaire in the instant investigation did not request shipments information on the basis of cut-to-length versus coiled plates, it did request such a breakdown for production. By deriving the ratio of reported coiled plate production to total production of hot-rolled sheets plus coiled plates and applying this ratio to AISI statistics for hot-rolled sheets, the Commission's staff was able to estimate production of coiled plates; this estimate was then added to cut-to-length plate shipments, as reported by the AISI, to estimate total plates shipments. A comparison of information received in response to the

Table I-4.—Carbon steel plates: U.S. production, practical capacity, 1/ and capacity utilization, by types, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Cut-to-length plates:					
Production———1,000 short tons—	2,588	2,399	2,450	1,466	1,356
Capacity———————————do———	9,023	8,969	8,193	4,304	4,057
Capacity utilization——percent—	29	27	30	34	33
Coiled plates:					
Production———1,000 short tons—	1,270	1,709	1,731	993	733
Capacity———————————do———	2,693	2,820	2,669	1,383	1,349
Capacity utilization——percent—	47	61	65	72	54
Cut-to-length and coiled plates: 2/					
Production———1,000 short tons—	3,859	4,107	4,182	2,459	2,089
Capacity———————————do———	11,716	11,789	10,862	5,688	5,405
Capacity utilization——percent—	33	35	39	43	39

1/ Production and capacity figures are understated to the extent that all producers did not respond to the Commission's questionnaires. 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/ As mentioned in the sections of this report on product descriptions and production processes, coiled plates are produced on hot-strip mills. Because hot-strip mills are primarily producers of sheets, the allocation of their capacity to the production of coiled plates is more a function of the demand for sheets than it is the demand for the coiled plates. Therefore, combined capacity and capacity utilization data for cut-to-length and coiled plates are less meaningful indicators of the producers' condition than are the separate data, particularly those for cut-to-length plates.

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

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

Table I-5.—Carbon steel plates: U.S. producers' domestic shipments, 1/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Quantity——1,000 short-tons—	3,514	3,704	3,915	2,240	1,910
Value————million dollars—	1,549	1,367	1,564	858	723
Unit value————per ton—	$441	$369	$399	$383	$379

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires; does not include intercompany and intracompany transfers.

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

Commission's questionnaires with this estimated total shipments of plates is presented in the following tabulation:

Period	Estimated shipments (1,000 tons)	Questionnaire shipments 1/ (1,000 tons)	Coverage (percent)
1982————	4,176	3,948	95
1983————	4,246	4,079	96
1984————	4,724	4,201	89
January-June—			
1984————	2,677	2,421	90
1985————	2,245	2,073	92

1/ Including exports and intercompany and intracompany transfers.

U.S. producers' exports

U.S. producers' exports of carbon steel plates, as reported in responses to the Commission's questionnaires, declined continually throughout the period, from * * * in 1982 to * * * in 1983 and * * * in 1984; exports during January-June 1985, at * * *, were 33 percent below the level of exports in January-June 1984 (table I-6).

Table I-6.—Carbon steel plates: U.S. producers' export shipments, 1/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Quantity					
1,000 short tons—	***	***	***	***	***
Value—million dollars—	***	***	***	***	***
Unit value—per ton—	$***	$***	$***	$***	$***

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

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

Note.—Unit values calculated from the unrounded figures.

U.S. producers' inventories

End-of-period inventories of carbon steel plates, as reported by U.S. producers in response to the Commission's questionnaires, remained small during 1982-84 and January-June of both 1984 and 1985, amounting to about 4 to 7 percent of the responding producers' total (annualized) shipments of carbon steel plates in each of these periods. Reported end-of-period inventories are shown in the following tabulation:

	Inventories (1,000 tons)
As of Dec. 31—	
1981	280
1982	190
1983	218
1984	198
As of June 30—	
1984	256
1985	215

U.S. employment, wages, and productivity

Data on U.S. employment, wages, and productivity in establishments producing carbon steel plates, as reported in responses to the Commission's questionnaires, are provided in table I-7 (number of employees and hours worked by production and related workers) and table I-8 (wages and total compensation 1/ paid to production and related workers, labor productivity, hourly compensation, and unit labor costs). The ratio of total production and

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

Table I-7.—Average number of employees, total and production and related workers, in U.S. establishments producing carbon steel plates, and hours paid 1/ for the latter, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Average employment:					
All employees:					
Number	158,013	145,868	146,864	151,110	138,948
Percentage change 3/	4/	-7.7	+0.7	+3.6	-5.4
Production and related workers producing—					
All products:					
Number	127,192	118,837	124,222	130,093	119,566
Percentage change 3/	4/	-6.6	+4.5	+9.5	-3.7
Carbon steel plates:					
Number	10,118	9,370	9,650	11,708	9,376
Percentage change 3/	4/	-7.4	+3.0	+25.0	-2.8
Hours worked by production and related workers producing—					
Carbon steel plates:					
Number—1,000 hours	19,602	19,080	19,522	11,397	9,911
Percentage change	4/	-2.7	+2.3	4/	-13.0

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

2/ Nonproduct-specific data may be overstated since a multipurpose questionnaire was used that requested total employment and production and related workers information for all products manufactured in establishments producing any of the subject products of the investigations covered in this report (not just plate-producing establishments). Data are understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

3/ Percentage change for each January-June period is calculated using the data from the prior complete year.

4/ Not available.

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

related workers to total employees ranged from a low of 80 percent in 1982 to a high of 86 percent during both January-June periods; production and related workers producing carbon steel plates accounted for 8 to 9 percent of total production and related workers in each period.

The average number of production and related workers producing carbon steel plates was 10,118 workers in 1982. Such employment then fell by 7 percent, to 9,370 workers, in 1983, increased by 3 percent in 1984, and then fell by 3 percent, to 9,376 workers, in January-June 1985. Hours worked by these workers, which dropped by 3 percent in 1983, rose by 2 percent in 1984 before decreasing by 13 percent during January-June 1985 (compared with the number in January-June 1984).

Table I-8.—Wages and total compensation 1/ paid to production and related workers producing carbon steel plates, and labor productivity, hourly compensation, and unit labor costs in the production of carbon steel plates, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Wages paid to production and related workers:					
Value———million dollars—	280	257	292	180	152
Percentage change————	3/	-8.2	+13.6	3/	-15.6
Total compensation paid to production and related workers:					
Value———million dollars—	411	393	398	250	210
Percentage change————	3/	-4.4	+1.3	3/	-16.0
Labor productivity:					
Quantity———tons per hour—	0.1725	0.1901	0.2019	0.2044	0.2019
Percentage change 4/————	3/	+10.2	+6.2	+7.5	.0
Hourly compensation: 5/					
Value————	$14.30	$13.46	$14.96	$15.75	$15.38
Percentage change 4/————	3/	-5.9	+11.1	+17.0	+2.8
Unit labor costs: 6/					
Value————per ton—	$121.59	$108.47	$101.10	$107.34	$104.86
Percentage change 4/————	3/	-10.8	-6.8	-1.0	+3.7

1/ Includes wages and contributions to Social Security and other employee benefits.

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

3/ Not available.

4/ Percentage change for each January-June period is calculated using the data from the prior complete year.

5/ Based on wages paid excluding fringe benefits.

6/ Based on total compensation paid.

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

The average wage for production and related workers producing carbon steel plates, which was $14.30 per hour in 1982, fell by 6 percent in 1983 and then rose by 11 percent in 1984 and by 3 percent, to $15.38 per hour, in January-June 1985. Labor productivity, which was 0.17 ton of carbon steel plates produced per hour worked during 1982, increased by 10 percent in 1983 and 6 percent in 1984 and remained unchanged during January-June 1985. The average unit labor costs for carbon steel plates, which was $122 per ton in 1982, decreased by 11 percent in 1983 and an additional 7 percent in 1984 before increasing by 4 percent during January-June 1985.

Financial experience of U.S. producers

Operations on carbon steel plates.—Net sales of carbon steel plates decreased from $*** in 1982 to $*** in 1983, or by 15 percent, and then rose to $1.6 billion in 1984 (table I-9). In the interim period ended June 30, 1985, net sales totaled $734 million compared with $*** in the interim period of 1984, representing a decrease of * * * percent.

The responding firms sustained an aggregate operating loss in each of the periods included in this report. Such losses increased from $*** in 1982 to $*** in 1983, or by 44 percent, before dropping by * * * percent, to $121 million in 1984. The operating loss the firms sustained during the interim period ended June 30, 1985, was $64 million compared with a loss of $*** in the interim period of 1984. The ratio of operating loss to net sales increased from * * * percent in 1982 to * * * percent in 1983 and then dropped to 7.8 percent in 1984. This ratio in the interim period ended June 30, 1985, was 8.7 percent, about * * * in the interim period of 1984.

There were 10 firms which reported operating losses in 1982; 8 firms reported losses in 1983, 1984, and the interim period ended June 30, 1984, whereas 11 firms did so in the interim period of 1985. U.S. producers experienced negative cash flows in every period covered by this report. These negative cash flows increased from $*** in 1982 to $*** in 1983 before falling by * * * percent to $42 million in 1984. The negative cash flow experienced by these firms on their carbon steel plate operations during the interim period ended June 30, 1985, at $31 million, was * * * percent less than the $*** of the interim period of 1984.

Capital expenditures and research and development expenses.—The following tabulation provides the capital expenditures and research and development expenses of firms responding to the applicable portions of the Commission's questionnaire (in thousands of dollars):

Period	Capital expenditures 1/	Research and development expenses 2/
1982	***	***
1983	***	***
1984	***	***
January–June—		
1984	***	***
1985	***	***

1/ Data are for * * * firms.
2/ Data are for * * * firms. * * *.

Most of the responding U.S. producers did not provide the Commission with data on capital expenditures on a product line basis. Only * * * firms supplied data relative to their expenditures for land, buildings, and machinery and equipment used in the manufacture of carbon steel plates. Such capital expenditures decreased from $*** in 1982 to $*** in 1983 and then increased to $*** in 1984; capital expenditures for January–June 1985 were $*** compared with $*** in the corresponding period of 1984.

Table I-9.--Income-and-loss experience of * * * U.S. producers 1/ on their operations producing carbon steel plates, 2/ accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30--	
				1984	1985
Net sales----------million dollars----	***	***	1,552	***	734
Cost of goods sold----------do----	***	***	1,610	***	774
Gross profit or (loss)----------do----	(***)	(***)	(58)	(***)	(40)
General, selling, and administrative expenses----------do----	***	***	63	***	24
Operating income or (loss) 3/----------do----	(***)	(***)	(121)	(***)	(64)
Depreciation and amortization expense included above----------do----	***	***	79	***	33
Cash flow or (deficit) from operations----------do----	(***)	(***)	(42)	(***)	(31)
As a share of net sales:					
Gross profit or (loss) percent----	(***)	(***)	(3.7)	(***)	(5.4)
Operating income or (loss) percent----	(***)	(***)	(7.8)	(***)	(8.7)
Cost of goods sold----------do----	***	***	103.7	***	105.4
General, selling, and administrative expenses----percent----	***	***	4.1	***	3.3
Number of firms reporting operating losses----------	10	8	8	8	11

1/ * * *.

2/ U.S. producers submitting usable data together accounted for * * * percent of total shipments of carbon steel plates in 1984, as estimated by the staff of the U.S. International Trade Commission.

3/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, only * * * producers, which together accounted for * * * percent of reported 1984 net sales, provided such data; * * * firms did not report those line items, and the remaining * * * firms did not allocate those expenses, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

Research and development expenses relative to operations on carbon steel plates, as reported by * * * producers that responded to this part of the Commission's questionnaire, amounted to about $*** per year during 1982-84; such expenses during January-June 1985, at $***, were 19 percent more than those in the corresponding period of 1984.

Investment in productive facilities

Only * * * of the * * * U.S. producers providing income-and-loss data supplied data concerning their investment in productive facilities employed in the production of carbon steel plates. Reported investment in property, plant, and equipment is shown in the following tabulation (in thousands of dollars):

	Original cost	Book value
1982	462,054	227,291
1983	456,019	201,150
1984	440,236	184,733
As of June 30—		
1984	435,236	184,191
1985	444,716	186,525

The aggregate investment in productive facilities, valued at cost, dropped from $462 million in 1982 to $440 million in 1984, and then increased slightly to $445 million as of June 30, 1985. The book value of such assets fell from $227 million in 1982 to $185 million in 1984, and then rose to $187 million as of June 30, 1985.

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

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in subsidized and/or 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 countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of carbon steel plates and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized Imports." Available data on foreign producers' capacity, production, and exports were presented in the introductory part of the report.

U.S. importers' inventories

The Commission sent questionnaires to 24 importers that were believed to have imported carbon steel plates from Sweden. Eleven firms, accounting for * * * to * * * percent of imports of carbon steel plates from Sweden during January 1982-June 1985, provided the Commission with usable data. Only one importer reported holding any inventories of the Swedish product and that in only one period—* * *.

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

U.S. imports and market penetration

Imports from all sources.—Imports of carbon steel plates declined from 1.6 million tons in 1982 to 1.4 million tons in 1983, or by 12 percent, and then rose to 1.8 million tons in 1984; such imports in January-June 1985, at 1.2 million tons, were 42 percent greater than those in the corresponding period of 1984 (table I-10). Total imports as a share of apparent U.S. consumption decreased from 28 percent in 1982 to 25 percent in 1983 and then rose to 28 percent in 1984; the share of apparent consumption accounted for by imports in January-June 1985 was 35 percent, compared with 24 percent in January-June 1984 (table I-11). Canada, Brazil, Belgium/Luxembourg, West Germany, Korea, Romania, Finland, and Spain are the largest sources of imports of carbon steel plates, together accounting for over two-thirds of such imports during January 1982-June 1985, as shown in the following tabulation:

Source	Percentage distribution of total imports
Canada	12.7
Brazil	11.8
Belgium/Luxembourg	9.7
West Germany	8.1
Korea	6.6
Romania	6.6
Finland	6.2
Spain	5.9
All other	32.4
Total	100.0

Imports from Sweden.—Imports of carbon steel plates from Sweden decreased from 74,000 tons in 1982 to 42,000 tons in 1983 before increasing to 98,000 tons in 1984. Such imports in January-June 1985, at 41,000 tons, were 34 percent below the level of imports of plates from Sweden in the corresponding period of 1984. Imports of carbon steel plates from Sweden, as a share of apparent U.S. consumption, decreased from 1.3 percent in 1982 to 0.8 percent in 1983 and then increased to 1.5 percent in 1984 before falling to 1.2 percent in January-June 1985.

Table I-10.--Carbon-steel plates: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985

Source	1982	1983	1984	January-June	
				1984	1985
	Quantity (1,000 short tons)				
Sweden	74	42	98	62	41
Canada	166	256	234	148	98
Spain	76	69	184	106	21
Romania	4	0	159	2/	231
Belgium/Luxembourg	203	139	132	81	104
Finland	85	107	132	104	45
West Germany	188	114	123	48	58
Korea	130	130	96	52	37
East Germany	0	7	69	13	71
Brazil	167	220	49	9	262
All other	470	283	530	219	232
Total	1,561	1,366	1,806	842	1,198
	Value (million dollars)				
Sweden	27	12	28	17	13
Canada	63	66	73	43	31
Spain	24	14	42	24	6
Romania	1	-	40	3/	57
Belgium/Luxembourg	69	36	37	21	31
Finland	27	27	35	28	11
West Germany	57	30	34	13	18
Korea	42	29	27	13	11
East Germany	-	1	15	3	16
Brazil	52	50	8	2	45
All other	147	71	141	56	63
Total	509	336	480	220	300
	Unit value (per ton) 4/				
Sweden	$361	$289	$289	$277	$305
Canada	380	260	312	292	314
Spain	319	206	227	223	269
Romania	392	-	249	375	248
Belgium/Luxembourg	340	257	277	253	296
Finland	315	249	267	266	248
West Germany	302	261	279	275	309
Korea	327	221	282	258	292
East Germany	-	179	220	208	229
Brazil	314	227	168	231	171
All other	313	251	266	256	270
Average	326	246	266	261	250

1/ Includes imports under TSUSA items 607.6610, 607.6615, 607.6620, 607.6625, and 607.8320.

2/ Less than 500 short tons.

3/ Less than $0.5 million.

4/ Computed from the unrounded figures.

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

Table I-11.—Carbon steel plates: 1/ Ratios of imports from Sweden and all countries to apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

(In percent)

Source	1982	1983	1984	January-June—	
				1984	1985
Sweden	1.3	0.8	1.5	1.8	1.2
All countries	27.6	24.6	27.9	24.1	35.0

1/ Includes imports under TSUSA items 607.6610, 607.6620, 607.6625, and 607.8320.

Source: Based on data in tables I-3 and I-10 of this report.

The share of 1984 imports of carbon steel plates from Sweden entering the United States through certain ports, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation:

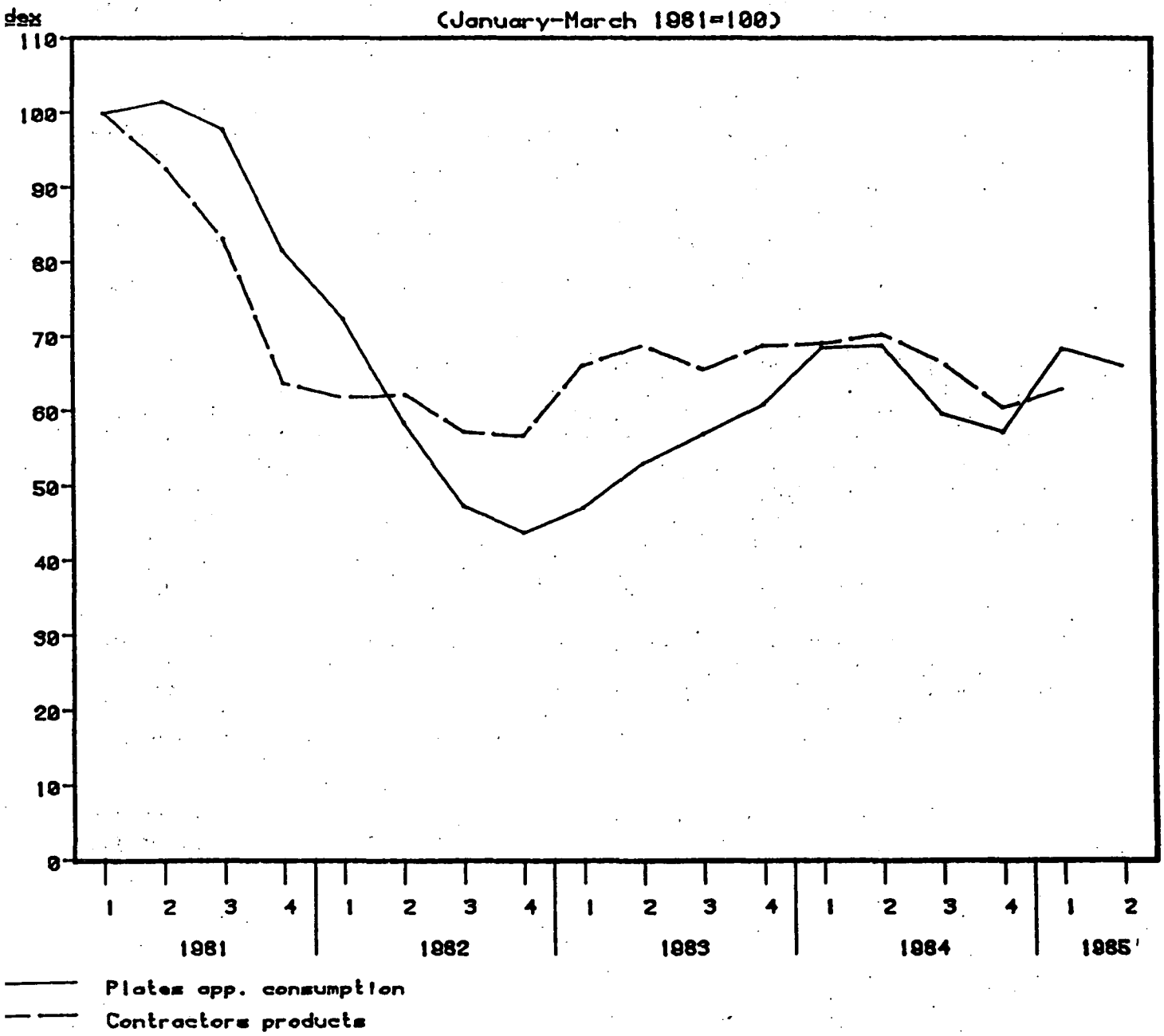
Customs district	Percentage distributution of total imports
Houston, TX	29.8
Chicago, IL	20.8
Detroit, MI	15.0
Bridgeport, CT	7.3
Philadelphia, PA	5.7
Los Angeles, CA	4.6
Subtotal	83.2
All other	16.8
Total	100.0

Prices

Market conditions in sectors that require steel plates as an input, such as construction and machinery and industrial equipment, are associated with the demand for and price of carbon steel plates. For example, demand trends in contractors' products 1/ show a strong relationship with apparent consumption of steel plates, as shown in figure I-1. The index of shipments of contractors' products reflects a sharp decline (almost 36 percent) in 1981 that continued in 1982 to a low 43 percent below the base-period level (table G-1, app. G). In 1983 and January-June 1984, the trend in shipments of contractors' products reversed, and the index climbed to a level 30 percent

1/ The single largest industry purchasing carbon steel plates comprises construction and contractors' products (table I-1).

Figure I-1.—Indexes of apparent consumption of carbon steel plates and shipments of contactors' products, by quarters, January 1981-June 1985



Source: Based on data in table G-1, app. G of this report.

below the base period but then slid 10 points to a 1984 low of 60.5 before turning upward a few percentage points in January-March 1985. In a similar pattern, apparent consumption of carbon steel plates decreased steadily in 1981 and 1982, and began to climb in 1983, a trend that continued through April-June 1984 before the index turned downward to a level almost 43 percent below that of the base period. Plate comsumption then jumpled almost 10 points in January-March 1985, but fell slightly in April-June 1985.

U.S. producers that maintain published list prices usually quote prices for carbon steel products on an f.o.b. mill basis. Importers of such products generally quote prices either f.a.s. port of entry or f.o.b. warehouse. 1/ Prices consist of a base price for each product plus additional charges for extras such as differences in length, width, thickness, chemistry, and so forth. Prices can be changed by changing the base price, the charges for extras, or both. According to Bureau of Labor Statistics data, domestic producers announced seven base price increases for carbon steel plates during January 1979-December 1984. 2/

The Commission asked domestic producers and importers for their net selling prices to SSC's and end users for two representative cut-to-length carbon steel plate products and two representative coiled carbon steel plate products, by quarters, during January 1983-June 1985. 3/ Domestic producers' selling prices are weighted-average f.o.b. mill prices, net of all discounts and allowances (including freight allowances), and excluding inland freight charges. Importers' selling prices are weighted-average duty-paid prices, ex-dock, port of entry, net of all discounts and allowances, and excluding U.S. inland freight charges. These are average prices charged in many different transactions and do not include delivery charges. Such data do not provide a viable basis for comparing levels of domestic producers' and importers' prices from the purchasers' viewpoint in a particular market area, but they are useful for comparing trends of these prices and should reflect any discounting that may have occurred. Weighted-average prices and indexes of the weighted-average f.o.b. net selling prices reported by domestic producers and importers for sales of carbon steel plates to SSC's and end users are shown in table I-12

Trends in prices of domestic plates.--Quarterly net selling prices of the two domestic cut-to-length products (products 1 and 2) sold to SSC's generally decreased during 1983, while prices to end users stayed at approximately the same level. From January-March 1983 to October-December 1983, weighted average prices declined by 15 and 4 percent, respectively, for the two

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

2/ Base price increases of 5 and 7 percent for cut-to-length plates and 7 percent for coiled plates that were announced in 1983 (the most recent in September of that year) generally did not hold and in many instances only resulted in larger discounts from list prices.

3/ These products and their specifications are listed in app. H. The two representative cut-to-length carbon steel plate products are numbered 1 and 2, and the two representative coiled carbon steel plate products are numbered 3 and 4.

Table I-12.—Carbon steel plates: Weighted-average net selling prices to SSC's and end users for sales of domestic products and for sales of imports from Sweden 1/ and indexes of those prices, by types and quarters, January 1983-June 1985

Product and period	Sales to SSC's of merchandise from—				Sales to end users of merchandise from domestic firms	
	Domestic firms		Sweden			
	Value	Index 2/	Value	Index 2/	Value	Index 2/
Product 1:	Per ton		Per ton		Per ton	
1983:						
Jan.-Mar	$***	100	$***	100	$***	100
Apr.-June	***	94	***	111	***	101
July-Sept	***	91	***	85	***	102
Oct.-Dec	***	85	***	101	***	100
1984:						
Jan.-Mar	***	92	***	103	***	98
Apr.-June	***	100	***	106	***	111
July-Sept	***	102	***	113	***	115
Oct.-Dec	***	99	3/	3/	***	117
1985:						
Jan.-Mar	***	92	3/	3/	***	81
Apr.-June	***	88	3/	3/	***	87
Product 2:						
1983:						
Jan.-Mar	***	100	***	100	***	100
Apr.-June	***	94	***	78	***	100
July-Sept	***	97	***	81	***	101
Oct.-Dec	***	96	***	93	***	102
1984:						
Jan.-Mar	***	104	***	94	***	98
Apr.-June	***	113	***	102	***	93
July-Sept	***	112	***	105	***	95
Oct.-Dec	***	112	3/	3/	***	92
1985:						
Jan.-Mar	***	104	***	109	***	90
Apr.-June	***	101	3/	3/	***	93
Product 3:						
1983:						
Jan.-Mar	***	100	***	100	***	100
Apr.-June	***	97	3/	3/	***	123
July-Sept	***	101	***	88	***	107
Oct.-Dec	***	104	***	92	***	111
1984:						
Jan.-Mar	***	107	***	91	***	118
Apr.-June	***	111	***	102	***	129
July-Sept	***	113	3/	3/	***	135
Oct.-Dec	***	109	3/	3/	***	121
1985:						
Jan.-Mar	***	103	3/	3/	***	117
Apr.-June	***	99	***	95	***	111

See footnotes at end of table.

Table I-12.—Carbon steel plates: Weighted-average net selling prices to SSC's and end users for sales of domestic products and for sales of imports from Sweden 1/ and indexes of those prices, by types and quarters, January 1983-June 1985—Continued

Product and period	Sales to SSC's of merchandise from—				Sales to end users of merchandise from domestic firms	
	Domestic firms		Sweden			
	Value	Index 2/	Value	Index 2/	Value	Index 2/
Product 4:	Per ton		Per ton		Per ton	
1983:						
Jan.-Mar	$***	100	3/	3/	$***	100
Apr.-June	***	103	3/	3/	***	93
July-Sept	***	96	$***	100	***	101
Oct.-Dec	***	105	***	101	***	99
1984:						
Jan.-Mar	***	113	***	101	***	103
Apr.-June	***	115	***	115	***	105
July-Sept	***	118	3/	3/	***	105
Oct.-Dec	***	106	3/	3/	***	107
1985:						
Jan.-Mar	***	107	3/	3/	***	89
Apr.-June	***	99	3/	3/	***	94

1/ No pricing data were reported on sales of imports from Sweden to end users.

2/ First period with data=100.

3/ Not available.

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

cut-to-length plate products sold to SSC's. Prices of product 1 sold to SSC's rose through July-September 1984, and then declined through April-June 1985, finishing the period 12 percent below the base-period level. Prices of product 1 to end users, which were stable through 1983, generally increased to a period high in October-December 1984 and then fell to finish the period 13 percent below the base-period level. Prices of product 2 to SSC's increased during 1984 but fell to within 1 percent of the base-period level in April-June 1985. Prices of product 2 to end users generally declined throughout 1984 and January-June 1985, finishing the period at a level 7 percent below the base-period level.

The quarterly net selling prices of the two coiled plate products (products 3 and 4) sold to SSC's generally trended upward throughout 1983 and January-September 1984 but fell to levels that were 1 percent less than base-period levels in April-June 1985. The price of product 4 sold to end users also followed this pattern, finishing the first half of 1985 at a level 6 percent below the base-period level. The price of product 3 sold to end users rose more sharply through July-September 1984, reaching a high of 35 percent above the base-period level, and then fell through the rest of the period, ending at a level 11 percent above the base-period level.

Trends in prices of Swedish plates.—No data were received for Swedish plates sold to end users for any of the four products. Limited price data on sales of product 3 to SSC's indicate that the price generally declined over the period under consideration, falling to 5 percent below the base-period price by April-June 1985, whereas the prices of products 1, 2, and 4 increased from July-September 1983 through the last quarter in which price data are available for each.

Purchasers' prices.—The Commission also requested purchasers to furnish the delivered prices they paid for the four representative imported and domestically produced carbon steel plate products, by quarters, during January 1984-June 1985. Purchasers were asked for prices, including delivery charges, paid in specific transactions. To ensure that these prices would be comparable, the purchasers were identified by their location, and questionnaires were sent to firms located in seven metropolitan market areas. 1/ The information obtained was used to compare the levels of importers' and domestic producers' prices and to calculate margins of underselling or overselling by imports. These prices provide a better basis for comparing price levels than do f.o.b. selling prices, because they include all inland freight charges (as well as wharfage and dock handling charges for imports) and are isolated on the basis of geographic market areas. The responses obtained provided price comparisons on plates purchased by SSC's only; there are no quarterly price comparisons available by markets for plate purchases by end users.

Transaction prices reported by purchasers of carbon steel plates enabled comparisons to be made of quarterly domestic and import prices paid by SSC's in four market areas—Chicago, Detroit, Houston/New Orleans, and Portland/Seattle. These comparisons covered product 1 in three instances, product 2 in four instances, product 3 in two instances, and product 4 in four instances. Average margins of underselling or overselling are presented in table I-13.

Margins of underselling or overselling by imports of plates from Sweden.—In eight instances imports from Sweden undersold the domestic plates, by margins ranging from less than 0.05 percent ($*** per ton) to 18.0 percent ($*** per ton). There were also five instances in which the domestic weighted-average price was less than the comparable weighted-average import price. These margins ranged from 2.9 percent ($*** per ton) to 34.4 percent ($*** per ton). Evidence of overselling is more pronounced with respect to products 3 and 4, coiled plate products, and less evident in sales of products 1 and 2, cut-to-length plate products.

Lost sales

The Commission asked U.S. producers to report specific instances in which they had lost sales of domestically produced plates to imports from Sweden since January 1, 1983. * * * and * * * provided the requested lost sales information. A total of 20 allegations, with an alleged value of $***, were presented.

1/ The market areas for which purchase prices were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle.

Table I-13.--Carbon steel plates: Average margins by which purchases by SSC's of imports from Sweden undersold or oversold U.S. domestic products, by market areas, products, and quarters, January 1984-June 1985

Product and period	Margin of underselling/(overselling) in--							
	Chicago		Detroit		Houston/ New Orleans		Portland/Seattle	
	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent
Product 1:	Per ton		Per ton		Per ton		Per ton	
1984:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	1/	1/	$***	10.8	1/	1/
July-Sept---:	1/	1/	1/	1/	1/	1/	1/	1/
Oct.-Dec.---:	1/	1/	1/	1/	1/	1/	1/	1/
1985:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	$(***)	(2.9)	***	4.3	1/	1/
Product 2:								
1984:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	$***	16.9	1/	1/	***	18.0	1/	1/
July-Sept---:	1/	1/	1/	1/	1/	1/	1/	1/
Oct.-Dec.---:	1/	1/	1/	1/	1/	1/	1/	1/
1985:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	***	3/	***	13.5	1/	1/
Product 3:								
1984:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	1/	1/	1/	1/	1/	1/
July-Sept---:	***	3.3	1/	1/	1/	1/	1/	1/
Oct.-Dec.---:	1/	1/	1/	1/	(***)	(8.7)	1/	1/
1985:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	1/	1/	1/	1/	1/	1/
Product 4:								
1984:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	1/	1/	1/	1/	$(***)	(34.4)
July-Sept---:	***	.8	1/	1/	1/	1/	1/	1/
Oct.-Dec.---:	(***)	(3.8)	1/	1/	(***)	(5.2)	1/	1/
1985:								
Jan.-Mar---:	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June---:	1/	1/	1/	1/	1/	1/	1/	1/

1/ Not available.
2/ * * *.
3/ Less than 0.05 percent.

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

* * * provided the Commission with 19 specific allegations of sales of carbon steel plates lost to imports from Sweden. These alleged lost sales totaled * * * tons, with an alleged value of $***. The Commission staff investigated all of these allegations which involved * * * purchasers—* * *.

* * * was alleged to have purchased * * * tons of Swedish plates at $*** per ton compared with a domestic offer price of $*** per ton in * * *. * * *, purchaser for the firm, stated that * * *.

* * * was cited in three specific allegations concerning lost sales to imported Swedish plates. One allegation cited * * * as purchaser of * * * tons of Swedish plates in * * * at an alleged price of $*** per ton after rejecting a domestic offer price of $*** per ton. * * * acknowledged * * *.

Another allegation * * * cited * * * as purchasing * * * tons of Swedish plate at $*** per ton compared with a domestic offer price of $*** per ton in * * *. The purchaser for * * * acknowledged that * * *.

* * * was alleged to have purchased * * * tons of Swedish plates at a price of $*** per ton in * * *. The alleged domestic price was $*** per ton. * * *, purchaser for * * *, stated that * * *.

* * * was alleged to have purchased * * * tons of Swedish carbon steel plates in * * * at $*** per ton compared with a domestic bid of $*** per ton (book price). * * *, purchasing agent for * * *, recalled the instance in question as * * *, for * * * tons of plates. * * * explained that the alleged price quotes to * * * were accurate but inasmuch as * * *.

* * * was named in an alleged * * * lost sale of * * * tons. The plates, imported from Sweden, were allegedly priced at $*** per ton, and the rejected domestic price was $*** per ton. * * *, central buyer for * * *, confirmed the purchase of Swedish plates by * * *.

Five of * * *'s allegations cited * * * as the alleged purchaser of a total of * * * tons of Swedish plates at a price of $*** per ton compared with domestic prices ranging from $*** to $*** per ton * * *. * * *, purchaser for the company, would not discuss the allegations with the Commission staff.

Another allegation concerned * * *. The alleged purchase quantity of the Swedish plates was * * * tons at a price of $*** per ton compared with a domestic price of $*** per ton during * * *. * * *, purchaser for * * *, stated that he had purchased no Swedish plates during the cited period. * * *.

* * * was cited in four allegations. The alleged purchase quantities totaled * * * tons, purchased at prices of $*** to $*** per ton, compared with domestic offer prices of $*** to $*** per ton. * * * stated that * * *.

* * *, an SSC located in * * *, was cited in a lost sale allegation involving * * * tons of plates in * * *. This SSC allegedly rejected an offer price of $*** per ton for the domestic plates in favor of a quote of $*** per ton for plates imported from Sweden. * * *, purchasing manager, stated that this quantity was a normal amount for the firm to buy. The prices quoted roughly reflected the market at that time. The purchase, however, was not Swedish plates, but rather * * * product. Since then, the domestic mills, faced with soft plate demand, have become more competitive. * * *.

* * * named * * *, an SSC located in * * *, in an allegation of a lost sale involving * * * tons of plates in * * *. The domestic quote of $*** per ton allegedly was rejected and the import price of $*** per ton for Swedish plates was accepted by * * *. * * *, buyer for the firm, confirmed buying imported plates but stated that the order in question went to an importer of * * * plates. The price was $*** per ton, however, plus terminal charges and inland freight. * * *.

* * * named * * * in an alleged lost sale involving a purchase of * * * tons of Swedish hot-rolled plates in * * *. The domestic quote of $*** per ton allegedly was rejected in favor of the imported Swedish plates offered at a price of $*** per ton. * * *, purchasing agent, confirmed the purchase of the Swedish plate * * *.

* * * alleged that it had lost a sale of * * * tons of carbon steel plates, with a sales value of $*** to imports from Sweden. * * * was cited as purchasing * * * tons of Swedish plates at $*** per ton, compared with a domestic offer price of $*** per ton, during * * *.

Lost revenue

The Commission asked U.S. producers to report specific sales since January 1, 1983, in which they had to reduce prices of domestically produced plates as a result of competion with imports from Sweden. * * * and * * * provided the requested information, citing a total of eight allegations amounting to an alleged $*** 1/ in lost revenue.

* * * provided the Commission with seven specific allegations of lost revenues due to imports of carbon steel plates from Sweden; the alleged lost revenue was $***. The Commission staff investigated all of these allegations, which involved three SSC's.

* * * was cited in five of the allegations, involving a total of * * * tons, after * * * reduced its prices from a range of $*** to $*** per ton to a range of $*** to $*** per ton during the period covering * * *. The alleged foreign prices ranged from a low of $*** per ton to a high of $*** per ton. * * *, stated that these allegations * * *.

* * * was named in an instance involving price reductions on an order of * * * tons of plates in * * *, from a list price of $*** per ton to an accepted quote of $*** per ton. The competing Swedish plates were allegedly priced at $*** per ton. * * *, purchaser for * * *, stated that * * *.

* * * was cited in a lost revenue allegation involving * * * tons of carbon steel plates, which were allegedly sold in the fourth quarter of 1984 at a reduced price of $*** per ton compared with an initial offer price of $*** per ton (book price), because of competition from imports from Sweden priced at $*** per ton. * * *. * * *, buyer for the firm, confirmed the market price of the imported product at $*** per ton at that time. He stated, however, that * * *.

1/ It is not possible to calculate an accurate figure for lost revenue in every instance cited, because some of the reported initial prices quoted were list prices, which, according to the purchasers, did not reflect market pricing during the periods in question.

* * * provided the Commission with one allegation of lost revenue in competition with plates from Sweden; the alleged lost revenue was $***. * * *, was cited as having purchased * * * tons of plates after the price was reduced from $*** per ton to $*** per ton to meet the alleged Swedish price of $*** per ton. * * *, did not recall the transaction. He stated that* * *.

Transportation costs

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

Most domestic carbon steel products are shipped either by truck or by rail. 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.

Transportation of plates.—In other recent investigations, 2/ the Commission asked domestic producers and importers to provide data for 1983 on the share (percent) of cut-to-length and coiled plates shipments shipped different distances from the mill or port; the percentage shipped, by modes (truck, rail, or barge); the quantity shipped to major geographic areas, grouped by States; and the transportation cost, both per ton and as a share of delivered cost, to seven specified market areas. 3/ Seven domestic producers, with mills located in * * * reported relevant data on transportation relating to cut-to-length plates. Six domestic producers with mills located in * * * reported relevant data on transportation relating to coiled plates. No importers provided data on transportation factors.

Distance shipped and transport mode used for cut-to-length plates.—* * * percent of * * *'s cut-to-length plate shipments from * * * are to locations 500 miles or less in distance. About * * * of these shipments are to purchasers within a radius of 200 miles (table I-14). Within the latter market area, the ratio of truck to rail usage is almost * * * to 1. For distances over 500 miles, the truck-to-rail ratio falls to * * * to 1. Trucks account for a larger share of distant market shipments from the * * * mill. * * * uses barges for * * * percent of its plate shipments to locations over 500 miles from the * * * mill.

* * * ships * * * percent of its plate to locations 500 miles or less from its * * * mill but only * * * percent of plate shipped from its * * *

1/ The steel belt comprises Illinois, Indiana, Ohio, and Pennsylvania.

2/ Certain Carbon Steel Products from Argentina, Australia, Finland, and Spain, Investigations Nos. 731-TA-169, 171, 175, 177, 178, 180, and 182 (Final). The information contained in this report was obtained in the prior investigations.

3/ The market areas for which transportation costs were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle.

Table I-14.—Cut-to-length carbon steel plates: Distance shipped and transport mode used as a share of shipments, by types of mills, firms, and mill locations, 1983

(In percent)

Domestic producer and mill location	Distance shipped			Transport mode used		
	200 miles or less	200–500 miles	Over 500 miles	Truck	Rail	Barge
Integrated mills:						
*	*	*	*	*	*	*
Nonintegrated mills:						
*	*	*	*	*	*	*

1/ * * *.

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

mill fall within that radius; overall, almost * * * percent of these plates are shipped by truck. * * *'s market is * * * percent within a radius of 500 miles or less, and * * * percent is transported by truck.

* * * and * * * provided data on the distance to their markets. * * *'s cut-to-length plates shipments go to locations 500 miles or less from its * * * mill; * * * shipments are by truck. * * * sells * * * percent of its cut-to-length plates to purchasers located 500 miles or less from its * * * mill.

Distance shipped and transport mode used for coiled plates.—* * * percent of * * *'s coiled plate shipments from * * * are to locations 500 miles distant or less and * * * percent are to purchasers within a radius of 200 miles (table I-15). Within the latter market area, the ratio of truck to rail usage is about * * * to 1. For distances over 500 miles, the truck to rail ratio falls to 1 to * * *. Trucks account for a * * * percent share of distant market shipments from the * * * mill. * * * uses barges for * * * percent of its plate in coil shipments to locations over 500 miles from the * * * mill.

Table I-15.—Coiled carbon steel plates: Distance shipped and transport mode used as a share of shipments, by firms and mill locations, 1983

(In percent)

Domestic producer and mill location	Distance shipped			Transport mode used		
	200 miles or less	200-500 miles	Over 500 miles	Truck	Rail	Barge
*	*	*	*	*	*	*

1/ * * *.

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

* * * ships * * * percent of its coiled plate to locations 500 miles or less from its * * * mill, but * * * percent of coiled plates shipped from its * * * mills fall within that radius. * * * percent of * * *'s shipments go by barge as do * * * percent of shipments from the * * *. Overall, most of * * *'s coiled plates are shipped by truck. * * *'s market is * * * percent within a radius of 500 miles, and * * * percent is transported by truck.

* * * and * * * provided data on the distance to their markets. * * * percent of * * *'s coiled plates shipments go to locations 500 miles or less from its * * *; * * * shipments are by truck. * * * sells * * * percent of its coiled plates to purchasers located 500 miles or less from its * * * mill.

Transportation costs to specific market areas for cut-to-length plates.—Six domestic steel producers of cut-to-length plates provided transportation cost data by market area, from a total of 11 mills (table I-16). The geographic breadth of plate mill locations creates a diverse pattern of freight costs from each mill to each of the respective market areas. For example, freight costs by truck to the Chicago area from the respondent mills serving that market range from * * * percent, or $*** per ton (from * * *'s mill) to * * * percent, or $*** per ton (from * * *'s mill). To the Philadelphia/New York market, the range is from * * * percent, or $*** per ton (from * * *'s mill) to * * * percent, or $*** per ton (from * * *'s mill).

The data show that freight cost by rail for long hauls is less than by truck. For example, savings amount to about * * * percent of delivered cost ($*** per ton) shipping by rail from * * * to the Atlanta market area, or almost * * * percent ($*** per ton) shipping by rail from * * * mill to the Portland/Seattle market. For short hauls, rail can be a more costly mode than truck. For example, freight by truck from * * * to Chicago amounts to * * * percent of delivered price, or $*** per ton; by rail the cost is * * * percent, or $*** per ton.

Table I-16.--Cut-to-length carbon steel plates: Transportation costs to specific market areas by truck and rail, by types of mills, firms, and mill locations, 1983

Transport mode/ domestic producer/ and mill location	Atlanta		Chicago		Detroit		Houston/ New Orleans	
	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total
	Per ton		Per ton		Per ton		Per ton	
Truck:								
*	*	*	*	*	*	*		
Rail:								
*	*	*	*	*	*	*		

	Los Angeles/ San Francisco		Philadelphia/ New York		Portland/ Seattle	
	Value	Percent of total	Value	Percent of total	Value	Percent of total
	Per ton		Per ton		Per ton	
Truck:						
*	*	*	*	*	*	*
Rail:						
*	*	*	*	*	*	*

1/ Not available.
2/ Estimated by the staff of the U.S. International Trade Commission.

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

Importers failed to provide the transportation cost data requested by the Commission. In an attempt to make some comparison of freight costs incurred by domestic mills versus imported plate vendors, the Commission's staff contacted purchasers located in various subject markets. Facts on competitive freight cost advantages and disadvantages of buying imported cut-to-length plates, as related by specific purchasers, are sketched below.

* * * provided transportation cost data for plates that are imported through the Port of New Orleans and then barged up the Mississippi and Ohio rivers to * * *. The importer, * * *, quotes its price "f.o.b. truck, destination, duty-paid, via barge from New Orleans." * * * pays the freight by truck from the * * * landing on the * * * river to its yard. * * * absorbs the cost of barging the plate upriver. Barge freight is $*** per ton, according to * * *'s purchasing manager. His firm pays $*** per ton for the truck freight. Plates bought from the * * * or * * * mills in the Chicago area incur a freight cost by truck of $*** per ton, or $*** per ton from * * *'s mill. These domestic mills will not freight equalize to the freight cost of the imported plate. Cut-to-length plates shipped by rail to * * * from Chicago or * * * are * * * percent cheaper. Time in transit, however, also is a factor. Barge time is 8 to 10 weeks from placement to delivery; from billing to delivery is 2 weeks. By rail, transit time for domestic plate delivery is 1 week to 10 days; by truck, delivery is within 2 to 3 days. Because of deregulation and the cost of money, the pattern of transport, by mode, has changed for * * *. Two to three years ago, * * * percent of its steel shipments were by rail, * * * percent by barge, and * * * percent by truck; now * * * percent is by truck.

* * * provided transportation cost figures on cut-to-length plates imported through the Port of * * * compared with the cost of domestic plates purchased from * * *, * * *, or * * *. * * * quotes its plate prices to * * * "c.i.f. port, duty-paid, wharfage and handling charges for buyer's account." Buyer's transportation and handling charges from * * * to * * * amount to $*** per ton for freight by truck. Freight cost from * * * is $*** per ton, and from * * *, $*** per ton. The firm's purchasing manager states that he "never discusses freight costs when writing an order—negotiations are on price, not freight." He also emphasized that "rail is not competitive . . . You never know when you'll get your material." To this purchaser, the difference in domestic and imported plate freight costs is not a significant factor; product price is the primary concern.

Any analysis of freight cost comparisons is difficult and complex because of the diversity of related factors, e.g., the difficulty in factoring in freight equalization or allowances (which are usually disguised by inclusion in the quoted price), the importance of transit time and cost of inventory, and the problems of generalization based simply on apparent freight cost advantage to the domestic or imported product.

Transportation costs to specific market areas for coiled plates.—Six domestic steel producers provided transportation cost data by market areas from a total of 10 mills (table I-17). The geographic breadth of plate mill locations creates a diverse pattern of freight costs from each mill to each of the respective market areas. For example, freight costs by truck to the Chicago area from the respondent mills serving that market range from * * * percent, or $*** per ton (from * * *'s mill) to * * * percent, or $*** per ton (from * * *'s mill). To the Philadelphia/New York market, the range is from * * * percent, or $*** per ton (from * * *'s mill) to * * * percent, or $*** per ton (from * * *'s mill).

Table I-17.—Coiled carbon steel plates: Transportation costs to specific market areas by truck and rail, by firms and mill locations, 1983

Transport mode/ domestic producer/ and mill location	Atlanta		Chicago		Detroit		Houston/ New Orleans	
	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total
	Per ton		Per ton		Per ton		Per ton	
Truck:								
*	*	*	*	*	*	*		
Rail:								
*	*	*	*	*	*	*		

	Los Angeles/ San Francisco		Philadelphia/ New York		Portland/ Seattle	
	Value	Percent of total	Value	Percent of total	Value	Percent of total
	Per ton		Per ton		Per ton	
Truck:						
*	*	*	*	*	*	*
Rail:						
*	*	*	*	*	*	*

1/ Not available.

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

The data show that freight cost by rail for long hauls is less than by truck. For example, savings amount to about * * * percent of delivered cost ($*** per ton) shipping by rail from * * *'s mill to the Atlanta market area, or almost * * * percent ($*** per ton) shipping by rail from * * * to the Houston/New Orleans market. For short hauls, rail can be a more costly mode than truck. For example, freight by truck from * * * to Chicago amounts to * * * percent of delivered price, or $*** per ton; by rail the cost is * * * percent, or $*** per ton.

As with cut-to-length plates, importers failed to provide the transportation cost data requested by the Commission. Facts on competitive freight cost advantages and disadvantages of buying imported coiled plates as related by specific purchasers contacted by the Commission's staff are sketched below.

* * * provided transportation costs for plate imported through the Port of Houston. The importer, * * *, quotes its price "f.o.b. car/truck, duty-paid, subject to direct discharge." * * * pays the freight to its yard and what is termed a "catching charge" for direct discharge from the vessel to the transport mode. Freight charges amount to $*** per ton. Domestic coiled plates barged from * * *'s mill incurs a freight cost of $*** per ton. By rail, * * * reported a freight cost of $*** per ton from that same mill and * * * reported a $***-per-ton freight cost from its * * * plate mill.

* * * provided transportation costs for coiled plates (and sheets and structurals) imported through the Port of Baltimore, or the Port of Philadelphia. The importer, * * *, quotes its price "c.i.f. port, duty-paid, wharfage and handling charges for buyer's account." * * * pays the freight and wharfage, and so forth, from the dock to its yard; these costs amount to $*** per ton from Baltimore and $*** per ton from Philadelphia. Competing domestic coiled plates from * * *'s mill or from * * *'s mill * * * would incur a freight cost of about $*** per ton. * * * noted that truck freight is less since deregulation, and the firm has saved money using that mode. Although truckers tried unsuccessfully on several recent occasions to "jump the rates," competition negated these efforts.

PART II. HOT-ROLLED CARBON STEEL SHEETS

Introduction

This part of the report presents information relating specifically to hot-rolled carbon steel sheets. As indicated previously, following preliminary affirmative subsidy and LTFV determinations by the Department of Commerce, the Commission instituted the following final investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of hot-rolled carbon steel sheets:

Countervailing duty investigations:
Austria (investigation No. 701-TA-227 (Final)), and
Sweden (investigation No. 701-TA-228 (Final)); and

Antidumping investigation: Austria (investigation No. 731-TA-219 (Final)).

In addition, the Commission instituted final countervailing duty investigation No. 701-TA-229 (Final) concerning imports of hot-rolled carbon steel sheets from Venezuela and antidumping investigations Nos. 731-TA-222 and 223 (Final) concerning imports of such products from Romania and Venezuela. As stated earlier, U.S. Steel, the petitioner in these investigations, subsequently withdrew its petitions, and the investigations by the Department of Commerce and the Commission were terminated.

The Products

Description and uses

The TSUS describes hot-rolled carbon steel sheets as flat-rolled carbon steel products, whether or not corrugated or crimped and whether or not pickled; not cold-rolled; not cut, not pressed, and not stamped to nonrectangular shape; not coated or plated with metal; over 8 inches in width and in coils, or if not in coils under 0.1875 inch in thickness and over 12 inches in width. Such products are provided for in TSUSA items 607.6710, 607.6720, 607.6730, 607.6740, and 607.8342.

Major markets for hot-rolled carbon steel sheets (including coiled plates), as reported by the AISI, are shown in table II-1. During 1982-84, an increasing amount, averaging 44 percent, of all domestically produced hot-rolled carbon steel sheets (including coiled plates) went to service centers and distributors. The remainder was shipped to end users. The largest end-user market for such sheets was the automotive industry, which accounted for an average of 21 percent of total U.S. producers' shipments during 1982-84.

Table II-1.—Hot-rolled carbon steel sheets: 1/ U.S. producers' shipments, by major markets, 1982-84, January-March 1984, and January-March 1985

Market	1982	1983	1984	January-March—	
				1984	1985
	Quantity (1,000 tons)				
Steel service centers and distributors	3,327	4,672	5,648	1,486	1,312
Automotive	1,739	2,331	2,243	648	570
Construction and contractors' products	727	838	796	227	157
Machinery, industrial equipment, and tools	207	194	229	55	47
Agricultural	177	146	125	42	29
All other	1,951	2,355	2,834	723	635
Total	8,128	10,536	11,875	3,181	2,750
	Percent of total				
Steel service centers and distributors	40.9	44.3	47.6	46.7	47.7
Automotive	21.4	22.1	18.9	20.4	20.7
Construction and contractors' products	8.9	8.0	6.7	7.1	5.7
Machinery, industrial equipment, and tools	2.5	1.8	1.9	1.7	1.7
Agricultural	2.2	1.4	1.1	1.3	1.1
All other	24.0	22.3	23.9	22.7	23.1
Total	100.0	100.0	100.0	100.0	100.0

1/ Including carbon steel plates in coils.

Source: American Iron & Steel Institute.

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

Production processes

Hot-rolled carbon steel sheets are produced on hot-strip mills. In the hot-strip mill, slabs are heated to a rolling temperature of about 2,000 °F. The slabs are sent into a scalebreaker to remove furnace scale, roughed down to a predetermined intermediate thickness in roughing stands, and then sent to a series of finishing stands where further reductions are made. A typical continuous mill for hot rolling has four or five roughing stands and five to seven finishing stands. As the products are reduced in thickness, they are increased in length. Each succeeding set of rolls is rotated at a higher rate of speed to compensate for the elongation of the sheets. Water sprays at various locations cool the metal and remove oxide from the hot surface. Upon reaching final thickness, the hot-rolled material has cooled to about 1,500 °F. The product is then coiled or cut into shorter lengths and stacked. If desired, the sheets may be pickled (cleaned) in a bath of sulfuric or hydrochloric acid to remove surface oxides formed during hot rolling.

U.S. tariff treatment

The hot-rolled sheets subject to these investigations are classified and reported for tariff and statistical purposes under items 607.6710, 607.6720, 607.6730, 607.6740, and 607.8342 of the TSUSA. The current U.S. rates of duty and the final column 1 MTN concession rates for such imports are shown in table II-2. As indicated, such imports are currently dutiable at column 1 rates of either 5.8 or 6.1 percent ad valorem. Imports of these products are not eligible for duty-free entry under the Generalized System of Preferences. However, such imports, if the product of designated beneficiary countries, are eligible for duty-free entry under the CBERA; products of Israel covered by these tariff items also enter free of duty. An explanation of the applicability of column 1, column 2, CBERA, and LDDC rates of duty is presented in part I of this report.

Table II-2.—Hot-rolled carbon steel sheets: U.S. rates of duty, as of Jan. 1, 1980, Jan. 1, 1985, and Jan. 1, 1987

(Cents per pound, percent ad valorem)

Description	Col. 1			LDDC's	Col. 2
	Jan. 1, 1980 1/	Jan. 1, 1985	Jan. 1, 1987		
Carbon steel sheets, not cut, not pressed, and not stamped to non-rectangular shape, not coated or plated with metal and not clad:					
Not pickled and not cold rolled. 2/	7.5%	5.8%	4.9%	4.9%	20%
Pickled but not cold rolled. 3/	8.0%	6.1%	5.1%	5.1%	0.2¢ + 20%

1/ The rate shown for Jan. 1, 1980, was also the applicable rate prior to the first staged reduction under the Tokyo round.
2/ Imports under TSUSA items 607.6710, 607.6720, 607.6730, and 607.6740.
3/ Imports under TSUSA item 607.8342.

Source: Tariff Schedules of the United States.

In addition to the import duties shown in table II-2, countervailing duties are currently in effect with respect to imports of hot-rolled sheets from Brazil, Korea, and South Africa, and antidumping duties are currently in effect with respect to imports of hot-rolled sheets from Brazil. 1/

1/ Net subsidy and dumping margins for current investigations, outstanding dumping/countervailing duty orders issued since January 1984, and terminated (other than negative) title VII cases since January 1984 are presented in table II-3. The weighted-average subsidies for other countries are 1.88 for Korea and 0 percent for South Africa.

Table II-3.--Hot-rolled carbon steel sheets: Pending title VII investigations, outstanding dumping/countervailing orders 1/ since January 1984, and terminated (other than negative) title VII cases since January 1984, most recent dumping/subsidy margins, by countries and by companies, 1982-84, January-June 1984, and January-June 1985

Investigation/ order/country/ firm	Weighted-average margin	Date of bond or order 2/	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	January-June-- 1984	January-June-- 1985
	Percent		Percent				
Pending antidumping investigations:							
Austria	2.20	June 3, 1985	3/	0.1	0.6	0.3	0.7
Pending countervailing investigations:							
Austria	2.27	Mar. 20, 1985	3/	.1	.6	.3	.7
Sweden	4/ 8.77	Mar. 20, 1985	5/ 0.2	5/ .2	5/ .6	5/ .5	5/ .4
Outstanding dumping orders:							
Brazil: 6/							
Cosipa	18.03	Sep. 10, 1984	.5	2.3	1.8	3.1	3/
CSN	6.09	do					
Usiminas	18.15	do					
All other	6.45	do					
Outstanding countervailing orders:							
Brazil: 6/							
Cosipa	36.48	June 22, 1984	.5	2.3	1.8	3.1	3/
CSN	62.18	do					
Usiminas	17.49	do					
All other	36.95	do					
Terminated antidumping investigations:							
Finland 7/	-	-	.3	.5	.5	.5	.2
Hungary 8/	-	-	.0	.0	.2	3/	.2
Romania 9/	50.00	June 3, 1985	3/	.0	.1	.0	.4
South Africa 10/	-	-	.2	.7	.7	.7	.2
Venezuela 9/	4.84	June 3, 1985	.2	.5	.8	.5	.5
Terminated countervailing investigation:							
Mexico 11/	4.98	Feb. 10, 1984	3/	.5	.2	.2	3/
Venezuela 9/	76.26	Mar. 20, 1985	.2	.5	.9	.5	.5

1/ As of June 30, 1985.
2/ Date posting of bond required or date order issued.
3/ Less than 0.05 percent.
4/ Except Surahammars Bruks AB, which was excluded from Commerce's final determination.
5/ Without U.S. imports of hot-rolled carbon steel sheets exported by Surahammars Bruks AB, the ratio of Swedish imports to apparent consumption is estimated to be * * *.
6/ Commerce is currently reviewing this case and the outstanding order may be revoked back to Oct. 1, 1984.
7/ Terminated, prior to a preliminary injury determination by the USITC, Jan. 28, 1985, following withdrawal of the petition.
8/ Terminated, prior to a preliminary LTFV determination by Commerce, June 4, 1985, following withdrawal of the petition.
9/ Terminated July 19, 1985, following withdrawal of the petition.
10/ Terminated, prior to a preliminary LTFV determination by Commerce, May 10, 1984, following withdrawal of the petition.
11/ Terminated Apr. 18, 1984, following withdrawal of petition after Mexico announced the implementation of an export restraint policy. This case was filed only with the Commerce Department because no injury determination was required.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and estimates of the U.S. International Trade Commission.

Petitioners withdrew unfair trade complaints involving hot-rolled sheets (including coiled plates) from Belgium, 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, EC exports to the United States of 10 categories of steel products are to be limited to a specified share of apparent U.S. consumption from November 1, 1982, to December 31, 1985. Hot-rolled carbon steel sheets (including coiled plates) are included in a category in which exports are limited to 6.81 percent of consumption.

In recent years, several investigations have been terminated by both the Commission and Commerce following withdrawl of petitions subsequent to voluntary restraint agreements being announced with respect to imports from Finland, Hungary, Romania, South Africa, and Venezuela. A more thorough presentation of title VII investigations is presented in appendix F.

U.S. Producers

There are 14 known firms in the United States that produce hot-rolled carbon steel sheets; they operated a total of 20 facilities in 1984. Most of these mills are located in the Great Lakes region and Pennsylvania. The producers of hot-rolled carbon steel sheets, establishments producing the subject product, and each firm's share of total U.S. producers' shipments of hot-rolled carbon steel sheets in 1984, as estimated by the staff of the U.S. International Trade Commission, is shown in the following tabulation:

Firm	Location	Share of shipments (Percent)
Armco, Inc	Ashland, KY	***
Bethlehem Steel Corp	Burns Harbor, IN	***
	Sparrows Point, MD	
Cyclops Corp	Mansfield, OH	***
Gulf State Steel Corp	Gadsden, AL	***
Inland Steel Co	East Chicago, IN	***
Interlake, Inc	Riverdale, IL	***
LTV	Warren, OH	***
McLouth Steel Products Corp.	Trenton, MI	***
National Steel Corp	Detroit, MI	***
	Granite City, IL	
Rouge Steel Co	Dearborn, MI	***
Sharon Steel Corp	Farrell, PA	***
U.S. Steel Corp	Fairfield, AL	***
	Fairless Hills, PA	
	Gary, IN	
	Homestead, PA	
	Provo, UT	
Weirton Steel Corp	Weirton, WV	***
Wheeling-Pittsburgh Steel	Pittsburgh, PA	***

1/ * * *.
2/ * * *.
3/ * * *.

As indicated, domestic production of hot-rolled carbon steel sheets is concentrated, with the four largest producers accounting for * * * percent of total reported 1984 U.S. producers' shipments.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 50 firms that imported hot-rolled carbon steel sheets from Austria and Sweden during October 1982-March 1985. 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 hot-rolled carbon steel sheets is shown in table II-4. Consumption rose from 8.3 million tons in 1982 to 12.9 million tons in 1984, or by 55 percent. In January-June 1985, however, consumption of hot-rolled sheets decreased by 9 percent compared with consumption in the corresponding period of 1984.

The share of the U.S. market supplied by imports of hot-rolled carbon steel sheets rose from 16.2 percent in 1982 to 18.2 percent in 1983 and 20.7 percent in 1984. The share of the U.S. market accounted for by such imports in both January-June periods was 19.8 percent of consumption.

Table II-4.--Hot-rolled carbon steel sheets: U.S. producers' shipments, imports for consumption, exports, and apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to: Shipments	Ratio of imports to: Consumption
	1,000 short tons				Percent	
1982	6,990	1,342	34	8,298	19.2	16.2
1983	9,093	2,015	28	11,080	22.2	18.2
1984	10,260	2,667	36	12,891	26.0	20.7
January-June--						
1984	5,671	1,394	22	7,043	24.6	19.8
1985	5,129	1,260	15	6,374	24.6	19.8

Source: Shipments, estimated by the staff of the U.S. International Trade Commission; 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 1/

The information in this section of the report was compiled from questionnaire data. It is, therefore, understated to the extent that a few domestic firms that are believed to produce the subject products did not respond to the Commission's questionnaires. Nevertheless, all of the major producers of hot-rolled carbon steel sheets have responded, and they are believed to account for more than 90 percent of total U.S. production of such sheets.

U.S. production, capacity, and capacity utilization

Production of hot-rolled sheets rose from 7.8 million tons in 1982 to 10.8 million tons in 1983, or by 38 percent, and then increased slightly to 11.0 million tons in 1984 (table II-5). The reported productive capacity for hot-rolled sheets remained relatively constant at about 19 million to 20 million tons during the period covered by this report. Capacity utilization increased from 40 percent in 1982 to 54 percent in 1983 and 59 percent in 1984. Capacity utilization in both January-June periods was 63 percent.

Table II-5.—Hot-rolled carbon steel sheets: U.S. production, 1/ practical capacity, 2/ and capacity utilization, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Production——1,000 short tons—	7,786	10,757	10,965	6,050	5,884
Capacity——do——	19,384	20,105	18,638	9,596	9,384
Capacity utilization——percent—	40.2	53.5	58.8	63.0	62.7

1/ Production and capacity figures are understated to the extent that all producers did not respond to the Commission's questionnaires.

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

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

1/ Data presented in this section of the report were obtained from responses to the Commission's questionnaires. Production, capacity, and intracompany shipments were usually reported on a "net" basis, i.e., excluding hot-rolled sheets used in the production of such downstream products as cold-rolled sheets, galvanized sheets, and tinplate. To the extent producers do produce such downstream products, production, capacity, and intracompany transfers are understated and, depending on how the firms allocated capacity, the capacity utilization may be distorted.

U.S. producers' domestic shipments

U.S. producers' total domestic shipments of hot-rolled carbon steel sheets increased from 6.9 million tons in 1982 to 9.1 million tons in 1983, or by 31 percent, and then rose by another 6 percent to 9.6 million tons in 1984. In January-June 1985, shipments increased only slightly compared with those in the corresponding period of 1984 (table II-6).

Table II-6.—Hot-rolled carbon steel sheets: U.S. producers' domestic shipments, 1/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Quantity——1,000 short tons—	6,928	9,078	9,592	5,317	5,325
Value——million dollars—	2,460	3,115	3,519	1,951	1,777
Unit value——per ton—	$355	$343	$367	$367	$334

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires; does not include intercompany and intracompany transfers.

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

The AISI compiles data on shipments of steel products, including those under investigation; however, as has been stated before, it does not compile data for coiled plates separately, but includes them in their statistics on hot-rolled sheets. Although the Commission's questionnaire in these investigations did not request shipments data on the basis of cut-to-length plates versus coiled plates, it did request such a breakdown for production. By deriving a share of reported hot-rolled sheet production to total production of hot-rolled sheets plus coiled plates and applying this ratio to AISI statistics for hot-rolled sheets, the Commission staff was able to estimate total shipments of hot-rolled sheets. A comparison of information received in response to the Commission's questionnaires with these estimated shipments is presented in the following tabulation:

Period	Estimated shipments (1,000 tons)	Questionnaire shipments 1/ (1,000 tons)	Coverage 2/ (Percent)
1982	6,990	7,893	113
1983	9,093	10,594	117
1984	10,260	10,842	106
January-June—			
1984	5,671	6,040	107
1985	5,129	5,831	114

1/ Including exports and intercompany and intracompany transfers.

2/ Estimated shipments are distorted from actual shipments to the extent that the production ratio of hot-rolled sheets to total hot-rolled product (including coiled plates) inaccurately reflects what the shipments ratio would be. Also, AISI shipments data (from which estimated shipments were derived) are collected on a "net" basis, e.g., hot-rolled sheets further processed by AISI reporting firms into the cold-rolled product are not collected by the AISI as shipments of hot-rolled sheets. The intracompany shipments data compiled from responses to the Commission's questionnaire are overstated from a net point of view to the extent that companies may have reported such transfers, even though used in downstream production.

U.S. producers' exports

U.S. producers' exports of hot-rolled sheets fell from * * * tons in 1982 to * * * tons in 1984. Such exports in January-June 1985 totaled * * * tons compared with * * * tons in the corresponding period of 1984 (table II-7).

Table II-7.—Hot-rolled carbon steel sheets: U.S. producers' exports, 1982-84, January-June 1984, and January-June 1985 1/

Item	1982	1983	1984	January-June—	
				1984	1985
Quantity—short tons—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Unit value—per ton—	$***	$***	$***	$***	$***

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

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

U.S. producers' inventories

End-of-period inventories of hot-rolled sheets, as reported by U.S. producers in response to the Commission's questionnaires, remained small during 1982-84, amounting to about 5 to 8 percent of the responding producers' annualized shipments in each of these periods. Reported end-of-period inventories are shown in the following tabulation:

	Inventories (1,000 tons)
As of Dec. 31—	
1981	629
1982	522
1983	685
1984	808
As of June 30—	
1984	695
1985	861

U.S. employment, wages, and productivity

Data on U.S. employment, wages, and productivity in establishments producing hot-rolled carbon steel sheets, as reported in responses to the Commission's questionnaires, are provided in table II-8 (number of employees and hours worked by production and related workers) and table II-9 (wages and total compensation 1/ paid to production and related workers, labor productivity, hourly compensation, and unit labor costs). The ratio of total production and related workers to total employees ranged from a low of 80 percent in 1982 to a high of 86 percent during both January-June periods; the share of total production and related workers accounted for by workers producing hot-rolled carbon steel sheets ranged from 12 percent in 1982 to 16 percent in January-June 1985.

The average number of production and related workers producing hot-rolled sheets, which was 15,600 workers in 1982, increased by 15 percent in 1983, 1 percent in 1984, and 6 percent in January-June 1985. Hours worked by these workers similarly rose by 18 percent in 1983, 2 percent in 1984, and 1 percent in January-June 1985 compared with hours worked in the corresponding period of 1984.

Productivity rose by 17 percent in 1983 to a period high, fell by 6 percent in 1984, and then increased slightly in January-June 1985 compared with that in 1984. Hourly compensation and unit labor costs decreased in 1983, increased in 1984, and decreased again in January-June 1985.

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

Table II-8.--Average number of employees, total and production and related workers, in U.S. establishments producing hot-rolled carbon steel sheets, and hours paid 1/ for production and related workers producing hot-rolled carbon steel sheets, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June	
				1984	1985
Average employment:					
All employees:					
Number	158,013	145,868	146,864	151,110	138,948
Percentage change 3/	4/	-7.7	+0.7	+3.6	-5.4
Production and related workers producing--					
All products:					
Number	127,192	118,837	124,222	130,093	119,566
Percentage change 3/	4/	-6.6	+4.5	+9.5	-3.7
Hot-rolled sheets:					
Number	15,600	17,899	18,124	17,277	19,133
Percentage change	4/	+14.7	+1.3	-3.5	+5.6
Hours worked by production and related workers producing hot-rolled sheets:					
Number--1,000 hours	29,830	35,094	35,699	19,723	19,929
Percentage change	4/	+17.6	+1.7	4/	+1.0

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

2/ Nonproduct-specific data may be overstated since a multipurpose questionnaire was used that requested total employment and production and related workers information for all products manufactured in establishments producing any of the subject products of the investigations covered in this report (not just hot-rolled sheet producing establishments). Data are understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

3/ Percentage change for each January-June period is calculated using the data from the prior complete year.

4/ Not available.

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

Table II-9.—Wages and total compensation 1/ paid to production and related workers producing hot-rolled carbon steel sheets, labor productivity, hourly compensation, and unit labor costs in the production of hot-rolled carbon steel sheets, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Wages paid to production and related workers producing hot-rolled sheets:					
Value—million dollars—	486	535	563	303	310
Percentage change	3/	+10.1	+5.2	3/	+2.3
Total compensation paid to production and related workers producing hot-rolled sheets:					
Value—million dollars—	689	771	778	422	437
Percentage change	3/	+11.9	+0.9	3/	+3.6
Labor productivity:					
Quantity					
tons per hour	0.2315	0.2710	0.2544	0.2520	0.2578
Percentage change 4/	3/	+17.1	-6.1	-7.0	+1.3
Hourly compensation: 5/					
Value	$16.31	$15.23	$15.76	$15.35	$15.53
Percentage change 4/	3/	-6.6	+3.5	+0.8	-1.2
Unit labor costs: 6/					
Value—per ton	$99.79	$81.05	$85.71	$84.86	$84.98
Percentage change 4/	3/	-18.8	+5.7	+4.7	-0.9

1/ Includes wages and contributions to Social Security and other employee benefits.

2/ Understated or overstated to the extent that all producers did not respond to the Commission's questionnaires.

3/ Not available.

4/ Percentage change for each January-June period is calculated using the data from the prior complete year.

5/ Based on wages paid excluding fringe benefits.

6/ 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

Operations on hot-rolled carbon steel sheets.—Income-and-loss data were received from * * * firms that together accounted for * * * percent of total shipments of all hot-rolled carbon steel sheets in 1984 (as estimated by the staff of the U.S. International Trade Commission). The firms' reported aggregate net sales increased from $*** in 1982 to $*** in 1983, or by 31 percent, and then by another * * * percent to $3.6 billion in 1984 (table II-10). However, reported net sales in the interim period ended June 30, 1985, at $1.8 billion, were 10 percent less than in the interim period of 1984.

The firms sustained aggregate operating losses in each of the periods covered in this report. Such losses decreased slightly from $*** in 1982 to $*** in 1983 and then fell by * * * percent to $101 million in 1983. However, the operating loss in the interim period ended June 30, 1985, at $138 million was more than six times the loss sustained in the interim period of 1984. The ratio of operating loss to net sales decreased from * * * percent in 1982 to * * * percent in 1983 and 2.8 percent in 1984; such ratio in the interim period ended June 30, 1985, was 7.6 percent compared with 1.1 percent in the interim period a year earlier.

There were eight firms reporting operating losses in 1982 and 1983; five firms reported such losses in both 1984 periods, and nine firms did so in the interim period ended June 30, 1985. The reporting firms experienced aggregate negative cash flows from their operations on hot-rolled carbon steel sheets of $*** in 1982 and $*** in 1983 and a positive cash flow from operations of $44 million in 1984. In the interim period ended June 30, 1985, the firms sustained a negative cash flow of $65 million compared with a positive cash flow of $54 million in the interim period of 1984.

Capital expenditures and research and development expenses.—* * * of the * * * U.S. producers providing financial information supplied data relative to their capital expenditures for buildings, machinery, and equipment used in the production of hot-rolled carbon steel sheets. Likewise, * * * firms supplied data relative to their research and development expenditures. These data are shown in the following tabulation (in thousands of dollars):

Period	Capital expenditures	Research and development expenses
1982	***	***
1983	***	***
1984 1/	***	***
January-June—		
1984 1/	***	***
1985 1/	***	***

1/ * * *.

The firms' reported capital expenditures increased from $*** in 1982 to $*** in 1983, $*** in 1984, and $*** in January-June 1985 compared with $*** in the corresponding period of 1984. Research and development expenses

Table II-10.—Income-and-loss experience of * * * U.S. producers 1/ on their operations producing hot-rolled carbon steel sheets, 2/ accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30—	
				1984	1985
Net sales—million dollars—	***	***	3,614	2,003	1,805
Cost of goods sold——do——	***	***	3,585	1,956	1,878
Gross profit or (loss) do——	(***)	(***)	29	47	(73)
General, selling, and administrative expenses million dollars—	***	***	130	69	65
Operating income or (loss) 3/——————do——	(***)	(***)	(101)	(22)	(138)
Depreciation and amortization expense million dollars—	***	***	145	76	73
Cash flow or (deficit) from operations million dollars—	(***)	(***)	44	54	(65)
As a share of net sales:					
Gross profit or (loss) percent—	(***)	(***)	0.8	2.3	(4.0)
Operating income or (loss)——————do——	(***)	(***)	(2.8)	(1.1)	(7.6)
Cost of goods sold—do——	***	***	99.2	97.7	104.0
General, selling, and administrative expenses percent—	***	***	3.6	3.4	3.6
Number of firms reporting operating losses——————	8	8	5	5	9

1/ * * *.

2/ U.S. producers submitting useful data together accounted for about * * * percent of total shipments of hot-rolled carbon steel sheets in 1984, as estimated by the staff of the U.S International Trade Commission.

3/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, only * * * producers, which together accounted for * * * percent of reported 1984 net sales, provided such data; * * * firms did not report those line items, and the remaining * * * firms did not allocate those expenses, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

relative to operations on hot-rolled carbon steel sheets 1/ fell from $*** in 1982 to $*** in 1983 and then increased to $*** in 1984 and $*** in January-June 1985 compared with $*** in the corresponding period of 1984.

Investment in productive facilities

Only * * * of the * * * U.S. producers supplying income-and-loss data provided data concerning their investment in productive facilities employed in the production of hot-rolled carbon steel sheets. After dropping slightly in 1983, such investment, valued at cost, increased by 5 percent, from $1.2 billion in 1983 to $1.3 billion in 1984 and then rose by another 6 percent as of June 30, 1985. The book values of such assets, which were about one-third of original cost, followed a similar trend during the reporting periods, as shown in the following tabulation (in millions of dollars):

	Original cost	Book value
1982	1,222	410
1983	1,211	383
1984 1/	1,272	453
As of June 30—		
1984 1/	1,218	404
1985 1/	1,348	508

1/ * * *.

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

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in subsidized and/or 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 countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of hot-rolled sheets and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized and/or LTFV Imports." Available data on foreign producers' capacity, production, and exports were presented earlier in the report.

1/ * * * included data for coiled plates.

U.S. importers' inventories

The Commission sent questionnaires to 29 firms that were believed to have imported hot-rolled carbon steel sheets from Austria or Sweden. Five firms accounting for * * * percent of imports of hot-rolled sheets from Austria during January 1984-June 1985 and six firms accounting for * * * percent of such imports from Sweden provided the Commission with usable data. Only two importers of hot-rolled sheets from Austria reported holding yearend inventories, which amounted to * * * in 1981, * * * in 1982, * * * in 1983, and * * * in 1984; there were * * *. Only one importer of hot-rolled sheets from Sweden reported holding any inventories of such merchandise—* * *.

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

U.S. imports and market penetration

Imports from all sources.—Aggregate U.S. imports of hot-rolled carbon steel sheets increased from 1.3 million tons in 1982 to 2.7 million tons in 1984 (table II-11). These imports decreased by 10 percent in January-June 1985 compared with those in the corresponding period of 1984.

Market penetration of hot-rolled sheets from all countries increased from 16.2 percent of consumption in 1982 to 20.7 percent in 1984 and then decreased to 19.8 percent in January-June 1985 (table II-12).

Imports from Austria.—Imports of hot-rolled carbon steel sheets from Austria rose from 4,000 tons in 1982 to 6,000 tons in 1983 and then increased sharply in 1984 to 74,000 tons. These imports in the January-June 1985 period, at 44,000 tons, were more than double such imports in the corresponding period of 1984. Austria supplied less than 0.05 percent of U.S. consumption of hot-rolled carbon steel sheets in 1982, 0.1 percent in 1983, 0.6 percent in 1984, and 0.7 percent in January-June 1985.

Imports from Sweden.—Imports of hot-rolled carbon steel sheets from Sweden increased only slightly from 17,000 tons in 1982 to 18,000 tons in 1983 and then rose sharply to 72,000 tons in 1984. In January-June 1985, such imports were 23,000 tons, a decrease of 38 percent from imports in the corresponding period of 1984. Sweden accounted for 0.2 percent of U.S. hot-rolled sheet consumption in 1982 and 1983, 0.6 percent in 1984, and 0.4 percent in January-June 1985. The U.S. Department of Commerce excluded Surahammars Bruks AB from their final countervailing duty determination. That firm reported during the Commission's investigation that it * * *. If imports are assumed to be equal to such exports, U.S. imports of hot-rolled carbon steel sheets subject to Commerce's determination amounted to about * * *.

Table II-11.—Hot-rolled carbon steel sheets: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985

Source	1982	1983	1984	January-June— 1984	January-June— 1985
	Quantity (1,000 short tons)				
Austria	4	6	74	20	44
Sweden	2/ 17	2/ 18	2/ 72	2/ 37	2/ 23
Japan	334	350	430	238	166
Canada	101	169	388	195	210
France	164	263	303	133	209
West Germany	265	223	259	119	154
Korea	111	178	203	115	88
Brazil	45	251	231	221	3/
All other	301	557	707	316	366
Total	1,342	2,015	2,667	1,394	1,260
	Value (million dollars)				
Austria	1	1	20	6	11
Sweden	5	4	19	9	6
Japan	110	108	141	76	60
Canada	33	55	121	61	64
France	50	69	94	38	62
West Germany	78	60	75	32	45
Korea	33	44	58	31	27
Brazil	12	54	49	47	4/
All other	83	134	184	80	100
Total	405	529	761	380	375
	Unit value (per ton) 5/				
Austria	$283	$251	$268	$273	$252
Sweden	289	229	266	248	268
Japan	331	308	329	319	362
Canada	331	327	313	313	304
France	303	262	309	290	298
West Germany	295	268	289	272	291
Korea	292	246	284	270	310
Brazil	265	214	213	213	279
All other	276	241	261	253	273
Total	302	263	285	273	298

1/ Includes imports under TSUSA items 607.6700, 607.6710, 607.6720, 607.6730, 607.6740, and 607.8342.

2/ Imports from Sweden, excluding the exports of Surahammars Bruks AB, are estimated to be about * * *.

3/ Less than 500 tons.

4/ Less than $0.5 million.

5/ Unit values were computed from unrounded data.

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

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

Table II-12.—Hot-rolled carbon steel sheets: Ratios of imports from Austria, Sweden, and all countries to apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

(In percent)

Source	1982	1983	1984	January-June—	
				1984	1985
Austria	1/	0.1	0.6	0.3	0.7
Sweden	2/ 0.2	2/ .2	2/ .6	2/ .5	2/ .4
All countries	16.2	18.2	20.7	19.8	19.8

1/ Less than 0.05 percent.
2/ Excluding the exports of Surahammars Bruks AB, the ratios would be * * *.

Source: Based on data in tables II-4 and II-11 of this report.

The share of 1984 imports of hot-rolled carbon steel sheets from Austria and Sweden entering the United States through certain ports, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation:

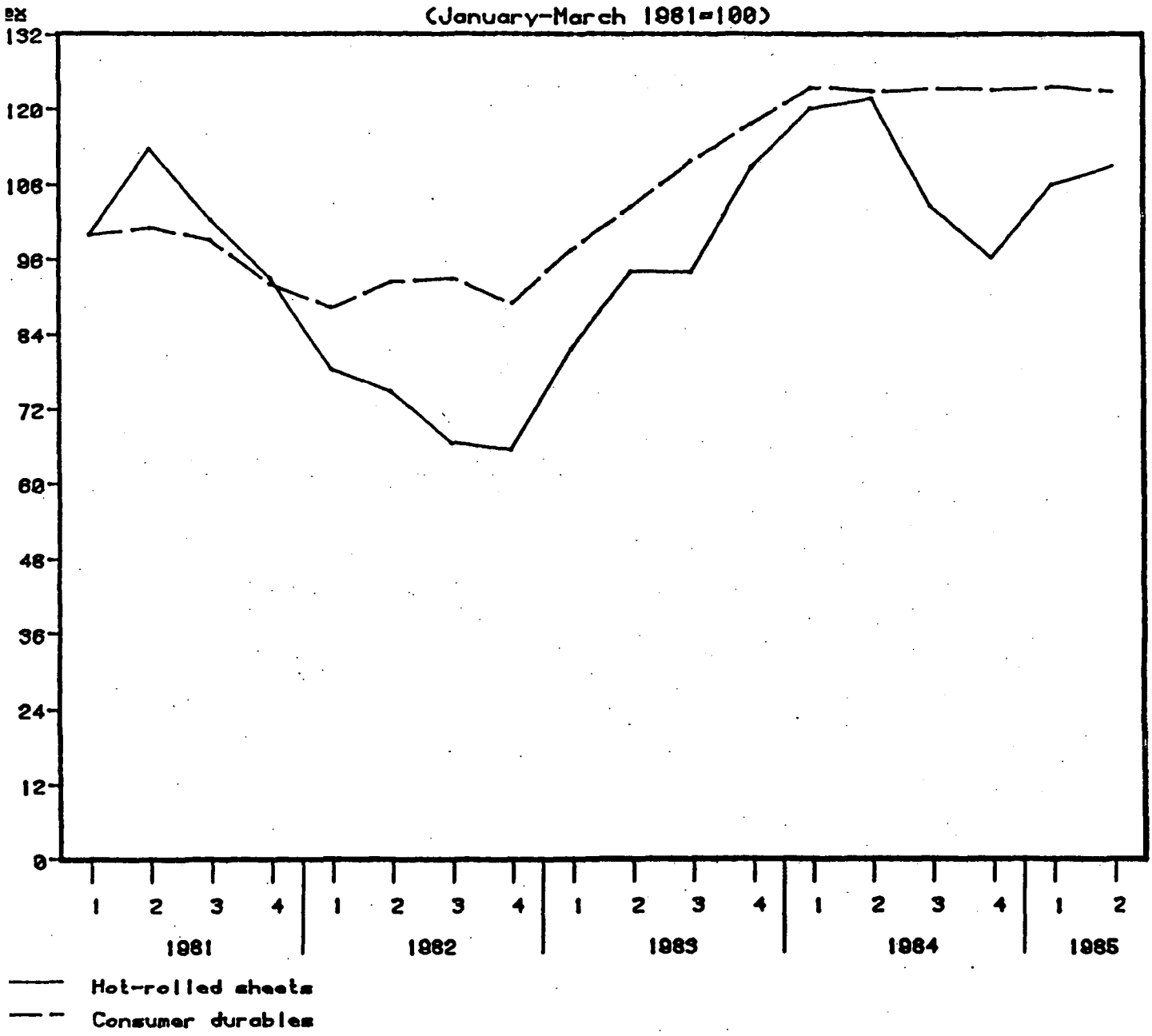
Country and customs district	Percentage distribution of total imports
Austria:	
Los Angeles, CA	17.9
Houston, TX	17.6
Detroit, MI	14.5
Chicago, IL	12.9
Wilmington, NC	7.1
Providence, RI	5.2
Bridgeport, CT	4.5
Philadelphia, PA	4.3
Subtotal	84.0
All other	16.0
Total	100.0

Country and customs district	Percentage distribution of total imports
Sweden:	
Philadelphia, PA	23.1
Houston, TX	19.2
Chicago, IL	18.0
Detroit, MI	17.8
Bridgeport, CT	9.0
Los Angeles, CA	6.2
Subtotal	93.3
All others	6.7
Total	100.0

Prices

Market conditions for products that use hot-rolled sheets directly affect the price of hot-rolled sheets. The primary sector demanding hot-rolled sheets is consumer durables; this relationship can be seen in figure II-1. Typical industries that use hot-rolled sheets are the automobile industry, the construction industry, and the energy and utility industries. For example, the automobile industry now produces cars that use substantially less steel than in the past, a result of downsizing and substitution of other products for steel. This has reduced the demand for steel sheets and has had a dampening effect on sheet prices. However, automobile production increased during 1983, 1984, and January-March 1985, which helped keep the demand and resultant prices for hot-rolled sheets from declining further.

Figure II-1.—Indexes of apparent consumption of hot-rolled carbon steel sheets and production of consumer durables, by quarters, January 1981-June 1985



Source: Based on data in table G-2, app. G of this report.

Other large users of hot-rolled sheets are the household appliance industry and the heating and air-conditioning industry. Industrial production in these markets followed trends similar to that of the auto industry—remaining relatively stable during January-September 1981, decreasing in 1982, and then strengthening through 1983 and into 1984. However, the heating and air-conditioning industries generally showed a decline in industrial production during January-March 1985 (table G-2 and fig. G-2 in app. G).

Prices for hot-rolled carbon steel sheets are usually quoted f.o.b. mill on a dollars-per-ton basis. Prices consist of a base price plus additional charges for extras such as variations in length, width, thickness, and chemistry. Price changes are accomplished by changing the base, the extras, or a combination of both. Domestic producers usually equalize freight charges in order to stay competitive in any particular market.

Domestic producers and importers were asked to supply average net selling prices to SSC's and end users for five specific products in order to determine trends in hot-rolled carbon steel sheet prices. 1/ Weighted-average prices and indexes of the data are presented in table II-13.

Domestic price trends.—Domestic weighted-average prices for sales of all five of the hot-rolled sheet products to SSC's followed essentially the same trend. Prices fluctuated through 1983, increased to period highs in 1984, ranging from 10 to 29 percent above the base-period level, and generally declined slightly through the first half of 1985. Prices of the hot-rolled products for sales to end users indicate a more stable price pattern, with prices generally increasing to period highs of 6 to 12 percent above the base-period levels in July-September 1984 (January-March 1985 for product 6), and then trending downward through the first half of 1985. End-of-period levels ranged from 2 percent below to 5 percent above the base-period price levels.

Import price trends.—Limited price data were reported by importers of hot-rolled carbon steel sheets from the countries subject to these investigations. The reported information is shown in table II-13, and is discussed by country in the following sections.

Austria.—Product 7 was the only category of hot-rolled carbon steel sheets imported from Austria that had a consistent series of prices for sales to SSC's. The weighted-average price of this product imported from Austria declined by 4 percent through 1983, increased to a period high of 3 percent above the base level in July-September 1984, and then fell to end the period at a level 19 percent below the base-period price. There were no reported sales of Austrian hot-rolled sheets to end users.

Sweden.—Insufficient data were received on prices of hot-rolled sheets imported from Sweden for sales to SSC's or end users to allow trends to be ascertained.

1/ These products and their specifications are listed in app. H. The five representative hot-rolled carbon steel sheet products are Nos. 5 through 9.

Table II-13.—Hot-rolled carbon steel sheets: Weighted-average net selling prices for sales to SSC's and end users of domestic products and for sales of imports from Austria and Sweden, 1/ and indexes of those prices, by types of products and quarters, January 1983-June 1985

Product and period	Sales to SSC's of merchandise from—						Sales to end users of merchandise from domestic firms	
	Domestic firms		Austria		Sweden			
	Value	Index 2/	Value	Index 2/	Value	Index 2/	Value	Index 2/
Product 5:	Per ton		Per ton		Per ton		Per ton	
1983:								
Jan.-Mar.	$***	100	3/	3/	3/	3/	$***	100
Apr.-June	***	99	3/	3/	3/	3/	***	102
July-Sept	***	104	3/	3/	3/	3/	***	97
Oct.-Dec	***	105	3/	3/	3/	3/	***	100
1984:								
Jan.-Mar	***	112	3/	3/	3/	3/	***	99
Apr.-June	***	119	3/	3/	3/	3/	***	102
July-Sept	***	115	3/	3/	3/	3/	***	108
Oct.-Dec	***	114	3/	3/	3/	3/	***	103
1985:								
Jan.-Mar	***	110	3/	3/	3/	3/	***	103
Apr.-June	***	107	3/	3/	3/	3/	***	104
Product 6:								
1983:								
Jan.-Mar	***	100	3/	3/	3/	3/	***	100
Apr.-June	***	105	3/	3/	3/	3/	***	100
July-Sept	***	102	3/	3/	3/	3/	***	101
Oct.-Dec	***	102	3/	3/	3/	3/	***	94
1984:								
Jan.-Mar	***	110	3/	3/	3/	3/	***	107
Apr.-June	***	118	$***	100	3/	3/	***	106
July-Sept	***	114	3/	3/	3/	3/	***	111
Oct.-Dec	***	113	3/	3/	3/	3/	***	110
1985:								
Jan.-Mar	***	110	3/	3/	3/	3/	***	112
Apr.-June	***	106	3/	3/	3/	3/	***	101
Product 7:								
1983:								
Jan.-Mar	***	100	***	100	3/	3/	***	100
Apr.-June	***	99	***	97	3/	3/	***	105
July-Sept	***	100	***	97	$***	100	***	105
Oct.-Dec	***	100	***	96	3/	3/	***	102
1984:								
Jan.-Mar	***	103	***	100	***	100	***	106
Apr.-June	***	110	***	100	3/	3/	***	105
July-Sept	***	107	***	103	3/	3/	***	112
Oct.-Dec	***	102	***	97	3/	3/	***	104
1985:								
Jan.-Mar	***	102	***	93	3/	3/	***	103
Apr.-June	***	105	***	81	3/	3/	***	99

See footnotes at end of table.

Table II-13.--Hot-rolled carbon steel sheets: Weighted-average net selling prices for sales to SSC's and end users of domestic products and for sales of imports from Austria and Sweden, 1/ and indexes of those prices, by types of products and quarters, January 1983-June 1985--Continued

Product and period	Sales to SSC's of merchandise from—						Sales to end users of merchandise from domestic firms	
	Domestic firms		Austria		Sweden			
	Value	Index 2/	Value	Index 2/	Value	Index 2/	Value	Index 2/
	Per ton		Per ton		Per ton		Per ton	
Product 8:								
1983:								
Jan.-Mar	$***	100	3/	3/	3/	3/	$***	100
Apr.-June	***	105	3/	3/	3/	3/	***	101
July-Sept	***	106	3/	3/	3/	3/	***	100
Oct.-Dec	***	107	3/	3/	3/	3/	***	100
1984:								
Jan.-Mar	***	110	3/	3/	3/	3/	***	100
Apr.-June	***	116	$***	100	3/	3/	***	103
July-Sept	***	120	***	93	3/	3/	***	109
Oct.-Dec	***	109	***	96	3/	3/	***	98
1985:								
Jan.-Mar	***	106	***	93	3/	3/	***	97
Apr.-June	***	109	3/	3/	3/	3/	***	98
Product 9:								
1983:								
Jan.-Mar	***	100	3/	3/	3/	3/	***	100
Apr.-June	***	109	3/	3/	3/	3/	***	105
July-Sept	***	119	3/	3/	3/	3/	***	105
Oct.-Dec	***	106	***	100	3/	3/	***	98
1984:								
Jan.-Mar	***	117	3/	3/	3/	3/	***	101
Apr.-June	3/	3/	3/	3/	3/	3/	***	101
July-Sept	***	129	***	87	3/	3/	***	106
Oct.-Dec	***	105	3/	3/	3/	3/	***	104
1985:								
Jan.-Mar	***	113	3/	3/	3/	3/	***	101
Apr.-June	***	121	3/	3/	3/	3/	***	105

1/ No pricing data were reported on sales of imports from Austria or Sweden to end users.

2/ First period with data=100.

3/ Not available.

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

Purchasers' prices.--The Commission also asked purchasers to report the delivered prices they paid for the five representative imported and domestically produced hot-rolled carbon steel sheet products, by quarters, during January 1984-June 1985. Purchasers were asked for prices, including delivery charges, paid in specific transactions. To ensure that these prices would be comparable, the purchasers were identified by their location and questionnaires were sent to firms located in seven metropolitan market

areas. 1/ The information obtained was used to compare the levels of importers' and domestic producers' prices and to calculate margins of underselling or overselling by imports. These prices provide a better basis for comparing price levels than do f.o.b. selling prices, because they include all inland freight charges (as well as wharfage and dock handling charges for imports) and are isolated on the basis of geographic market areas.

Transaction prices reported by purchasers of hot-rolled carbon steel sheets enabled quarterly comparisons of domestic prices and import prices paid by SSC's located in three market areas--Chicago, Houston/New Orleans, and Philadelphia/New York. These comparisons covered product 6 in 1 instance, product 7 in 4 instances, and product 8 in 3 instances. Average margins of underselling (or overselling) are presented in table II-14. No data were received as to prices paid by end users in any of the requested market areas.

Margins of underselling or overselling by imports of hot-rolled sheets from Austria.--Limited data were received on prices of Austrian hot-rolled sheets. Only two quarterly comparisons of delivered prices paid can be made. These two instances, both in the Houston/New Orleans market, reflect margins of overselling of 33.3 percent ($*** per ton) and 25.0 percent ($*** per ton).

Margins of underselling or overselling by imports of hot-rolled sheets from Sweden.--Imports from Sweden oversold domestic hot-rolled sheets by margins ranging from 0.3 percent ($*** per ton) to 22.2 percent ($*** per ton) in five of the six instances in which transaction price comparisons are available. The single instance of underselling occurred in the Philadelphia/New York market and reflects a margin of 4.2 percent ($*** per ton).

Lost sales

Austria.--U.S. producers did not report any allegations of sales of hot-rolled carbon steel sheets lost to imports from Austria.

Sweden.--* * * provided the Commission with five specific allegations of lost sales of hot-rolled carbon steel sheets to imports from Sweden. These alleged lost sales totaled * * * tons, with an alleged value of $***. The Commission staff investigated all of these allegations, which involved two purchasers--both SSC's.

* * *, cited in four instances, was alleged to have purchased a total of * * * tons over the period covering * * *. The price of the Swedish hot-rolled carbon steel sheets was allegedly $*** per ton, and the domestic price was alleged to have been $*** per ton. * * * stated that * * *.

Another alleged lost sale listed by * * * identified * * * as purchaser of * * * tons of Swedish hot-rolled sheets * * * in * * *. The domestic quote of $*** per ton was rejected in favor of the imported product, allegedly priced at $*** per ton. * * *, purchasing manager, stated that he * * *.

1/ The market areas for which purchase prices were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle.

Table II-14.—Hot-rolled carbon steel sheets purchased by SSC's: Average margins by which imports from Austria and Sweden undersold or oversold U.S. domestic products, by market areas, products, and quarters, January 1984-June 1985

Product and period	Margin of underselling or (overselling) of—							
	Imports from Austria in Houston/ New Orleans		Imports from Sweden in—					
			Chicago		Houston/ New Orleans		Philadelphia/ New York	
	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent
Product 6:	Per ton		Per ton		Per ton		Per ton	
1984:								
Jan.-Mar—	1/	1/	1/	1/	1/	1/	$(***)	(3.6)
Apr.-June—	1/	1/	1/	1/	1/	1/	1/	1/
July-Sept—	1/	1/	1/	1/	1/	1/	1/	1/
Oct.-Dec.—	1/	1/	1/	1/	1/	1/	1/	1/
1985:								
Jan.-Mar—	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June—	1/	1/	1/	1/	1/	1/	1/	1/
Product 7:								
1984:								
Jan.-Mar—	1/	1/	$(***)	(9.8)	1/	1/	1/	1/
Apr.-June—	1/	1/	(***)	(12.2)	1/	1/	***	4.2
July-Sept—	1/	1/	1/	1/	1/	1/	1/	1/
Oct.-Dec.—	1/	1/	1/	1/	$(***)	(.3)	1/	1/
1985:								
Jan.-Mar—	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June—	1/	1/	1/	1/	1/	1/	1/	1/
Product 8:								
1984:								
Jan.-Mar—	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June—	1/	1/	(***)	(22.2)	1/	1/	1/	1/
July-Sept—	$(***)	(33.3)	1/	1/	1/	1/	1/	1/
Oct.-Dec.—	(***)	(25.0)	1/	1/	1/	1/	1/	1/
1985:								
Jan.-Mar—	1/	1/	1/	1/	1/	1/	1/	1/
Apr.-June—	1/	1/	1/	1/	1/	1/	1/	1/

1/ Not available.

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

Lost revenue

Austria.--Domestic producers provided the Commission with three lost revenue allegations involving hot-rolled carbon steel sheets from Austria, representing $*** 1/ in lost revenue.

* * * provided the Commission with two allegations of lost revenues from competition with hot-rolled sheets from Austria, involving an alleged $*** in lost revenue. Both allegations were investigated by the Commission staff.

* * * was cited as purchasing * * * tons of hot-rolled sheets after the domestic producer reduced its offer price from $*** per ton to $*** per ton to meet competition from Austrian sheets offered at $*** per ton during * * *. * * *, purchaser for * * *, acknowledged purchasing * * *.

The second allegation concerning lost revenue from competition from Austrian hot-rolled sheets cited * * * as having purchased * * * tons of domestic sheets after the price was reduced from $*** per ton to $*** per ton during * * *. The Austrian price was alleged to be $*** per ton. * * *.

* * * provided the Commission with one allegation of lost revenue from competition with Austrian hot-rolled sheets. The allegation cited * * *. The quantity was * * * tons, which was purchased after the domestic price was allegedly lowered from $*** per ton to $*** per ton. The alleged Austrian price was $*** per ton. * * *.

Sweden.--* * *. U.S. producers did not report any other specific allegations in which they sold domestically produced hot-rolled carbon steel sheets at reduced prices because of competition from imports from Sweden.

Transportation costs

Separate data are not currently available on costs incurred in the transportation of hot-rolled carbon steel sheets. However, transportation costs for hot-rolled sheets should be similar to those for cold-rolled sheets, which are discussed in part III of this report.

1/ It is not possible to calculate an accurate figure for lost revenue in every instance cited, because some of the reported initial price quoted were list prices, which, according to the purchasers, did not reflect market pricing during the periods in question.

PART III. COLD-ROLLED CARBON STEEL PLATES AND SHEETS

Introduction

This part of the report presents information relating specifically to cold-rolled carbon steel plates and sheets. As indicated previously, following preliminary affirmative subsidy determinations by the Department of Commerce, the Commission instituted final countervailing duty investigations Nos. 701-TA-230 and 231 (Final) 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 cold-rolled carbon steel plates and sheets from Austria or Sweden, respectively.

In addition, the Commission instituted countervailing duty investigation No. 701-TA-232 (Final) concerning imports of cold-rolled carbon steel plates and sheets from Venezuela and antidumping investigations Nos. 731-TA-224, 226, 228, and 229 (Final) concerning imports of such products from Austria, East Germany, Romania, and Venezuela, respectively. The U.S. Department of Commerce made a final negative dumping determination with respect to imports from Austria, and, as stated earlier, U.S. Steel, the petitioner in these investigations, withdrew its petitions in the other cases. As a result of these actions, the investigations by the Department of Commerce and the Commission were terminated.

The Products

Description and uses

Cold-rolled carbon steel plates and sheets are flat-rolled products produced by processing hot-rolled, pickled (cleaned) carbon steel plates or sheets in cold-reduction mills. They are considered to be finished products and are distinguished from other flat-rolled products by their dimensional characteristics. For the purposes of these investigations, cold-rolled carbon steel plates and sheets are defined as flat-rolled carbon steel products; whether or not corrugated or crimped, whether or not coiled, and whether or not pickled; over 12 inches in width; not cut, not pressed, and not stamped to nonrectangular shape; not coated or plated with metal and not clad.

Cold-rolled carbon steel plates are 0.1875 inch or more in thickness and are provided for in TSUSA item 607.8320; cold-rolled carbon steel sheets are less than 0.1875 inch in thickness and are provided for in TSUSA items 607.8350, 607.8355, and 607.8360. Although cold-rolled plates are included within the scope of the investigations, imports of such products are believed to be negligible. Accordingly, imports under item 607.8320, which are believed to consist principally of pickled (but not cold-rolled) plates, are not included in the statistical data presented in this report.

The production of cold-rolled sheets begins with coils of hot-rolled sheets, which are decoiled, pickled, dried, oiled, and recoiled. Each coil 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 sheets are then coiled and,

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 sheets by imparting additional hardness, flatness, and surface quality. The product is then shipped to consumers in coils or cut lengths.

Cold-rolled carbon steel sheets are the largest volume steel mill product, having accounted for 20 percent of total U.S. producers' shipments of all carbon steel products (and 17 percent of such shipments of all steel mill products) in 1984. Major consumer markets for cold-rolled sheets are shown in table III-1. The automotive industry, the largest single consumer of cold-rolled sheets, accounted for 32 percent of cold-rolled sheet shipments during 1982-84; shipments to steel service centers and distributors averaged 28 percent over the same period. Other end markets for cold-rolled sheets include the electrical equipment and appliance industries.

Table III-1.--Cold-rolled carbon steel sheets: U.S. producers' shipments, by major markets, 1982-84, January-March 1984, and January-March 1985

Market	1982	1983	1984	January-March	
				1984	1985
	Quantity (1,000 tons)				
Automotive	3,469	4,176	4,053	984	1,150
Steel service centers and distributors	2,798	3,777	3,651	1,162	909
Electrical equipment	871	1,143	1,180	310	247
Appliances, utensils, and cutlery	899	1,135	1,164	318	269
All other	2,529	2,764	2,820	763	664
Total	10,565	12,995	12,868	3,537	3,239
	Percent of total				
Automotive	32.8	32.1	31.5	27.8	35.5
Steel service centers and distributors	26.5	29.1	28.4	32.9	28.1
Electrical equipment	8.2	8.8	9.2	8.8	7.6
Appliances, utensils, and cutlery	8.5	8.7	9.0	9.0	8.3
All other	23.9	21.3	21.9	21.6	20.5
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

As mentioned, imports of cold-rolled carbon steel plates and sheets are classified and reported for tariff and statistical purposes under TSUSA items 607.8320 (plates), 607.8350 (painted or varnished sheets), 607.8355 (annealed sheets not painted or varnished and having a minimum yield point of 40,000 pounds per square inch), and 607.8360 (all other cold-rolled sheets). The current U.S. rates of duty and the final column 1 MTN concession rates for such imports are shown in the following tabulation (in percent ad valorem and cents per pound):

	Rate of duty (Percent ad valorem; cents per pound)
Col. 1:	
Jan. 1, 1985	6.1%
Jan. 1, 1987 1/	5.1%
LDDC	5.1%
Israel	Free
Col. 2	0.2¢ + 20.0%

1/ The applicable rate prior to the first staged reduction under the Tokyo round (i.e., effective Jan. 1, 1980) was 8.0 percent ad valorem.

Imports of these products are not eligible for duty-free treatment under the Generalized System of Preferences. However, such imports, if the product of designated beneficiary countries, are eligible for duty-free entry under the CBERA, and imports from LDDC's and Israel are granted the preferential rates shown above. An explanation of the applicability of column 1, column 2, CBERA, and LDDC rates of duty is presented in part I of this report.

In addition to the import duties shown above, countervailing duties are currently in effect with respect to imports from Argentina (Apr. 26, 1984), Brazil (June 22, 1984), Spain (Jan. 3, 1983), and Korea (January 1985). 1/ In other actions in recent years, the Commission determined that an industry in the United States was not materially injured, or threatened with material injury, by reason of LTFV imports from Argentina or Brazil and that there was no reasonable indication that an industry in the United States was materially injured, or threatened with material injury, by reason of allegedly subsidized imports from Belgium, Korea, Luxembourg, and the United Kingdom or allegedly LTFV imports from Belgium, Luxembourg, and the United Kingdom.

1/ Net subsidy and dumping margins for current investigations, outstanding countervailing duty orders issued since January 1984, and terminated (other than negative) title VII cases since January 1984 are presented in table III-2. The weighted-average (or company range of) subsidies for other countries are 10.12 to 38.25 percent for Spain and 0 percent for South Africa.

Table III-2.--Cold-rolled carbon steel sheets: Pending title VII investigations, outstanding countervailing orders 1/ since January 1984, and terminated (other than negative) title VII cases since January 1984, most recent dumping/subsidy margins, by countries and firms, 1982-84, January-June 1984, and January-June 1985

Investigation/ order/country/ firm	Weighted-average margin	Date of bond or order 2/	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	January-June--	
						1984	1985
Pending countervailing investigations:	Percent		Percent				
Austria	2.27	Mar. 20, 1985	0.0	0.1	0.9	0.8	0.9
Sweden 3/	8.77	Mar. 20, 1985	4/	.1	.4	.4	.3
Outstanding countervailing orders:							
Argentina:							
Somisa	6.42	Apr. 26, 1984	.9	.8	.9	.8	.6
Propulsora	2.34	do					
All other	5.44	do					
Brazil: 5/							
Cosipa	36.48	June 22, 1984	.4	2.2	1.6	2.0	.9
CSN	62.18	do					
Usiminas	17.49	do					
All other	36.95	do					
Republic of Korea	3.60	Feb. 11, 1985	.5	1.2	2.3	2.2	1.6
Terminated antidumping investigations:							
Czechoslovakia 6/	-	-	.0	.0	4/	4/	4/
East Germany 7/	60.00	June 3, 1985	.0	4/	.5	.2	.2
Finland 8/	-	-	9/ .0	9/ .1	9/ .3	9/ .4	9/ .4
Romania 10/	63.00	June 3, 1985	.0	.0	.1	.1	4/
South Africa 11/	-	-	.3	.7	.5	.5	.4
Spain: 12/							
Ensidesa	22.15	July 25, 1984	.4	.4	1.3	1.4	.2
AHV	17.38	do					
All other	21.24	do					
Venezuela 10/	4.84	June 3, 1985	4/	.3	.3	.3	4/
Terminated countervailing investigations:							
Mexico 13/	4.98	Feb. 10, 1984	4/	.3	.4	.6	4/
Venezuela 10/	72.26	Mar. 20, 1985	4/	.3	.3	.3	4/

1/ As of June 30, 1985.
2/ Date posting of bond required or date order issued.
3/ Except Surahammars Bruks AB, which was excluded from Commerce's final determination; counsel for the firm * * *.
4/ Less than 0.05 percent.
5/ Commerce is currently reviewing this case, and the outstanding order may be revoked back to Oct. 1, 1984.
6/ Before a preliminary LTFV determination was made, the investigation was terminated by Commerce June 4, 1985, following withdrawal of petition.
7/ Terminated Aug. 12, 1985, following withdrawal of the petition.
8/ Case terminated, before preliminary determinations of injury and/or LTFV sales were made, upon withdrawal of the petition.
9/ Only imports classifiable under TSUSA item 607.8360 were subject to investigation. The ratios shown are of imports from Finland under TSUSA item 607.8360 to total apparent consumption of cold-rolled sheets.
10/ Both the Commission and Commerce terminated their investigations, effective July 19, 1985, following withdrawal of petitions.
11/ Before a preliminary LTFV determination was made, the investigation was terminated by Commerce, effective May 10, 1984, following withdrawal of petition.
12/ Terminated by the Commission, effective Jan. 22, 1985, following withdrawal of the petition.
13/ Terminated Apr. 18, 1984, following withdrawal of petition after Mexico announced the implementation of an export restraint policy. This case was filed with the Commerce Department only because no injury determination was required.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and estimates of the U.S. International Trade Commission.

Petitioners withdrew unfair trade complaints involving cold-rolled sheets 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 sheets are included in a category in which exports are limited to 5.11 percent of consumption.

In recent years, several investigations have been terminated by both the Commission and Commerce following withdrawal of petitions subsequent to voluntary restraint agreements announced with respect to imports from Czechoslovakia, Finland, Romania, South Africa, Spain, and Venezuela. A more thorough presentation of title VII investigations is presented in appendix F.

U.S. Producers

There are 14 known firms in the United States that produce cold-rolled carbon steel sheets; they operated a total of 23 facilities during 1984. 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 the Commission's questionnaires, shows producers, establishments producing the subject product, and each firm's share of total U.S. producers' shipments (as reported by the AISI) in 1984:

Firm	Location	Share of shipments (percent)
Armco, Inc	Ashland, KY Middletown, OH	***
Bethlehem Steel Corp	Burns Harbor, IN Sparrows Point, MD	***
Cyclops Corp	Mansfield, OH	***
Gulf States Steel Corp	Gadsden, AL	***
Inland Steel Co	East Chicago, IN	***
Interlake, Inc	Riverdale, IL	***
LTV	Cleveland, OH East Chicago, IN Hennepin, IN Warren, OH	***
McLouth Steel Products Corp	Gibraltar, MI	***
National Steel Corp	Detroit, MI Granite City, IL	***
Rouge Steel Co	Dearborn, MI	***
Sharon Steel Corp	Farrell, PA	***
U.S. Steel Corp	Fairfield, AL Fairless Hills, PA Gary, IN Homestead, PA	***
Weirton Steel Corp	Weirton, WV	***
Wheeling-Pittsburgh Steel	Pittsburgh, PA	***

1/ * * *.
2/ * * *.

As shown, the top four producers accounted for 56 percent of shipments of cold-rolled sheets, as reported by the AISI, in 1984. Most of the producers are fully integrated firms that produce a wide range of steel products.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 35 firms that imported cold-rolled carbon steel plates and sheets from Austria and Sweden during October 1982-March 1985. 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 carbon steel sheets 1/ increased from 12.1 million tons in 1982 to 15.3 million tons in 1983 and 16.3 million tons in 1984; apparent U.S. consumption during January-June 1985, at 7.9 million tons, was 11 percent less than such consumption during January-June 1984 (table III-3). As shown in the table, imports took an increasing share of the U.S. market during 1982-84, rising from 13 percent in 1982 to 15 percent in 1983 and 21 percent in 1984; the share of the U.S. market accounted for by imports during January-June 1985, however, fell to 16 percent.

Table III-3.--Cold-rolled carbon steel sheets: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to—	
					Shipments	Consumption
	1,000 short tons				Percent	
1982	10,565	1,599	21	12,143	15.1	13.2
1983	12,995	1/ 2,341	23	15,313	18.0	15.3
1984	12,868	3,456	23	16,301	26.9	21.2
Jan.-June—						
1984	7,139	1,653	14	8,778	23.2	18.8
1985	6,569	1,296	10	7,855	19.7	16.5

1/ Revised by the staff of the U.S. International Trade Commission.

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, except as noted.

1/ As noted, cold-rolled carbon steel plates are also included within the scope of these investigations. However, as both imports and domestic production of such plates are believed to be negligible, they will not be specifically mentioned by name in the remainder of this report.

Consideration of Material Injury to an Industry in the United States 1/

U.S. production, capacity, and capacity utilization

U.S. production of cold-rolled carbon steel sheets, as reported in responses to the Commission's questionnaires, increased from 8.5 million tons in 1982 to 11.3 million tons in 1983 and then fell to 10.7 million tons in 1984 (table III-4). Production during January-June 1985 was 5.5 million tons, representing a decrease of 12 percent from that reported in the corresponding period of 1984. Total reported productive capacity for cold-rolled sheets declined from 16.5 million tons in 1982 to 15.2 million tons in 1984. Capacity utilization increased from 51 percent in 1982 to 70 percent in 1983, 1984, and January-June 1985.

Table III-4.--Cold-rolled carbon steel sheets: U.S. production, practical capacity, 1/ and capacity utilization, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June	
				1984	1985
Production 2/					
1,000 short tons	8,463	11,300	10,680	6,201	5,481
Capacity---do---	16,505	16,126	15,206	7,712	7,798
Capacity utilization 3/					
percent	51.3	70.1	70.2	80.4	70.3

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 useful data together accounted for 83 percent of total shipments of cold-rolled carbon steel sheets in 1984, 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.

1/ Data presented in this section of the report were obtained from responses to the Commission's questionnaires. Production, capacity, and intracompany shipments were usually reported on a "net" basis, i.e., excluding cold-rolled sheets used in the production of such downstream products as galvanized sheets and tinplate. To the extent producers do produce such downstream products, production, capacity, and intracompany transfers are understated and, depending on how the firms allocated capacity, capacity utilization may be distorted.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of cold-rolled sheets are presented in table III-5. Reported domestic shipments of cold-rolled sheets increased from 8.1 million tons in 1982 to 10.2 million tons in 1983, or by 26 percent; such shipments fell, however, to 9.8 million tons in 1984 and 5.0 million tons in January-June 1985 compared with 5.7 million tons in the corresponding period of 1984.

Table III-5.--Cold-rolled carbon steel sheets: U.S. producers' domestic shipments, 1/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June	
				1984	1985
Quantity----------1,000 tons---:	8,099	10,221	9,834	5,737	4,974
Value----------million dollars---:	3,579	4,525	4,635	2,675	2,277
Unit value----------per ton---:	$442	$443	$471	$466	$458

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

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 carbon steel sheets is presented in the following tabulation:

Period	AISI shipments (1,000 tons)	Questionnaire shipments 1/ (1,000 tons)	Coverage (percent)
1982----------	10,565	8,736	83
1983----------	12,995	11,049	85
1984----------	12,868	10,633	83
January-June--			
1984----------	7,139	6,156	86
1985----------	6,569	5,406	82

1/ Including exports and intercompany and intracompany transfers.

U.S. producers' exports

U.S. producers' exports of cold-rolled sheets, as reported in response to the Commission's questionnaires, were less than 0.1 percent of producers' total shipments of cold-rolled sheets in each of the periods covered by these investigations. Such exports increased slightly from * * * tons in 1982 to * * * tons in 1983 and then rose by 46 percent to * * * tons in 1984. Exports

fell by 46 percent during January-June 1985 compared with exports in the corresponding period of 1984 (table III-6).

Table III-6.--Cold-rolled carbon steel sheets: U.S. producers' exports, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June--	
				1984	1985
Quantity----------tons--	***	***	***	***	***
Value----------1,000 dollars--	***	***	***	***	***
Unit value----------per ton--	$***	$***	$***	$***	$***

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 sheets, as reported by U.S. producers in response to the Commission's questionnaires, remained small during the periods covered by these invesitgations. Such inventories were equal to 6 to 11 percent of the responding producers' (annualized) shipments in each of these periods. Reported end-of-period inventories are shown in the following tabulation:

	Inventories (1,000 tons)
As of Dec. 31--	
1981----------	951
1982----------	678
1983----------	929
1984----------	975
As of June 30--	
1984----------	974
1985----------	1,051

U.S. employment, wages, and productivity

Data on U.S. employment, wages, and productivity in establishments producing cold-rolled carbon steel sheets, as reported in responses to the Commission's questionnaires, are provided in table III-7 (number of employees and hours worked by production and related workers) and table III-8 (wages and total compensation 1/ paid to production and related workers, labor productivity, hourly compensation, and unit labor costs). The ratio of total production and related workers to total employees ranged from a low of 80 percent in 1982 to a high of 86 percent during both January-June periods. The share of total production and related workers accounted for by those

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

Table III-7.—Average number of employees, total and production and related workers, in U.S. establishments producing cold-rolled carbon steel sheets, and hours paid 1/ for workers producing cold-rolled carbon steel sheets, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Average employment:					
All employees:					
Number	158,013	145,868	146,864	151,110	138,948
Percentage change 3/	4/	-7.7	+0.7	+3.6	-5.4
Production and related workers producing—					
All products:					
Number	127,192	118,837	124,222	130,093	119,566
Percentage change 3/	4/	-6.6	+4.5	+9.5	-3.7
Cold-rolled sheets:					
Number	26,609	31,424	31,384	32,433	31,057
Percentage change 3/	4/	+18.1	-0.1	+3.2	-1.0
Hours paid for production and related workers producing cold-rolled sheets:					
Number—1,000 hours	51,628	63,330	63,116	33,759	31,865
Percentage change	4/	+22.7	-0.3	4/	-5.6

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

2/ Nonproduct-specific data may be overstated since a multipurpose questionnaire was used that requested total employment and production and related workers information for all products manufactured in establishments producing any of the subject products of the investigations covered in this report (not just cold-rolled sheet producing establishments). Data are understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

3/ Percentage change for each January-June period is calculated using the data from the prior complete year.

4/ Not available.

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

workers producing cold-rolled carbon steel sheets ranged from 21 percent in 1982 to 26 percent in 1983 and January-June 1985.

The average number of production and related workers producing cold-rolled carbon steel sheets rose by 18 percent in 1983 to 31,424, increased by another 3 percent in January-June 1984, and then fell in the second half of the year, ending with an average annual employment in 1984 slightly below the level of 1983. In January-June 1985, the average number of production and related workers producing cold-rolled carbon steel sheets dropped by 1 percent. Similarly, hours worked by these workers increased by 23 percent in 1983, and then fell slightly in 1984; hours worked during January-June 1985 were 6 percent less than those in the corresponding period of 1984.

Table III-8.—Wages and total compensation 1/ paid to production and related workers producing cold-rolled carbon steel sheets, and labor productivity, hourly compensation, and unit labor costs in the production of cold-rolled sheets, 1982-84, January-June 1984, and January-June 1985 2/

Item	1982	1983	1984	January-June—	
				1984	1985
Wages paid:					
Value——million dollars—	790	921	978	514	507
Percentage change———	3/	+16.6	+6.2	3/	-1.4
Total compensation:					
Value——million dollars—	1,124	1,358	1,322	703	697
Percentage change———	3/	+20.8	-2.7	3/	-0.1
Labor productivity:					
Quantity——tons per hour—	0.1547	0.1696	0.1596	0.1731	0.1637
Percentage change 4/———	3/	+9.6	-5.9	+2.1	+2.6
Hourly compensation: 5/					
Value———————	$15.31	$14.54	$15.50	$15.22	$15.91
Percentage change 4/———	3/	-5.0	+6.6	+4.7	+2.6
Unit labor costs: 6/					
Value————per ton—	$140.72	$126.39	$131.22	$120.38	$133.51
Percentage change 4/———	3/	-10.2	+3.8	-4.8	+1.7

1/ Includes wages and contributions to Social Security and other employee benefits.

2/ Understated or overstated to the extent that all U.S. producers did not respond to the Commission's questionnaires, and not all that did provided useful employment data.

3/ Not available.

4/ Percentage change for each January-June period is calculated using the data from the prior complete year.

5/ Based on wages paid excluding fringe benefits.

6/ Based on total compensation paid.

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

Labor productivity increased by 10 percent in 1983, fell by 6 percent in 1984, and then rose again, by 3 percent, during January-June 1985. Hourly compensation and unit labor costs fell in 1983 but rose in 1984 and January-June 1985.

Financial experience of U.S. producers

Operations on cold-rolled carbon steel sheets.—Income-and-loss data were received from * * * firms, accounting for about * * * percent of total shipments of cold-rolled carbon steel sheets (as reported by the AISI) in 1984. The firms' reported aggregate net sales of cold-rolled carbon steel sheets increased from $*** in 1982 to $*** in 1983, or by 28 percent, and then rose by another * * * percent to $4.8 billion in 1984 (table III-9). However,

Table III-9.—Income-and-loss experience of * * * U.S. producers 1/ on their operations producing cold-rolled carbon steel sheets, 2/ accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30—	
				1984	1985
Net sales—million dollars—	***	***	4,791	***	2,385
Cost of goods sold———do———	***	***	4,562	***	2,287
Gross profit or (loss) do———	(***)	(***)	229	***	98
General, selling, and administrative expenses million dollars—	***	***	183	***	85
Operating income or (loss) 3/————————do———	(***)	(***)	46	***	13
Depreciation and amortization expense million dollars—	***	***	185	***	90
Cash flow or (deficit) from operations million dollars—	(***)	(***)	231	***	103
As a share of net sales:					
Gross profit or (loss) percent—	(***)	(***)	4.8	***	4.1
Operating income or (loss)————————do———	(***)	(***)	1.0	***	.5
Cost of goods sold—do———	***	***	95.2	***	95.9
General, selling, and administrative expenses percent—	***	***	3.8	***	3.6
Number of firms reporting operating losses————————	9	9	2	2	6

1/ * * *.

2/ U.S. producers submitting useful data together accounted for about * * * percent of total shipments of cold-rolled carbon steel sheets in 1984, as reported by the AISI.

3/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, only * * * producers, which together accounted for * * * percent of reported 1984 net sales, provided such data; * * * firms did not report those line items, and the remaining * * * firms did not allocate those expenses, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

during the interim period ended June 30, 1985, net sales, at $2.4 billion, totaled * * * percent less than those in the interim period of 1984.

The responding firms reported aggregate operating losses of $*** in 1982 and $*** in 1983, whereas they achieved an operating income of $46 million in 1984. In the interim period ended June 30, 1985, the firms reported an operating income of $13 million, down * * * percent from that in the interim period of 1984. The ratio of operating losses to net sales decreased from * * * percent in 1982 to * * * percent in 1983, and the firms had an operating income to net sales ratio of 1 percent in 1984. In the interim period ended June 30, 1985, the operating income to net sales ratio was 0.5 percent compared with * * * percent in the interim period of 1984.

Nine responding firms reported operating losses in 1982 and 1983, whereas only two did so in both periods of 1984; six firms reported operating losses in the interim period ended June 30, 1985. The producers experienced negative cash flows of $*** in 1982 and $*** in 1983 and positive cash flows of $231 million in 1984 and $103 million in the interim period ended June 30, 1985, down * * * percent from the $*** positive cash flow of the interim period a year earlier.

Capital expenditures and research and development expenses.—* * * of the * * * U.S. producers providing financial information supplied data relative to their capital expenditures for buildings, machinery, and equipment used in the production of cold-rolled carbon steel sheets, and * * * 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 1/	Research and development expenses 2/
1982	***	***
1983	***	***
1984	***	***
January-June—		
1984	***	***
1985	***	***

1/ * * *.
2/ * * *.

Total capital expenditures declined from $*** in 1982 to $*** in 1983 but then increased to $*** in 1984. Such expenditures during January-June 1985, at $***, were 38 percent more than those in the corresponding period of 1984. Research and development expenses dropped from $*** in 1982 to $*** in 1984 and then increased slightly to $*** during January-June 1985, representing a 2-percent increase over the research and development expenses reported for the corresponding period of 1984.

Investment in productive facilities

Only * * * of the * * * firms providing income-and-loss data supplied data concerning their investment in productive facilities employed in the production of cold-rolled carbon steel sheets. Reported investment in property, plant, and equipment is shown in the following tabulation (in millions of dollars):

Period	Original cost	Book value
1982	1,223	398
1983	1,196	373
1984 1/	1,097	356
As of June 30—		
1984 1/	1,102	333
1985 1/	1,110	372

1/ * * *.

The aggregate reported investment in productive facilities, valued at original cost, decreased from $1.2 billion in 1982 to $1.1 billion in 1984 and then increased slightly as of June 30, 1985. The book value of such assets fell from $398 million in 1982 to $356 million in 1984 and then increased to $372 million as of June 30, 1985.

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

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in subsidized and/or 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 countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of cold-rolled carbon steel sheets and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized Imports." Available data on foreign producers' capacity, production, and exports were presented in the introductory part of the report.

U.S. importers' inventories

The Commission sent questionnaires to 23 firms believed to have imported cold-rolled carbon steel sheets from Austria or Sweden. Five firms, accounting for * * * percent of imports of cold-rolled sheets from Austria during January 1984-June 1985, and seven firms that accounted for * * * imports from Sweden provided the Commission with usable data. * * *.

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

U.S. imports and market penetration

Imports from all sources.—Aggregate U.S. imports of cold-rolled carbon steel sheets increased steadily by a total of 116 percent, from 1.6 million tons in 1982 to 3.5 million tons in 1984; such imports during January-June 1985, however, amounted to 1.3 million tons, or 22 percent below the level of January-June 1984 (table III-10). Market penetration of cold-rolled sheets imported from all countries increased from 13.2 percent of apparent U.S. consumption in 1982 to 15.3 percent in 1983 and 21.2 percent in 1984 before falling to 16.5 percent during January-June 1985 (table III-11).

Imports from Austria—No imports of cold-rolled carbon steel sheets from Austria entered the United States during 1982. Such imports, which amounted to 13,000 tons in 1983, jumped to 150,000 tons in 1984. During January-June 1985, 70,000 tons were imported from Austria, compared with 68,000 tons in the corresponding period of 1984. In 1983, the first year Austria supplied cold-rolled sheets to the U.S. market, it accounted for 0.1 percent of U.S. consumption; in 1984 and January-June 1985, it accounted for 0.9 percent.

Imports from Sweden.—Imports of cold-rolled sheets from Sweden totaled 554 tons in 1982, 8,000 tons in 1983, and increased sharply to 67,000 tons in 1984. Imports from Sweden during January-June 1985 totaled 21,000 tons compared with the 33,000 tons imported in the corresponding period a year earlier. Sweden's share of the U.S. cold-rolled sheet market was negligible in 1982, slightly over 0.05 percent in 1983, 0.4 percent in 1984, and 0.3 percent in January-June 1985.

The share of 1984 imports of cold-rolled carbon steel sheets from Austria and Sweden entering the United States through certain ports, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation:

Country and customs district	Percentage distribution of total imports	Country and customs district	Percentage distribution of total imports
Austria:		Sweden:	
Chicago, IL	30.8	Philadelphia, PA	23.5
Detroit, MI	19.3	Chicago, IL	14.1
Houston, TX	15.0	Houston, TX	13.5
New Orleans, LA	13.4	New Orleans, LA	13.2
Philadelphia, PA	7.2	Bridgeport, CT	13.2
Subtotal	85.7	Subtotal	77.5
All other	14.3	All other	22.5
Total	100.0	Total	100.0

Table III-10.--Cold-rolled carbon steel sheets: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985

Source	1982	1983	1984	January-June	
				1984	1985
	Quantity (1,000 short tons)				
Austria	0	13	150	68	70
Sweden	1	8	67	33	21
Japan	296	559	828	415	344
West Germany	396	309	396	155	147
Korea	66	191	382	192	129
Brazil	45	343	262	178	74
Spain	48	67	220	124	12
Canada	46	68	122	47	67
All other	701	2/ 783	1,029	441	432
Total	1,599	2/ 2,341	3,456	1,653	1,296
	Value (million dollars)				
Austria	-	4	49	21	24
Sweden	3/	2	24	12	7
Japan	124	204	329	157	145
West Germany	146	113	155	58	59
Korea	24	61	133	64	49
Brazil	15	101	79	54	23
Spain	19	19	70	39	3
Canada	20	26	52	21	28
All other	250	244	348	142	153
Total	598	773	1,239	568	491
	Unit value (per ton) 4/				
Austria	-	$275	$325	$314	$338
Sweden	$508	314	363	355	358
Japan	418	364	397	378	422
West Germany	368	366	391	370	401
Korea	369	319	350	333	377
Brazil	338	293	300	304	312
Spain	388	283	319	318	280
Canada	430	388	426	438	412
All other	321	318	352	319	370
Average	374	330	359	343	379

1/ Includes imports under TSUSA items 607.8344, 607.8350, 607.8355, and 607.8360. Although imports of cold-rolled plates under TSUSA item 607.8320 (which is believed to consist principally of pickled plates) are included within the scope of these investigations, such imports are believed to be negligible.

2/ Revised by the staff of the U.S. International Trade Commission.

3/ Less than $0.5 million.

4/ Computed from the unrounded numbers.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

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

Table III-11.--Cold-rolled carbon steel sheets: 1/ Ratios of imports from Austria, Sweden, and all countries to apparent U.S. consumption, 2/ 1982-84, January-June 1984, and January-June 1985

(In percent)

Source	1982	1983	1984	January-June	
				1984	1985
Austria	-	0.1	0.9	0.8	0.9
Sweden	3/	.1	.4	.4	.3
All countries	13.2	15.3	21.2	18.8	16.5

1/ Includes imports under TSUSA items 607.8344, 607.8350, 607.8355, and 607.8360. Although imports of cold-rolled sheets entered under TSUSA item 607.8320 are included within the scope of these investigations, such imports are believed to be negligible.

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

Source: Based of data in tables III-3 and III-10 of this report.

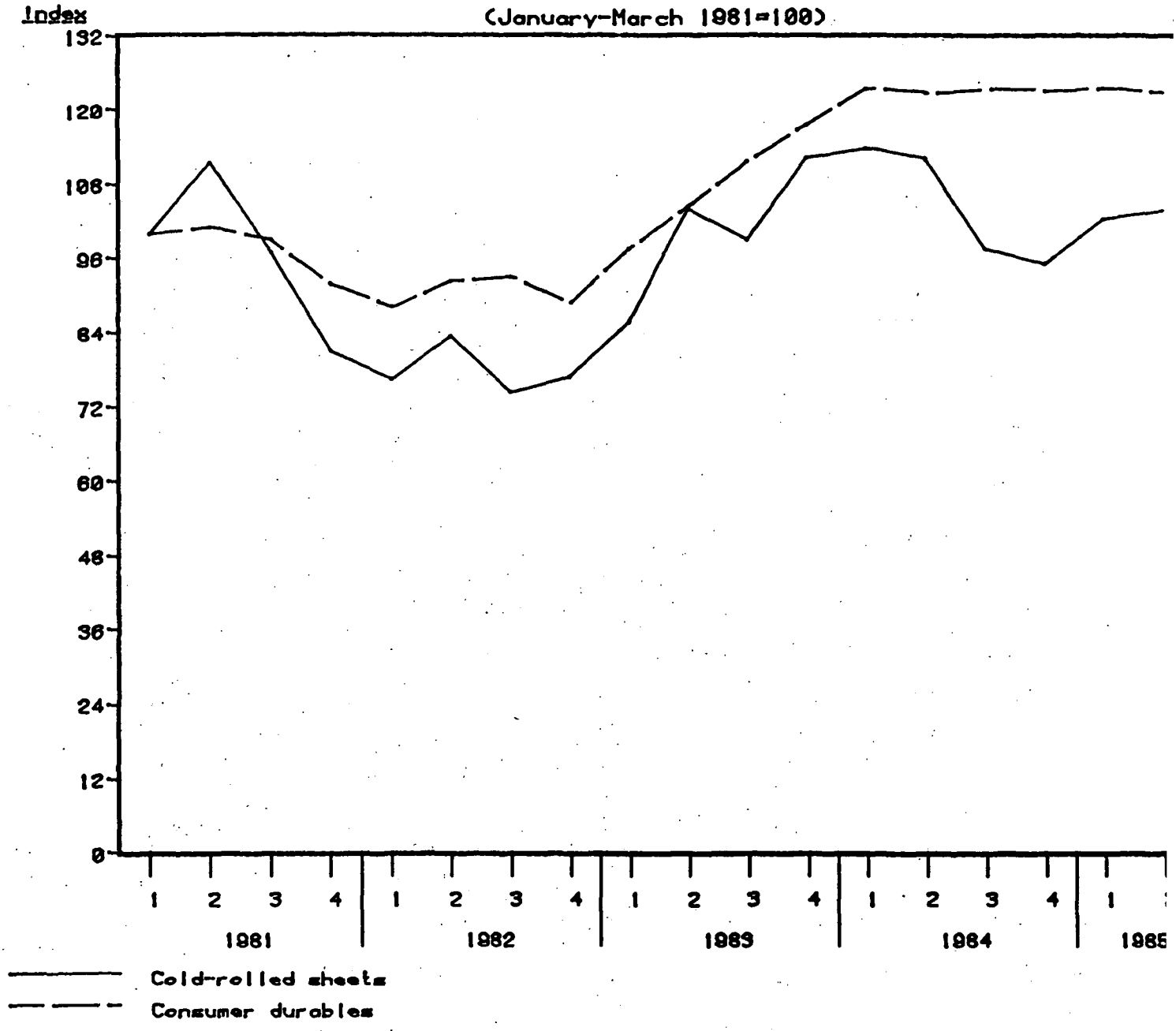
Prices

Market conditions for products that use cold-rolled sheets directly affect the price of cold-rolled sheets. The primary sector utilizing cold-rolled sheets is that of consumer durables; this relationshop is depicted in figure III-1. Typical industries that use cold-rolled sheets are the automobile industry, the construction industry, and the energy and utility industries. For example, the automobile industry now produces cars that use substantially less steel than in the past, a result of downsizing and substitution of other products for steel. This has reduced the demand for steel sheets and has had a dampening effect on sheet prices. However, automobile production increased during 1983, 1984, and January-March 1985, which helped keep the demand and resultant prices for cold-rolled sheets from declining further. The share of total shipments of cold-rolled sheets going to that market remained steady at about one-third during 1981-83.

Other large users of cold-rolled sheets are the household appliance industry and the heating and air-conditioning industry. Industrial production in these markets followed trends similar to that of the auto industry--remaining relatively stable during January-September 1981, decreasing in 1982, and then strengthening through 1983 and into 1984. However, these industries generally strengthened in industrial production through April-June 1985 (table G-3 and fig. G-3 in app. G).

Prices for cold-rolled carbon steel sheets are usually quoted f.o.b. mill on a dollars-per-ton basis. Prices consist of a base price plus additional charges for extras such as variations in length, width, thickness, and chemistry. Price changes are accomplished by changing the base, the extras, or a combination of both. Domestic producers usually equalize freight charges in order to stay competitive in any particular market.

Figure III-1.—Indexes of apparent consumption of cold-rolled carbon steel sheets and production of consumer durables; by quarters, January 1981–June 1985



Source: Based of data in table G-3, app. G of this report.

Domestic producers and importers were asked to supply average net selling prices to SSC's and end users for three specific products to determine trends in prices of cold-rolled carbon steel sheets. 1/ Weighted-average prices and indexes of the data are presented in table III-12.

Domestic price trends.--Domestic producers' average selling prices of two of the representative cold-rolled carbon steel sheet products sold to SSC's (products 10 and 11) reflect a common trend. Quarterly prices increased steadily from January-March 1983 (the base period) through April-June 1984 to levels 15 and 19 percent, respectively, above their base-period values. Prices of these products then stabilized during July-September 1984 before declining through April-June 1985 to levels 5 and 8 percent, respectively, above their base-period values. Changes in the average price of the third representative product sold to SSC's (product 12), which is of a higher quality than products 10 and 11, were less volatile than those of the other two products. The quarterly price of product 12 declined by 5 percent in April-June 1983 and then increased steadily through April-June 1984 to a level 6 percent above the base-period value before declining to 3 percent below the base-period level in April-June 1985.

Domestic producers' weighted-average selling prices of the representative cold-rolled carbon steel sheet products sold to end users generally show patterns similar to the trends of selling prices to SSC's.

Import price trends.--As was true in the preceding parts of this report, in general, few price data were reported by importers of cold-rolled carbon steel sheets from the countries subject to these investigations. The data received from importers of cold-rolled sheets from Austria and Sweden are shown in table III-12, and discussed, by country, in the following sections.

Austria.--Reported quarterly selling price data were generally insufficient to develop trends in prices of the imported Austrian cold-rolled carbon steel sheet products sold to SSC's or end users. The major exception was in the product 10 category, where reported selling prices of the imported Austrian product sold to SSC's increased steadily from January-March 1984 through October-December 1984, by 10 percent. This compares with an approximately 1-percent increase in the average price of the competing domestic product sold to SSC's during this period. The prices of product 10 declined in January-March 1985 and then increased slightly in April-June 1985 to a level 5 percent above the base-period level.

Sweden.--Reported quarterly selling price data were generally insufficient to develop trends in prices of the imported Swedish cold-rolled carbon steel sheet products sold to SSC's or end users. Again, the exception was in the product 10 category, where the reported selling price of the imported Swedish product sold to SSC's increased by 19 percent from July-September 1983 to October-December 1984. This compares with an 8-percent increase in the weighted-average price of the competing domestic product sold to SSC's during this period. Prices of the imported product fell dramatically during January-June 1985 to a level 1 percent above the base-period level.

1/ These products and their specification are listed in app. H. The three representative cold-rolled carbon steel sheet products are Nos. 10, 11, and 12.

Table III-12.—Cold-rolled carbon steel sheets: Weighted-average net selling prices for sales to SSC's and end users of domestic products and of imports from Austria and Sweden, 1/ and indexes of those prices, by types of products and quarters, January 1983-June 1985

Product and period	Sales to SSC's of merchandise from—						Sales to end users of merchandise from—			
	Domestic firms		Austria		Sweden		Domestic firms		Austria	
	Value	Index 2/	Value	Index 2/	Value	Index 2/	Value	Index 2/	Value	Index 2/
	Per ton		Per ton		Per ton		Per ton		Per ton	
Product 10:										
1983:										
Jan.-Mar—	$***	100	3/	3/	3/	3/	$***	100	3/	3/
Apr.-June—	***	101	3/	3/	3/	3/	***	100	3/	3/
July-Sept—	***	104	$***	100	$***	100	***	101	3/	3/
Oct.-Dec—	***	108	3/	3/	***	99	***	104	3/	3/
1984:										
Jan.-Mar—	***	111	***	100	***	105	***	105	3/	3/
Apr.-June—	***	115	***	105	***	110	***	108	$***	100
July-Sept—	***	115	***	108	***	115	***	110	***	100
Oct.-Dec—	***	112	***	110	***	119	***	108	3/	3/
1985:										
Jan.-Mar—	***	110	***	104	***	102	***	106	3/	3/
Apr.-June—	***	105	***	105	***	101	***	104	3/	3/
Product 11:										
1983:										
Jan.-Mar—	***	100	3/	3/	3/	3/	***	100	3/	3/
Apr.-June—	***	105	3/	3/	3/	3/	***	99	3/	3/
July-Sept—	***	106	3/	3/	3/	3/	***	100	3/	3/
Oct.-Dec—	***	110	3/	3/	3/	3/	***	103	3/	3/
1984:										
Jan.-Mar—	***	114	3/	3/	3/	3/	***	103	3/	3/
Apr.-June—	***	119	3/	3/	3/	3/	***	107	3/	3/
July-Sept—	***	119	3/	3/	3/	3/	***	111	3/	3/
Oct.-Dec—	***	116	3/	3/	***	100	***	110	3/	3/
1985:										
Jan.-Mar—	***	112	3/	3/	***	101	***	108	3/	3/
Apr.-June—	***	108	3/	3/	***	102	***	107	3/	3/
Product 12:										
1983:										
Jan.-Mar—	***	100	3/	3/	3/	3/	***	100	3/	3/
Apr.-June—	***	95	3/	3/	3/	3/	***	99	3/	3/
July-Sept—	***	96	3/	3/	3/	3/	***	99	3/	3/
Oct.-Dec—	***	97	3/	3/	3/	3/	***	103	3/	3/
1984:										
Jan.-Mar—	***	102	3/	3/	3/	3/	***	101	3/	3/
Apr.-June—	***	106	3/	3/	3/	3/	***	103	3/	3/
July-Sept—	***	104	***	100	3/	3/	***	106	3/	3/
Oct.-Dec—	***	102	***	105	3/	3/	***	108	3/	3/
1985:										
Jan.-Mar—	***	99	***	101	3/	3/	***	106	3/	3/
Apr.-June—	***	97	***	92	3/	3/	***	105	3/	3/

1/ No pricing data were reported on sales of imports from Sweden to end users.
2/ First period with data=100.
3/ Not available.

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

Purchasers' prices.--The Commission also asked purchasers to report the delivered prices they paid for the three representative imported and domestically produced cold-rolled carbon steel sheet products, by quarters, during 1984 and January-June 1985. Purchasers were asked for prices, including delivery charges, paid in specific transactions. To ensure that these prices would be comparable, the purchasers were identified by their locations, and questionnaires were sent to firms located in seven metropolitan market areas. 1/ The information obtained was used to compare the levels of importers' and domestic producers' prices and to calculate margins of underselling or overselling by imports. These prices provide a better basis for comparing price levels than do f.o.b. selling prices, because they include all inland freight charges (as well as wharfage and dock handling charges for imports) and are isolated on the basis of geographic market areas.

Transaction prices reported by purchasers of cold-rolled carbon steel sheets enabled quarterly comparisons of domestic prices and import prices paid by SSC's located in three market areas--Chicago, Detroit, and Philadelphia/New York. No data were received as to prices paid by end users in any of the requested market areas.

These comparisons covered product 10 in 15 instances, product 11 in 4 instances, and product 12 in 1 instance. Average margins of underselling or overselling are presented in tables III-13 and III-14.

Margins of underselling or overselling by imports of cold-rolled sheets from Austria.--Imports of product 10 from Austria undersold domestic cold-rolled sheets in the Chicago and Philadelphia/New York markets in five instances by margins ranging from 1.1 percent ($*** per ton) to 6.9 percent ($*** per ton). In four cases of overselling, the average domestic price was lower than the imported product's price by margins ranging from 1.1 percent ($*** per ton) to 5.4 percent ($*** per ton). The only price comparison for product 12 was in the Detroit market; it exhibited underselling by the Austrian product of 3.7 percent ($*** per ton).

Margins of underselling or overselling by imports of cold-rolled sheets from Sweden.--Imports from Sweden undersold domestic cold-rolled sheets in 9 of 10 price comparisons. In six comparisons of delivered prices paid in the Philadelphia/New York market (two comparisons for product 10 and four for product 11), Swedish cold-rolled sheets undersold domestic sheets by margins ranging from 0.9 percent ($*** per ton) to 5.3 percent ($*** per ton). Three comparisons of quarterly transaction prices for product 10 in the Chicago market refect two instances of underselling by cold-rolled sheets imported from Sweden, by 10.8 percent ($*** per ton) and 8.7 percent ($*** per ton), and one instance of overselling of 1.3 percent ($*** per ton). There was only one price comparison available in the Detroit market; it reflected underselling by imported product 10 of 6.1 percent ($*** per ton).

1/ The market areas for which purchase prices were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle.

Table III-13.—Cold-rolled carbon steel sheets purchased by SSC's: Average margins by which imports from Austria undersold or oversold U.S. domestic products, by market areas, products, and quarters, January 1984-June 1985

Product and period	Margin of underselling or (overselling) in—					
	Chicago		Detroit		Philadelphia/ New York	
	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent
Product 10:	Per ton		Per ton		Per ton	
1984:						
Jan.-Mar.	1/	1/	1/	1/	1/	1/
Apr.-June	$***	6.9	1/	1/	$***	3.4
July-Sept	***	6.4	1/	1/	(***)	(1.1)
Oct.-Dec.	***	5.5	1/	1/	(***)	(5.4)
1985:						
Jan.-Mar.	(***)	(5.0)	1/	1/	(***)	(2.9)
Apr.-June	1/	1/	1/	1/	***	1.1
Product 12:						
1984:						
Jan.-Mar.	1/	1/	1/	1/	1/	1/
Apr.-June	1/	1/	1/	1/	1/	1/
July-Sept	1/	1/	1/	1/	1/	1/
Oct.-Dec.	1/	1/	1/	1/	1/	1/
1985:						
Jan.-Mar.	1/	1/	1/	1/	1/	1/
Apr.-June	1/	1/	$***	3.7	1/	1/

1/ Not available.

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

Lost sales

Austria.—Domestic producers provided the Commission with six allegations of lost sales of cold-rolled carbon steel sheets; the allegations involved * * * tons with a value of $***. All allegations were investigated by the Commission staff.

* * * provided one instance involving a lost sale valued at $***. This allegation cited * * * as having purchased * * * tons of Austrian cold-rolled steel sheets at a price of $*** per ton compared with an alleged domestic offer price of $*** per ton during * * *. When asked about the allegation, * * *, purchaser for the company, stated that * * *.

* * * provided five allegations, representing * * * tons at a value of $***. * * * was named in two instances of alleged lost sales to imported cold-rolled sheets from Austria. A domestic quote of $*** per ton for * * * tons allegedly was rejected in * * * in favor of an offer of $*** per ton for Austrian sheets. In * * *, a domestic bid of $*** per ton was allegedly rejected on a * * * ton order in favor of competing Austrian sheets offered at $*** per ton. * * *, purchasing agent, confirmed the facts as alleged. * * *.

Table III-14.—Cold-rolled carbon steel sheets purchased by SSC's: Average margins by which imports from Sweden undersold or oversold U.S. domestic products, by market areas, products, and quarters, January 1984-June 1985

Product and period	Margin of underselling or (overselling) in—					
	Chicago		Detroit		Philadelphia/ New York	
	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent
Product 10:	Per ton		Per ton		Per ton	
1984:						
Jan.-Mar—	$***	10.8	1/	1/	$***	5.3
Apr.-June—	(***)	(1.3)	1/	1/	***	.9
July-Sept—	1/	1/	1/	1/	1/	1/
Oct.-Dec.—	1/	1/	1/	1/	1/	1/
1985:						
Jan.-Mar—	1/	1/	1/	1/	1/	1/
Apr.-June—	***	8.7	$***	6.1	1/	1/
Product 11:						
1984:						
Jan.-Mar—	1/	1/	1/	1/	***	5.2
Apr.-June—	1/	1/	1/	1/	***	4.0
July-Sept—	1/	1/	1/	1/	***	2.7
Oct.-Dec.—	1/	1/	1/	1/	***	1.4
1985:						
Jan.-Mar—	1/	1/	1/	1/	1/	1/
Apr.-June—	1/	1/	1/	1/	1/	1/

1/ Not available.

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

* * * was cited by * * * in an alleged instance of a lost sale for * * * tons of cold-rolled sheets in * * *. A domestic quote of $*** per ton was allegedly rejected in favor of competing cold-rolled sheets imported from Austria and offered at $*** per ton. * * *, buyer, confirmed buying the Austrian product * * *.

Another lost sales allegation cited two instances in * * * in which * * * allegedly rejected domestic bids of $*** per ton for * * *-ton orders of cold-rolled sheets in * * * in favor of competing Austrian cold-rolled sheets offered at $*** per ton. * * *, purchasing manager at the firm, confirmed buying the Austrian product * * *.

Sweden.—* * * presented the Commission with seven specific allegations of sales of cold-rolled carbon steel sheets lost to imports from Sweden. These alleged lost sales totaled * * * tons, valued at $***. The Commission staff investigated all of the allegations, which involved three purchasers—one end user and two SSC's.

* * * was cited in an allegation of lost sales of * * * tons of cold-rolled sheets to competing products imported from Sweden in * * *. * * * allegedly rejected a * * * quote of $*** per ton in favor of the Swedish product offered at $*** per ton. * * * checked purchase orders and stated that the alleged facts are * * *.

* * * was cited in five allegations, as purchasing a total quantity of * * * tons, over the period * * *. The foreign prices allegedly ranged from $*** to $*** per ton, compared with domestic prices that ranged from $*** to $*** per ton. * * * stated that * * *.

Another allegation cited * * * as having purchased * * * tons of Swedish cold-rolled sheets at a price of $*** per ton, compared with a domestic offer price of $*** per ton, during * * *. * * *, purchaser for * * *, did not recall the purchase * * *.

Lost revenue

Austria.—* * * provided the Commission with three lost revenue allegations involving cold-rolled carbon steel sheets from Austria; they represented $*** in lost revenue. 1/ The Commission staff investigated all of these allegations.

* * * was cited by * * * in a lost revenue allegation involving * * * tons of domestic cold-rolled sheets allegedly purchased in * * *. * * *, steel buyer for the firm, stated that * * *.

* * * was cited by * * * in an instance of alleged lost revenue. The firm allegedly purchased * * * tons of cold-rolled sheets from * * * after * * * reduced its price from $*** per ton (list price) to $*** per ton in competition with an offer price of $*** per ton for imports from Austria. * * * confirmed the facts as alleged, * * *.

* * * also cited * * * in an instance of alleged lost revenue involving a sale of * * * tons of cold-rolled sheets in * * *. * * * allegedly obtained the order after reducing its price quote from $*** per ton to $*** per ton to compete with an offer price of $*** per ton on imported Austrian sheets. * * *, purchasing manager, confirmed the facts as alleged. * * *.

Sweden.—U. S. producers did not report any specific allegations in which they sold domestically produced cold-rolled carbon steel sheets at reduced prices because of competition from cold-rolled sheets imported from Sweden.

1/ It is not possible to calculate an accurate figure for lost revenue in every instance cited, because some of the reported initial price quoted were list prices, which, according to the purchasers, did not reflect market pricing during the periods in question.

Transportation costs 1/

Transportation of cold-rolled carbon steel sheets.--Five domestic producers, with mills located in * * * reported relevant transportation data for cold-rolled sheets. No importers provided the requested data.

Distance shipped and transport mode used.--Data on distance shipped and mode used are presented by firms and mill locations in table III-15. Although no common pattern characterizes distance shipped, truck transport was the dominant mode used for 10 of the 11 mills providing such data. In 1983, * * * percent or more of eight mills' shipments of cold-rolled sheets were by truck; the remaining three firms shipped * * * percent, * * * percent, and * * * percent of their respective shipments of cold-rolled sheets by truck. The pattern of distances shipped by the 11 reporting cold-rolled sheet mills varies. Shipments to purchasers within a 200-mile radius or less range from * * * percent (* * *'s mill) to * * * percent (* * *'s mill). Shipments to purchasers located 200 to 500 miles from the respective mills range from * * * percent (* * *'s * * * mill) to * * * percent (* * *'s mill) of total cold-rolled sheet shipments. Shipments to locations over 500 miles from these mills range from * * * percent (* * *'s mill) to * * * percent (* * *'s mill).

Table III-15.--Cold-rolled carbon steel sheets: Distance shipped and transport mode used as a share of shipments, by firms and mill locations, 1983

(In percent)

Domestic producer and mill location	Distance shipped			Transport mode used		
	200 miles or less	200-500 miles	Over 500 miles	Truck	Rail	Barge
*	*	*	*	*	*	*

1/ * * *.

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

Transportation costs to specific market areas.--Six domestic cold-rolled carbon steel sheet producers from a total of 15 mills provided transportation cost data by market area (table III-16). The geographic breadth of cold-rolled

1/ The information in this section was obtained by the Commission from questionnaires returned in connection with investigations Nos. 731-TA-169, 171, 175, 177, 178, 180, and 182 (Final), Certain Carbon Steel Products From Argentina, Australia, Finland, and Spain. See sec. I of this report for an explanation of the importance of transportation factors in the steel industry and the types of data requested by the Commission in those questionnaires.

Table III-16.—Cold-rolled carbon steel sheets: Transportation costs to specific market areas by truck and rail, by firms and mill locations, 1983

Transport mode/ domestic producer/ and mill location	Atlanta		Chicago		Detroit		Houston/ New Orleans	
	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total
	Per ton		Per ton		Per ton		Per ton	
Truck:								
*	*	*	*	*	*	*		
Rail:								
*	*	*	*	*	*	*		

	Los Angeles/ San Francisco		Philadelphia/ New York		Portland/ Seattle	
	Value	Percent of total	Value	Percent of total	Value	Percent of total
	Per ton		Per ton		Per ton	
Truck:						
*	*	*	*	*	*	*
Rail:						
*	*	*	*	*	*	*

1/ Not available.

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

sheet mill locations creates a diverse pattern of freight costs to many of the market areas. For example, freight costs by truck to the Philadelphia/New York area from the respondent mills serving that market range from * * * percent of delivered cost, or $*** per ton (from * * *'s mill), to * * * percent, or $*** per ton (from * * *'s mill). The range of freight costs is narrower to the Atlanta market—from * * * percent, or $*** per ton (from * * *'s mill), to * * * percent, or $*** per ton (from * * *'s mill).

The data show that freight cost by rail for long hauls is less costly than by truck. For example, savings amount to about * * * percent of delivered cost ($*** per ton) shipping cold-rolled sheets by rail from * * * to the Chicago market area, or almost * * * percent ($*** per ton), when shipping from * * * to the Houston/New Orleans market. For short hauls, rail can be a more costly mode than truck. For example, freight by truck from * * * to Chicago amounts to * * * percent of delivered price, or $*** per ton; by rail the cost is * * * percent, or $*** per ton.

In an attempt to make some comparisons of freight costs incurred by domestic mills versus those incurred by vendors of imported cold-rolled sheets, the Commission staff contacted purchasers located in various markets. Facts on competitive freight cost advantages and disadvantages of buying imported cold-rolled carbon steel sheets, as related by one specific purchaser, are sketched below; more facts relevant to purchases of carbon steel products in general are presented in part I of this report.

* * * provided transportation cost data for cold-rolled sheets imported through * * *. The importer, * * *, quotes its price "c.i.f. port, duty-paid, wharfage and handling charges for the buyer's account." * * * pays the freight by truck from the * * * dock to its * * * yard. Wharfage, handling, and freight amount to $*** per ton. Domestic freight costs from * * *'s * * * mill are $*** per ton. * * * will not freight equalize to meet the importer's inland freight cost. According to data from * * *, freight costs from its * * * mill would amount to about * * * percent of delivered price, or close to $*** per ton. According to the * * * purchasing manager, "you have to shop for the best truck rate" since deregulation. The best domestic rate from * * * mills has been $*** per ton. Delivery is more important to * * * than relatively small differences in freight costs. Orders this past year have been "hand-to-mouth," or on a spot basis when you needed the product "yesterday."

As noted earlier, any analysis of freight cost comparisons is difficult and complex because of the diversity of related factors, e.g., the difficulty in factoring in freight equalization or allowances (which are usually disguised by inclusion in the quoted price), the importance of transit time and cost of inventory, and the problems of generalization based simply on apparent freight cost advantage to the domestic or imported product.

APPENDIX A

COMMERCE'S FINAL SUBSIDY AND LTFV DETERMINATIONS

[A-433-401]

Certain Carbon Steel Product From Austria; Final Determination of Sales at Less Than Fair Value and Final Determination of Sales at Not Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that hot-rolled carbon steel flat-rolled products from Austria are being, or are likely to be, sold in the United States at less than fair value and that cold-rolled carbon steel flat-rolled products from Austria are not being, nor are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determinations. We are directing the U.S. Customs Service to continue to suspend the liquidation of all entries of hot-rolled flat-rolled products from Austria that are entered, or withdrawn from warehouse, for consumption, on or after June 3, 1985, and to require a cash deposit or bond for each entry in an amount equal to 2.2 percent *ad valorem*. We are directing the U.S. Customs Service to discontinue suspension of liquidation of all entries of cold-rolled flat-rolled products from Austria and to release all cash deposits or bonds.

EFFECTIVE DATE: August 19, 1985.

FOR FURTHER INFORMATION CONTACT: Paul Thran, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-3963

Final Determinations

Based upon our investigations, we have determined that hot-rolled flat-rolled products from Austria are being, or are likely to be, sold in the United States at less than fair value and that cold-rolled flat-rolled products from Austria are not being, nor are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C 1673d) (the Act).

We made fair value comparisons for all sales of merchandise to the United States during the period of investigation. Comparisons were based on the United States price and foreign market value. The weighted-average margin for cold-rolled flat-rolled products is 0.2 percent percent *ad valorem*. This is *de minimis* and our final determination with regard to cold-rolled products is negative and the investigation is terminated. The weighted-average margin for hot-rolled flat-rolled products is 2.2 percent percent *ad valorem* and our final determination with regard to hot-rolled products is affirmative.

Case History

On December 19, 1984, we received a petition from the United States Steel Corporation on behalf of the domestic carbon steel flat-rolled products industry. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleged that imports of certain carbon steel products from Austria 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 are threatening material injury to a United States industry. The petition also alleged that sales of the subject merchandise were being made at less than the cost of production. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate antidumping investigations. We notified the ITC of our actions and initiated such investigations on January 14, 1985 (50 FR 1911). On February 4, 1985, the ITC determined that there is a reasonable indication that imports of certain carbon steel products from Austria are materially injuring a U.S. industry (50 FR 6070). However, no indication of injury was found on imports of galvanized flat-rolled products and this product was dropped from the investigations.

We presented an antidumping duty questionnaire to counsel for Voest-Alpine AG (VA), the sole Austrian producer of the products under investigation for export to the United States. On June 3, 1985, we made an affirmative preliminary determination (50 FR 23339). Between June 10 and July 2, we verified VA's questionnare response in Austria and New York. No hearing was requested by any of the parties to the proceeding.

Products Under Investigation

The products under investigation are hot-and cold-rolled carbon steel flat-rolled products. A further description of the products is contained in the appendix to this notice.

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

We used the purchase price of the subject merchandise, as provided in section 772(b) of the Act, to represent the United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation into the United States. We calculated the purchase price based on the C.I.F duty paid price to the first U.S. unrelated purchaser. We deducted brokerage charges, U.S. duty, inland freight, ocean freight, and marine insurance.

Foreign Market Value

In accordance with section 773(a)(1), we used home market prices for calculating foreign market value. We made comparisons of "such or similar" merchandise based on grade, thickness, width surface treatment, and quality categories selected by Commerce Department industry experts.

We deducted home market discounts, where appropirate. We adjusted for differences in packing and merchandise, where appropriate. We made adjustments for differences in circumstances of sale related to commissions and credit expense pursuant to § 353.15 of our regulations. Where there were commissions in one market and not in the other, we offset the commissions with indirect selling expenses in the other market.

Respondent requested that we include an adjustment to the U.S. price for any profits or losses from dealing with an intermediate unrelated foreign trading company on certain sales to the United States. We are without authority to make an adjustment to purchase price. Instead, we made a circumstance of sale adjustment to foreign market value to account for these gains and losses (see response to comment 15).

The petitioner alleged that sales in the home market were at prices below the cost of production. We examined production costs, including materials, labor, and general expenses, and found some sales below cost. Where below-cost sales constituted more than 10 percent of sales in any merchandise

category, we eliminated them from our calculations. We still had sufficient home market sales for comparisons for all of the merchandise under investigation.

In calculating foreign market value, we made currency conversions from Austrian schillings to United States dollars in accordance with § 353.56(a)(1) of our regulations, using the certified daily exchange rates.

Verification

In accordance with section 776(a) of the Act, we verified the information provided by the respondent by using standard verification procedures, including examination of relevant sales and financial records of the company.

Petitioner's Comments

Comment 1: Specific product costs are understated in relation to VA's average cost for flat-rolled products. The disparity between costs of production alleged by VA and the average for all flat-rolled products may be attributable, in part, to misapplication of unfavorable manufacturing variances. Further, the costs alleged by VA for the products under investigation must be rejected unless and until individual product costs are reconciled with the average cost of all flat-rolled products.

DOC Position: In determining if the specific product costs were accurately submitted, the Department used it standard procedures. These procedures include verifying the cost to the company's records, determining the accuracy of the amounts and the appropriateness of the allocations of the variances and assessing the reasonableness of the relationship of product costs to other facts of the investigation. These other facts include the costs of the other product categories.

Comment 2: Cost of production or a surrogate for an arm's length price rather than transfer price should be used to value materials purchased from related companies.

DOC Position: We agree. We do not use transfer prices between related parties in our calculations as these prices may be established by the company for a variety of corporate purposes and may not reflect actual cost experience. Based on the verification and subsequent inquiry and analysis, determined that the submitted costs of materials purchased from related companies approximated cost of production of the related company. Accordingly, we used the submitted costs to value these materials.

Comment 3: VA's energy cost appears to be unrealistically low.

DOC Position: The energy cost used in the calculations was verified from VA's records.

Comment 4: The selling, general and administrative (SG&A) expenses in VA's submission were not all calculated using actual costs and were therefore inconsistent. Further, the response and verification report do not indicate whether any G&A expenses for divisions other than the Metallurgy Division at the Linz plant were properly excluded.

DOC Position: We agree. We addressed these inconsistencies during the verification and have adjusted the submitted costs, using actual costs, for the final determination. We have excluded the G&A expenses of other divisions at the Linz plant from our calculation.

Comment 5: Because the costs of production are underestimated, the amount of SG&A expenses must also be underestimated. The response is unclear as to the allocation of expenses to the Linz plant. SG&A allocated to the Linz plant appears very small for a steel producer.

DOC Position: We determined during verification that general and administrative expenses were fully allocated among the Linz and other plants on a reasonable basis.

Comment 6: Interest income should not be offset against interest expense when allocating to cost of production. Rather, gross interest expenses should be allocated.

DOC Position: We disagree. Since the interest income was related to the steel-making operations and was a result of normal business activity, it was offset against interest expense.

Comment 7: Adjustments for differences in merchandise must be based on differences in variable manufacturing costs and not full cost of production of the products under investigation.

DOC Position: We agree. It is our policy to adjust only for costs directly related to the differences in physical characteristics of the particular products under investigation. Therefore, we considered only differences in variable manufacturing costs for the final determination.

Comment 8: Unrealized foreign exchange gains and losses must be included in the cost of production.

DOC Position: We requested that the company provide the sources giving rise to the unrealized exchange losses. VA did not provide sufficient detail for us to determine what portion of the losses should be attributed to the sales of other products and what portion should be identified with the cost of production. Therefore, we allocated the entire amount to cost of production.

Comment 9: The Department should compute VA's cost of production for merchandise sold in the home market using VA's home market SG&A expenses rather than an average for all markets.

DOC Position: We agree. In determining whether home market sales are being made at less than the cost of producing the merchandise under section 773(b), we compare actual home market sales prices with the costs of production attributable to those home market sales. We adjusted the submitted costs of production to include the home market portion of selling expenses.

Comment 10: As no actual credit expenses were submitted, we should impute them.

DOC Position: We agree. We have made an adjustment to foreign market value for the difference in circumstances of sale to account for the different credit terms in the U.S. and home markets. We applied an appropriate interest rate, which was provided by U.S. Steel as the best information available, to the average number of days payment was outstanding in each market to calculate the credit costs in these markets.

Comment 11: The respondent claims certain "discounts" and "rebates" paid to trading companies involved in home market sales. These trading companies receive payments which are, in reality, in the nature of commissions. The Department should therefore offset the deductions against indirect selling expenses in the United States.

DOC Position: We agree that these payments are commissions and not discounts or rebates. Home market purchasers contact VA to establish price and terms of sale. Once the parties have agreed on the terms of sale, the purchaser designates a trading company to handle the paperwork. VA then sells the steel to the trading company at a reduced price and the trading company resells to the purchaser at full price. Under these facts, the payments are clearly commissions paid to the trading company for services rendered in connection with the sale. Since these are not reductions of sales price to the ultimate purchaser, these are not discounts. We have therefore treated them as commissions.

Comment 12: No adjustments for commissions or discounts should be made on sales to related trading companies in the home market.

DOC Position: We agree. We do not use payments between related parties in our calculations as these payments may not reflect actual cost experience. We

have adjusted our calculations to reflect this.

Comment 13: A number of other discounts were not reported on a sale by sale basis and should be disregarded.

DOC Position: We disagree. The discounts were reported in sufficient detail to determine the amounts and to verify payment.

Comment 14: VAIT sales into the European "grey market" should not be taken into account in making margin calculations.

DOC Position: VA knew, when it sold the material, that the ultimate destination of the material was the United States. Therefore, the sales are properly included in our calculations. These sales constitute 60 percent of the imports of the products under investigation to the United States during the period of investigation.

Comment 15: We should take into account Austrian government subsidies in calculating cost of production.

DOC Position: We have examined the subsidies found in the concurrent countervailing duty investigation, and it was apparent that they would have an insignificant effect on the antidumping duty margins. Therefore, we have disregarded them as provided for in § 353.23 of our regulations.

Comment 16: The product groupings in the preliminary determination were too broad. The two steel quality groups used for grouping included a number of different grades of steel. Also, additional difference in merchandise adjustments should be made.

DOC Position: We agree. We are narrowing the groups by subdividing the quality groups by grades of steel, and we are making additional differences in merchandise adjustments where necessary to reflect the new groups and to correct any incorrect adjustments.

Comment 17: The selling expenses of related trading companies should be included in VA's cost of production.

DOC Position: We agree. When determining the costs of production, the Department uses the costs incurred by the consolidated corporate entity, which includes the parent company, its subsidiaries, and its related companies. The selling expenses incurred by the related trading companies are proper costs of the cost of production and have therefore been included.

Interested Party Comment

Comment: Sixty percent of the U.S. sales were reported in an untimely manner and should be disregarded.

DOC Position: We disagree. We had sufficient time to verify these sales and have used them in our comparisons.

Respondent's Comments

Comment 1: The use of average selling expenses for all markets in the computation of cost of production rather than only home market selling expenses is consistent with the statute and no adjustment to reported cost of production is necessary.

DOC Position: We disagree. Since market specific expenses will give a more precise cost of production, it has been the Department's policy to use home market selling expenses in the computation of cost of production when market specific expenses are determinable.

Comment 2: The differences in merchandise adjustment for floor plate, as submitted by VA, (direct materials, direct labor, variable overhead, fixed overhead, and SG&A expenses) is correct.

DOC Position: We disagree. Our policy is to compute differences in merchandise adjustments based on variable manufacturing costs (direct materials, direct labor, and variable overhead) since it is those inputs which directly contributes to the physical differences. Fixed overhead and SG&A expenses are allocated expenses which do not directly contribute to the physical differences.

Comment 3: Average costs by product category (hot-rolled coil, cold-rolled coil, and floor plate) provide an appropriate and adequate basis for cost of production comparisons.

DOC Position: We agree, in this case, that average costs by product category should be used because we have determined, from the best information available, that the costs were closely distributed around the average and that the average would be representative.

Comment 4: The allocation of gains and losses of subsidiary companies which supplied raw materials to VA to adjust transfer prices results in an accurate statement of the cost to VA.

DOC Position: We disagree with VA's methodology because transfer prices between related companies may not reflect actual costs. In this case, however, comparison with either unrelated supplier price or the costs incurred by the related company to produce the raw materials demonstrated that the prices in the submission were reasonable. Therefore, we used the submission prices.

Comment 5: The Department should make an adjustment to purchase price to account for the effect of VA's sales to U.S. customers through an unrelated third party.

DOC Position: We are without the authority to make such an adjustment. We can make only the adjustments specified in section 772(d) of the Act. The requested adjustment does not fall within any of these adjustments. Instead, we have made a circumstance of sale adjustment to foreign market value to account for the loss or gain to VA resulting from the third party's participation in the U.S. transaction. Because the third party's participation is a circumstance directly related to the U.S. sales under investigation, we are satisfied that it is a bona fide difference in the circumstances of the sales compared, which accounts, at least in part, for price differences, or lack thereof, in the two markets.

ITC Determination

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 flat-rolled products materially injure, or threaten material injury to a U.S. industry within 45 days after we make our final determinations. Since our final determination on cold-rolled flat-rolled products is negative, the ITC will not make a determination on that product.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of hot-rolled flat-rolled products from Austria that are entered, or withdrawn from warehouse, for consumption, on or after June 3, 1985. The United States Customs Service shall require a cash deposit equal to the weighted-average amounts by which the foreign market value of the merchandise subject to these investigations exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice. We are directing United States Customs Service to discontinue suspension of liquidation of all entries of cold-rolled flat-rolled products from Austria and to release any cash deposits or bonds.

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 for that amount. The level of export subsidies has been determined in the final affirmative countervailing duty determination on certain carbon steel products from Austria which is being published in this issue of the Federal Register. Accordingly, we will subtract the level of export subsidies from the dumping margins for hot-rolled flat-rolled products for bonding or deposit purposes.

HOT-ROLLED FLAT-ROLLED PRODUCTS

Manufacturer/producer/exporter	Weighted-average margin percentage
Voest-Alpine	2.2
All Others	2.2

COLD-ROLLED FLAT-ROLLED PRODUCTS

Manufacturer/producer/exporter	Weighted-average margin percentage
Voest-Alpine	0.2
All Others	0.2

These determinations are published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Theodore W. Wu,

Acting Assistant Secretary for Trade Administration.

August 12, 1985.

Appendix

Scope of Investigations

The products under investigation are hot-rolled flat-rolled products and cold-rolled flat-rolled products.

The term *"hot-rolled flat-rolled products"* covers hot-rolled carbon steel products, 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, and not clad; 0.1875 inch or more in thickness and 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*.

The term "cold-rolled flat-rolled products" covers cold-rolled carbon steel products, 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, and not clad; over 12 inches in width and 0.1875 inch in thickness, as currently provided for in item 607.8320 of the *TSUSA*, or over 12 not inches in width and under 0.1875 inch in thickness, whether or not in coils; as currently provided for in items 607.8350, 607.8355, 607.8360 of the *TSUSA*.

[FR Doc. 85-19747 Filed 8-16-85; 8:45 am]

BILLING CODE 3510-DS-M

[C-433-402]

Final Affirmative Countervailing Duty Determinations; Certain Carbon Steel Products From Austria

AGENCY: Notice.

SUMMARY: We determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Austria of certain carbon steel products. The estimated net subsidy is 2.27 percent *ad valorem*. We have notified the United States International Trade Commission (ITC) of our determinations.

EFFECTIVE DATE: August 19, 1985.

FOR FURTHER INFORMATION CONTACT: Loc Nguyen or Mary Martin, 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) 377-0167 or 377-3464.

SUPPLEMENTARY INFORMATION:

Final Determinations

Based upon our investigations, we determine that benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Austria of certain carbon steel products. For purposes of these investigations, the following programs are found to confer subsidies:

- Equity Infusions;
- Grants to the Austrian Steel Industry;
- Kontrollbank Export Financing to Voest-Alpine AG; and
- Kontrollbank Export Financing to an East German Company.

We determine the estimated net subsidy to be 2.27 percent *ad valorem*.

Case History

On December 19, 1984, we received a petition from United States Steel Corporation of Pittsburgh, Pennsylvania,

filed on behalf of the U.S. industry producing certain carbon steel products. In compliance with the filing requirements of § 355.26 of our regulations (19 CFR 355.26), the petition alleged that manufacturers, producers, or exporters in Austria of certain carbon steel products directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate countervailing duty investigations, and on January 8, 1985, we initiated such investigations (50 FR 2318). We stated that we expected to issue preliminary determinations by March 14, 1985.

Since Austria is a "country under the Agreement" within the meaning of section 701(b) of the Act, injury determinations are required for these investigations. Therefore, we notified the ITC of our initiation. On February 4, 1985, the ITC determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of hot-rolled carbon steel sheet and cold-rolled carbon steel plates and sheets from Austria. The ITC also determined that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of galvanized carbon steel sheets from Austria which are alleged to be subsidized (50 FR 6070).

We presented a questionnaire concerning the allegations to the government of Austria in Washington, D.C. on January 28, 1985. A supplemental questionnaire was presented on February 14, 1985. The government of Austria and Voest-Alpine AG, provided responses to our questionnaires on February 28, 1985. On the basis of the information contained in these responses, we made preliminary determinations on March 14, 1985, (50 FR. 11220). We verified the responses of the government of Austria and Voest-Alpine AG from March 25–29, 1985, and from June 10–14, 1985.

On March 22, 1985, United States Steel Corporation filed a request for extension of the deadline date for the final countervailing duty determinations to correspond with the date of the final determinations in the antidumping investigations of the same products. Pursuant to section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade Act of 1984, the Department granted an extension of the aforementioned deadline to August 12, 1985, the same deadline for the final determinations in the antidumping investigations.

Scope of the Investigations

The products covered by these investigations are certain carbon steel products, which comprise:

- Hot-rolled carbon steel sheet; and
- Cold-rolled carbon steel sheet.

These products are more fully described in the Appendix to this notice.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigations. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina; Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 26, 1984, issue of the Federal Register (49 FR 18006).

Voest-Alpine AG is the only producer in Austria of the products under investigation. For purposes of these determinations, the period for which we are measuring subsidization ("the review period") is calendar year 1984.

The Department of Commerce has consistently held that government provision of equity does not *per se* confer a subsidy. Government equity purchases bestow countervailable benefits only when they occur on terms inconsistent with commercial considerations. When there is no market-determined price for equity, it is necessary to determine whether the company was a reasonable commercial investment. Voest-Alpine AG's shares are not publicly traded and there are no market-determined prices for its shares.

Therefore, we had to determine whether the equity infusions into Voest-Alpine AG were reasonable commercial investments. To make this determination, we reviewed and assessed Voest-Alpine AG's financial statements from 1971 to 1983 as well as its 1984 preliminary statements. In analyzing the financial statements, we considered the information from the viewpoint of an investor. More specifically, we analyzed the following data:

- Rate of return on sales;
- Rate of return from operations;
- Rate of return on equity;
- Debt to equity ratio; and
- Current ratio.

Based on our review of the financial statements, and responses of the company and government, we determine that the government's equity infusions into Voest-Alpine AG between 1978 and 1984 were on terms inconsistent with commercial considerations.

Based upon our analysis of the petition, the responses to our questionnaire, our verification and comments filed by petitioners and respondents, we determine the following:

I. Programs Determined To Confer Subsidies

We determine that subsidies are provided to manufacturers, producers, or exporters in Austria of certain carbon steel products under the following programs:

A. Equity Infusions

Voest-Alpine AG received equity infusions, during the period 1975–1984, from Osterreichische Industrieverwaltungs-Akteiengesellshaft (OIAG), the government holding company for state-owned enterprises. Portions of the equity infusions into Voest-Alpine AG have been transferred to an affiliated company, Vereinigte Edelstahlwerke AG (VEW). Under the terms of applicable legislation, Voest-Alpine AG was required to transfer the funds to VEW. VEW does not produce or export any of the merchandise under investigation, and therefore we do not consider equity infusions to VEW to benefit the products under investigation.

As discussed in the "Analysis of Programs" section, we determine that Voest-Alpine AG was not a reasonable commercial investment and was unequityworthy from 1978 to 1984; thus the government equity infusions between 1978 and 1984 were on terms inconsistent with commercial considerations. Therefore, we determine that these equity infusions confer benefits which constitute a subsidy.

Following the methodology contained in the Subsidies Appendix, we have calculated the benefit from these equity infusions by multiplying the difference between Voest-Alpine AG's estimated rate of return on equity in 1984 and the national average rate of return on equity during the same period by the total amount of equity infusions made since 1978. The national average rate of return on equity was taken from *Capital International Perspective*. We then allocated the aggregate benefit over the value of total sales of all products produced by Voest-Alpine AG. On this basis we determine the estimated net subsidy to be .04 percent *ad valorem*.

B. Grants to the Austrian Steel Industry

Under Law 602/1981, the Austrian government authorized a grant of 2

billion Austrian schillings for the structural improvement of Voest-Alpine AG. These funds were disbursed through OIAG to Voest-Alpin AG in 1981 and 1982.

Law 589/1983 further permitted OIAG to raise new funds beginning in 1983. These funds were to be used for improving the economic structure of nationalized industrial enterprises. Of the funds raised by OIAG pursuant to the 1983 law, a portion went to Voest-Alpine AG in the form of equity infusions; these are discussed above. Another portion was made available to Voest-Alpine AG in the form of grants, approximately 85 percent of which had been disbursed by June 1985.

We find these grants to be limited to a specific enterprise or industry or to a specific group of enterprises or industries. Therefore, we determine these grants to be countervailable.

To calculate the amount of the benefit, we allocated the grants over 15 years (the average useful life of renewable assets in the steel industry). Discount rates have been developed for the years in which the grants were agreed upon. The grants authorized under the 1981 law have been allocated using Voest-Alpine AG's 1981 weighted cost of capital as our discount rate (where applicable Voest-Alpine AG's 1984 floating interest rates on its long-term loans, received in 1981, were used to determine the weighted cost of capital). For the grants authorized by the 1983 law, the date of agreement (allocation) varies, since the amounts and the date of allocation were the subject of negotiation between OIAG and Voest-Alpine AG. Therefore, for grants received pursuant to the 1983 law we have used Voest-Alpine AG's 1983 weighted cost of capital as our discount rate, and where applicable the 1984 floating interest rates on the capital were incorporated into these calculations. The portion of the grant authorized by the 1983 law, but which had not been disbursed as of June 1985, was not included in these calculations.

We allocated the aggregate benefit over the value of total sales of all products produced by Voest-Alpine AG. Based on this methodology we find the estimated net subsidy conferred by these grants to 1.54 percent *ad valorem*.

C. Kontrollbank Export Financing to Voest-Alpine AG

Under this program, export financing credits are extended by commercial banks, to exporters or buyers, which are then refinanced through one of the export financing schemes operated by Osterreichische Kontrollbank Aktiengesellschaft (OKB). The OKB was founded in 1946 to provide services not normally available from commercial banks. It has administered the official Austrain Export Credit and Guarantee Scheme on behalf of the Federal Ministry of Finance since 1950. OKB's twelve shareholders are exclusively Austrian credit institutions of which two are large nationalized banks.

Voest-Alpine AG received export financing from commercial banks, which was then refinanced by the Kontrollbank, at interest rates lower than the national average short-term interest rate in Austria during 1984. For purposes of these determinations, we have used 9.25 percent as the benchmark for short-term loans. This is the "Commercial Bank Lending Rate to Prime Borrowers" as reported in *World Financial Markets*. Since kontrollbank export financing is only available for use by exporters and the rates of interest charged are less than our benchmark, we determine that the provision of such financing constitutes a countervailable benefit.

The benefit provided under this program was determined by applying the interest rate differential between by applying the interest rate differential between the short-term benchmark and the interest rates paid by Voest-Alpine AG on the principal amount of all loans received by the company for the numbers of days the loans were outstanding. We then allocated the aggregate benefit over the value of exports of all products produced by Voest-Alpine AG. On this basis, we calculated an estimated net subsidy in the amount of .08 percent *ad valorem* for the products under investigation.

D. Kontrollbank Export Financing to an East German Company for U.S. Sales

Another financing scheme operated by the OKB provides for refinancing of short-term commercial bank loans granted to buyers of Anstria's export products. In the past, the Department found that this type of financing, if preferential, confers a subsidy to the products under investigation when the recipient of the financing was a U.S. purchaser. See "Bars and Shapes from Mexico; Final Affirmative Countervailing Duty Determination and Countervailing Duty Orders" (49 FR 32887). In this instance, however, OKB export financing was used to partially finance sales of the products under investigation to an East German company (i.e., a company that is neither Austrian nor American owned). The East German company then sold these goods to a trading company with the knowledge that these goods eventually would be sold to the United States.

We learned the details of these circuitous sales to the United States when, at our request, counsel for the respondent submitted additional information on sales of the products under investigation through this East German company. During verification, we verified the total sales of the products under investigation to the East German company, as well as the fact that commercial banks had, indeed, provided loans to the East German company which were then refinanced by OKB. However, we were unable to obtain information on the amount of OKB refinancing of the products under investigation sold to the United States that the East German company received.

Since the interest rate charged on the short-term OKB loans was lower than the national average short-term interest rate in 1984 and since this preferential financing is limited to Austrian exports, we determine that the provision of such financing confers a countervailable benefit on the exports of the products under investigation that were eventually sold to the United States. The interest rate charged by the OKB was 8.5 percent for 85 percent of the sales and 8.75 percent for 15 percent of the sales. Using best information available, we have assumed that 85 percent of the sales from Voest-Alpine to the East Germany company benefitted from this financing. This is the maximum amount of export financing available to importers from the Kontrollbank. Because the borrowing is denominated in Austrian schillings, we have used 9.25 percent as our benchmark.

The benefit provided under this program was determined by applying the interest rate differential to the value of sales financed and allocating the benefit over the value of the sales to the East German company. On this basis, we calculated an estimated net subsidy of .61 percent *ad valorem*.

II. Programs Determined Not To Confer a Subsidy

We determine that subsidies are not being provided to manufacturers, producers, or exporters in Austria of certain cabon steel products under the following programs:

A. Osterreichische Investitionskredit TOP-1 and TOP-2 Loans

The TOP-1 and TOP-2 loan programs are intended to further investments which are important for structural change by providing federal interest rate support for credits given by Austrian banks. These credits are refinanced on the Austrian capital market by the Investitionskredit AG. We verified that

loans were received by a range of sectors of the Austrian economy including electrical, chemical, metals, textiles, wood processing, ceramics, food, etc., and were primarily directed towards small- and medium-sized firms. Since these two TOP programs are neither limited to export promotion, nor to a specific industry or group of industries, we determine that the benefits from this program do not constitute a subsidy.

B. Labor Subsidies

1. Government-Funded Labor Training. Under the Labor Market Promotion Act, Law No. 31/1969, companies in Austria may receive funds from the Austrian government for the establishment of in-house training programs to improve worker skills or to teach workers new vocations. In addition, under this law, companies in Austria with low levels of capacity utilization may receive funds to be paid to the workers engaged in training in combination with reduced hours of work. Employees whose working hours are reduced receive support payments compensating them for the loss in earnings sustained. Workers receiving benefits under this program spend the difference between their reduced working hours and their normal working hours in training programs. We verified that funding for these labor training programs is available to all sectors of Austrian industry and not just to the iron and steel industry or to export-related industries. Because this program is not limited to a specific enterprise or industry, or group of enterprises or industries, we determine that the program does not constitute a subsidy.

2. Special Assistance Act. The Special Assistance Act of 1973, Law No. 642/1973, provides enhanced unemployment benefits for former employees of sectors of the economy hit by the downturn which have been let go and are at least 55 years old for men or 50 years old for women. The Federal Minister of Social Affairs is empowered to determine by decree which sectors of the economy warrant application of the provisions of the law. In a decree issued on March 21, 1983, the iron and steel industry was included within the provisions of this law. We verified that payments under this law are made directly to the workers who have been laid off by an employer. The employer itself is not entitled to any support or subsidies under this law, and is not relieved from payment of any expenses or obligations which it would normally incur. Because this program provides assistance to workers and does not relieve Voest-Alpine AG of any expenses or obligations, we determine that the company does not receive any subsidy under this program.

C. Interest Subsidy Program—European Recovery Program (ERP) Loans

The government of Austria administered the European Recovery Program Fund of Austria from 1978–1981 to encourage the development of industrial projects. Under this program, qualifying investments were eligible for interest support, reducing the amount of interest payable on commercial loans obtained to finance such investments. All companies in Austria were eligible for this program and we verified it was used by a wide variety of industries. We also verified that this program was not confined to export-related projects. Because this program is not limited to a specific enterprise or industry, or group of enterprises or industries, we determine that this program does not constitute a subsidy.

D. Loan Guaranty Program

Petitioner alleged that Voest-Alpine AG received loan guarantees from the Austrian government in 1981 and 1982. We verified that the only loan guarantees the Austrian government provided to Voest-Alpine AG were for loans issued by Austrian insurance companies pursuant to section 77 of the Insurance Supervisory Law of October 18, 1978, No. 5691/1978. This law requires insurance companies to secure their contingent liabilities by maintaining as security certain types of safe investments of the following classes: (1) High-grade loans and securities; (2) government-guaranteed securities; and (3) real estate. We also verified that Voest-Alpine has obtained a substantial amount of financing on an unguaranteed basis from ordinary commercial sources, and that the government guarantee of insurance company loans to Voest-Alpine AG enabled the insurance companies to find large-scale, legally eligible investments for placement of their investment portfolios. Accordingly, we determine that this program does not provide subsidies to Voest-Alpine AG.

III. Programs Determined Not To Be Used

We determine that manufacturers, producers or exporters in Austria of certain carbon steel products did not use the following programs:

A. Local Incentives

Petitioner alleged that Voest-Alpine AG may have received benefits from a number of local investment incentives that are available to industries in Austria. We verified that during the review period no local incentives were applicable to the production of the merchandise under investigation.

B. Income Tax Deferral on Export Sales

In a submission dated January 31, 1985, petitioner alleged that the Austrian government provides an export subsidy to exporters by permitting them to deduct 15 percent of receivables originating from exports from their taxable income. Our verification revealed that Voest-Alpine AG did not use this program during the review period.

Petitioner's Comments

Comment 1: Petitioner argues that in quantifying the subsidy from loss coverage/restructuring funds (i.e., grants) received by the Austrian steel producer, the benefit should be allocated to the year of receipt and not spread over 15 years because of the recurring nature of the Austrian government's grant program.

DOC Position: We disagree. The grants given to Voest-Alpine AG by the Austrian government are not recurring in nature, since the Austrian Parliament must provide separate legislative authority for each of these infusions. Hence, we have calculated the benefits provided by these grants according to our normal grant methodology.

Comment 2: Petitioner contends that under both the current ITA standard and a private lender standard, Voest-Alpine AG has been uncreditworthy since at least 1973.

DOC Position: Voest-Alpine AG has issued bonds to private investors and has also obtained substantial amounts of credit from Austrian and non-Austrian commercial banks from 1973 forward: on this basis, we consider it to be creditworthy.

Comment 3: Petitioner argues that absent future government support, Voest-Alpine would not have been able to obtain commercial loans comparable to those which it did obtain.

DOC Position: We consider this issue to be irrelevant since the Department, in determining the creditworthiness of a company, does not speculate on the possible impact of future government support. Instead it analyzes the company's operations at the point in time at which the debt was incurred.

Comment 4: Petitioner contends that government loan guarantees to Voest-Alpine AG benefit the company rather than insurance company lenders.

DOC Position: We disagree. As stated above, the Department has found Voest-Alpine AG to be creditworthy because it

received numerous commercial loans without any government guarantee. Lenders included many commercial banks, both Austrian and non-Austrian. Therefore, Voest-Alpine AG has been able to obtain financing from commercial sources. Furthermore, because government guarantees of insurance company loans are necessary to enable the insurance companies to find investments that would be legally eligible for the placement of their portfolios, these government loan guarantees do not bestow a countervailable benefit on Voest-Alpine AG.

Comment 5: Petitioner argues that implicit government loan guarantees which reduce a State firm's borrowing costs should be found to constitute countervailable subsidies. In support of this, petitioner argues that state firms benefit from implicit government loan guarantees that are substantively no different from explicit government loan guarantees, and that failure to consider implicit government loan guarantees causes the subsidy from explicit government loan guarantees and preferential government loans to be understated.

DOC Position: We disagree. Government ownership of a firm does not *per se* guarantee the payment of a state-owned firm's unguaranteed debt. Moreover, the implicit guarantee theory would result in double-counting in cases where we find explicit government loan guarantees to be countervailable.

Comment 6: Petitioner argues that should the Department need to estimate a discount rate, then the interest rate component should reflect Voest-Alpine AG's uncreditworthiness (i.e., the commerical interest rate plus a risk premium).

DOC Position: Since we have determined that Voest-Alpine AG is creditworthy, this issue is moot.

Comment 7: Petitioner argues that because the response stated that the TOP loan program "subsidizes investment projects" and that an important criterion for project selection is the "share of goods [to be] exported into developed countries" the TOP loans therefore constitute countervailable export subsidies.

DOC Position: We disagree. We verified that this program was available to, and used by, a wide variety of industries. Furthermore, while the export effect of a particular project is one criterion of the TOP-1 and TOP-2 programs, it is only one of many criteria. Other pertinent criteria in determining what investment projects are eligible for the TOP program include: self-financing power; relevance of the program in terms of structural policy, including demand trend, product characteristics, innovative merits, employment structure of the project; side effects of the project, including domestic competitors, infrastructure demands, pollution; chances of the projects' success, etc. For these reasons, we have determined that the TOP-1 and TOP-2 programs do not confer export subsidies.

Comment 8: Petitioner argues that government equity infusions into Voest-Alpine AG benefit the firm as a whole, regardless of their application and, therefore, equity infusions passed through Voest-Alpine AG to its subsidiary, VEW, are countervailable.

DOC Position: We disagree. The equity infusions which were made to VEW, were specifically tied by law to VEW, therefore, funds were not available for Voest-Alpine's general corporate purposes. VEW's financial statements, annual reports, etc., are not combined with those of Voest-Alpine AG. Moreover, the subsidy calculations do not include any benefits received by VEW, nor are VEW's sales or exports included in the denominators of the calculations. For these reasons, we determine that the equity infusions made to VEW do not confer countervailable subsidies to Voest-Alpine AG.

Comment 9: Petitioner argues that equity infusions into Voest-Alpine AG (including its two state-owned predecessors) should be investigated back to 1968 since they constitute countervailable benefits.

DOC Position: We disagree. The petition alleged that Voest-Alpine AG received massive government equity infusions since 1975. We initiated on this allegation. During our investigation, we examined Voest-Alpine AG's equityworthiness during the years 1971-1984. Based on this information, we determined that Voest-Alpine AG was equityworthy until 1978.

Comment 10: Petitioner argues that government subsidies should be excluded from Voest-Alpine AG's reported profits to determine the government's actual rate of return on its equity in the company for purposes of analyzing Voest-Alpine AG's equityworthiness and for determining the net subsidy received by the company.

DOC Position: The Department, for purposes of analyzing the company's operations for the equityworthy determination and for determining the net subsidy received by the company, uses the rate of return from its business activity based on acceptable accounting principles.

In this case, the net profit/loss of VA included funds received as the principal amounts from borrowings and certain appropriations to and from reserve accounts. Since there amounts did not result from operations, the rate of return used by the Department to analyze the company and calculate the net subsidy did not include these amounts. In determining the equityworthiness of the company, the Department analyzes the operations of the company without considering the sources of the funds received. Funds received through other government programs, debt or equity may have been made in accordance with commercial considerations. If the Department concludes that such funds were not provided in accordance with commercial considerations, these are then countervailed under the other program.

Respondent Voest-Alpine AG's Comments

Comment 1: Respondent contends that the weighted cost of capital (discount rate) used in the grant calculations should take into account the floating interest rates on Voest-Alpine AG's long-term loans.

DOC Position: We agree. However, at the time of the preliminary determination we were unaware that these long-term loans had floating interest rates. In these final determinations, Voest-Alpine AG's verified long-term floating interest rates were used to calculate the weighted cost of capital.

Comment 2: Respondent argues that the 9.25 benchmark interest rate for short-term loans is too high and that information published by a U.S. bank with respect to interest rates prevailing in a foreign country does not constitute best available information, when other more reliable information has been provided and verified. Respondent also argues that information from Voest-Alpine AG, and from Austrian banks, concerning their 1984 bill of exchange and short-term loans' discount rates would be more appropriate "best information available" than information published in the U.S. by a U.S. bank regarding a type of financing that is not comparable to bill of exchange financing.

DOC Position: We disagree. There are no published short-term interest rates in Austria. Since we were unable to verify the short-term interest rates which the Austrian banks provided, we cannot consider these interest rates to be the best information available. Although respondent provided information that bills of exchange are an instrument of

short-term financing in Austria, no information was provided about the percentage of short-term financing that bills of exchange constitute. The information provided by respondents indicated that bills of exchange are not the predominant form of short-term financing in Austria and, therefore, they are not representative of the national average short-term interest rate.

Comment 3: Respondent contends that export financing given to a third country company (i.e. neither a U.S. nor Austrian company) by the OKB should not be regarded as a subsidy, since Voest-Alpine AG was not a recipient of any of the export financing.

DOC Position: We disagree. We assume that Voest-Alpine AG sold the East German company the merchandise under investigation for commercial purposes. And as we discussed above, a subsidy was bestowed on the goods which were eventually imported into the United States. Therefore, preferential loans provided to the East German purchaser by the Austrian government benefitted the goods exported to the United States.

Comment 4: Respondent contends that the Austrian export credit programs are not countervailable because they conform to OECD rules governing export credit programs and are, therefore, permissible under paragraph k of the "Illustrative List of Export Subsidies" which is annexed to the GATT Subsidy Code.

DOC Position: We disagree. The OECD rules governing such programs are only applicable to export credits of more than 2 years. The loans in question, however, have a duration of only 18 months and are therefore not subject to OECD's export credit regulations. Thus, we do not believe that the portion of paragraph k cited by respondent is relevant with respect to the loans in questions.

Comment 5: Respondent argues that OKB credits to a third country company are not made at subsidized rates since OECD found that the rates charged on its credits are "sufficient to earn a positive spread over OKB's cost of funds," and since these rates were at, or above, the prevailing rates in Austria for comparable types of loans.

DOC Position: We disagree. The OKB loans were not at, or above, the prevailing rates in Austria for comparable types of loans. Whether or not OKB's credits are sufficient to earn a positive spread over its cost of funds is irrelevant to our analysis.

Comment 6: Respondent argues that the grants and equity infusions received by Voest-Alpine AG could constitute a subsidy only with respect to the "manufacture, production or exportation" of the goods under investigation, and that because these funds were not used for the manufacture, production or exportation of these goods, ITA should not be countervail them.

DOC Position: We disagree. All equity infusions made to Voest-Alpine AG as of 1978, when it was deemed unequityworthy, are countervailable regardless of whether these infusions only benefit certain Voest-Alpine plants, since they were available to Voest-Alpine AG to utilize as it wished.

Comment 7: Respondent argues that the OKB rates for short-term loans are higher than its medium-term rates, which are in accord with OECD rules; and since, short-term interest rates are generally lower than longer term interest rates, the rates applicable to OKB's short-term financing are also in accord with the applicable international rules. The Department should conclude, therefore, that these rates are not preferential.

DOC Position: The fact that some of OKB's short-term rates are higher than some of its medium-term rates, which conform to OECD rules and/or other international rules, is irrelevant to our investigation. In determining whether loan rates given by central or state-owned banks are preferential, it is our policy to use a national average commercial interest rate as a benchmark, if the loan program is a broad, national lending program. In this case, we are using an average commercial rate in *World Financial Markets* which is published by Morgan Guarantee Trust and Co. as best information available.

Verification

In accordance with section 776(a) of the Act, we verified the information used in making our final determinations. Commerce officials spent from March 24–29, 1985, and from June 11–14, 1985, verifying the information submitted by the government of Austria and Voest-Alpine AG, and gathering additional information to be used in these determinations. During these verifications, we followed normal verification procedures including the inspection of documents and ledgers, and the tracing of information in the response to source documents, accounting ledgers and financial statements.

Administrative Procedures

We afforded interested parties an opportunity to present oral views in accordance with our regulations (19 CFR 355.35). A public hearing was not requested. In accordance with the Department's regulations (19 CFR 355.34(a)), written views have been received and considered in this determination.

Suspension of Liquidation

In accordance with our preliminary countervailing duty determinations published on March 20, 1985, we directed the U.S. Customs Service to suspend liquidation on the products under investigation and to collect the estimated net subsidy. The countervailing duty final determinations were extended to coincide with the antidumping final determinations on the same products, pursuant to section 606 of the Trade and Tariff Act of 1984 (section 705(a)(1) of the Tariff Act). However, we cannot impose the suspension of liquidation of the subject merchandise for more than 120 days without the issuance of a final determination. Therefore, on July 17, 1985, we instructed the U.S. Customs Service to terminate the suspension of liquidation on the subject merchandise entered on or after July 19, 1985, under the preliminary countervailing duty determinations. On July 19, 1985, United States Steel Corporation, petitioner in this case, obtained a temporary restraining order from the Court of International Trade enjoining the U.S. Department of Commerce and the U.S. Customs Service from terminating the suspension of liquidation in the countervailing duty investigations of certain carbon steel products from Austria. On July 25, 1985, the Court of International Trade lifted the July 19, 1985, temporary restraining order; therefore, we instructed the U.S. Customs Service to terminate the suspension of liquidation on the subject merchandise entered on or after July 26, 1985 under the preliminary countervailing duty determinations.

We will instruct the U.S. Customs Service to continue the suspension of liquidation of all entries, or withdrawal from warehouse, for consumption of the subject merchandise entered between March 20, 1985 and July 26, 1985. This suspension of liquidation does not apply to entries of the subject merchandise entered on or after July 26, 1985, and the final ITC determinations.

ITC Notification

In accordance with section 705(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 these imports materially injure, or threaten material injury to, a U.S. industry 45 days after 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 estimated duties deposited, or 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 countervailing duty orders, directing Customs officers to assess countervailing duties on certain carbon steel products from Austria entered, or withdrawn from warehouse, for consumption as described in the "Suspension of Liquidation" section, equal to the estimated net subsidy amount of 2.27 percent.

This notice is published pursuant to section 703(f) of the Act (19 U.S.C. 1671b(f)).

Theodore W. Wu,

Acting Assistant Secretary for Trade Administration.

August 12, 1985.

Appendix—Description of Products, Austria

1. The term "*hot-rolled carbon steel flat-rolled products*" covers hot-rolled carbon steel products, 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 and not clad; 0.1875 inch or more in thickness and over 8 inches in width and pickled, as currently provided for in item 607.8320 of the *TSUSA*; and not pickled and in coils; as currently provided in item 607.6610, 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*.

2. The term "*cold-rolled carbon steel flat-rolled products*" covers cold-rolled carbon steel products, whether or not corrugated or crimped; whether or not painted or varnished and whether or not pickled; not cut, nor pressed, and not stamped to non-rectangular shape; not coated or plated with metal and not clad; over 12 inches in width and 0.1875 or more in thickness, as currently provided for in item 607.8320 of the *TSUSA*; or over 12 inches in width and under 0.1875 inch in thickness, whether or not in coils as currently provided for in items 607.8350, 607.8355, or 607.8360 of the *TSUSA*.

[FR Doc. 85-19750 Filed 8-16-85; 8:45 am]

BILLING CODE 3510-DS-M

[C-401-401]

Final Affirmative Countervailing Duty Determinations; Certain Carbon Steel Products From Sweden

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Sweden of certain carbon steel products. The estimated net subsidy is 8.77 percent *ad valorem* for all manufacturers, producers, or exporters in Sweden of certain carbon steel products, except for Surahammars Bruks AB which is excluded from these determinations. We have notified the United States International Trade Commission (ITC) of our determinations.

EFFECTIVE DATE: August 19, 1985.

FOR FURTHER INFORMATION CONTACT: Jack Davies, Roy Malmrose, or Mary Martin, 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) 377-1785, 377-8320, or 377-3464.

SUPPLEMENTARY INFORMATION:

Final Determinations

Based upon our investigations, we determine that benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Sweden of certain carbon steel products. For purposes of these investigations, the following programs have been found to confer subsidies:

- Regional Development Incentives;
- National Government Loans and Grants;
- Government Funds for Loss Coverage;
- Government Equity Infusions;
- Government Equity Guarantees;
- Government Acquisition of Assets for SSAB;
- Employment Promotion Grants; and
- Government Research and Development Grants to SSAB.

We determine the estimated net subsidy to be 8.77 percent *ad valorem* for all manufacturers, producers, or exporters in Sweden of certain carbon steel products, except for Surahammars Bruks AB which is excluded.

Case History

On December 19, 1984, we received a petition from the United States Steel Corporation of Pittsburgh, Pennsylvania, filed on behalf of the U.S. industry producing certain carbon steel products. In compliance with the filing requirements of § 355.26 of our regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Sweden of certain carbon steel products directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate countervailing investigations, and on January 8, 1985, we initiated such investigations (50 FR 2319). We stated that we expected to issue preliminary determinations by March 14, 1985. On January 25, 1985, counsel for Surahammars Bruks AB requested that the company be excluded from any countervailing duty order pursuant to 19 CFR 355.38.

Since Sweden is a "country under the Agreement" within the meaning of section 701(b) of the Act, injury determinations are required for these investigations. Therefore, we notified the ITC of our initiation. On February 4, 1985, the ITC determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of carbon steel plate, hot-rolled carbon steel flat-rolled products, and cold-rolled carbon steel flat-rolled products from Sweden (50 FR 6070).

We presented a questionnaire concerning the allegations to the government of Sweden in Washington, D.C. on January 25, 1985. A supplemental questionnaire was presented on February 12, 1985. The government of Sweden, Svenskt Staal AB (SSAB), and Surahammars Bruks AB (Surahammars), the two Swedish producers and exporters of the products under investigation, provided responses to our questionnaire on February 25, 1985. We also received information pertaining to our questionnaire from Granges AB on February 19, 1985, and

from Luossavaara-Kiirunavaara AB (LKAB) on March 6, 1985. On the basis of the information contained in these responses, we made preliminary determinations on March 14, 1985 (50 FR 11224). We verified the responses of the government of Sweden, SSAB, Surahammars, and LKAB from March 25–April 4, 1985.

On March 21, 1985, the United States Steel Corporation filed a request for extension of the deadline date for these final determinations to correspond with the date of the final determinations in the antidumping investigations of the same products from Austria. Pursuant to section 705(a)(1) of the Act, as amended by section 606 of the Trade and Tariff Act of 1984, the Department granted an extension of the aforementioned deadline to August 12, 1985, the deadline for the final determinations in the antidumping investigations.

Scope of Investigations

The products covered by these investigations are certain carbon steel products, which comprise:

- Carbon steel plate;
- Hot-rolled carbon steel flat-rolled products; and
- Cold-rolled carbon steel flat-rolled products.

These products are more fully described in the Appendix to this notice.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigations. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina; Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 26, 1984 issue of the Federal Register (49 FR 18006).

The two producers and exporters of the products under investigation are SSAB and Surahammars. For purposes of these determinations, the period for which we are measuring subsidization ("the review period") is calendar year 1984.

Based upon our analysis of the petition, the responses submitted by the government of Sweden, SSAB, Surahammars, and LKAB to our questionnaire, our verification, and comments submitted by interested parties, we determine the following:

I. Programs Determined To Confer Countervailable Benefits

We determine that subsidies are being provided to manufacturers, producers, or exporters in Sweden of certain carbon steel products under the following programs:

A. Regional Development Incentives

Petitioner alleged that the Swedish carbon steel producers have received various regional development incentives from the Swedish government.

We verified that SSAB has received regional development loans and grants from the government for location of industry, freight relief, regional investment projects, health care facilities, building and construction, various employment schemes, and labor training programs. We determine that all of the above programs are countervailable except for the employment and training programs, which we found to be not limited to a particular region or to a specific enterprise or industry or group of enterprises or industries.

For non-recurring grants, we evaluated the benefits using the grant methodology, and allocated the subsidy over 15 years (the average useful life of renewable physical assets for the steel sector). For the recurring benefits under the freight relief program, we considered the amount received during the review period only. Finally, for the location of industry loan, we calculated the benefits using the long-term loan methodology. We divided the sum of these benefits by total sales for the review period to arrive at an estimated net subsidy of 0.26 percent ad valorem.

B. National Government Loans and Grants

Petitioner alleged that the Swedish carbon steel producers have received preferential loans and grants from the government as part of a broad program for restructuring the Swedish steel industry.

We verified that SSAB received reconstruction loans and structural loans from the Swedish government. Both types of long-term loans initially were given to SSAB as part of the Swedish government's participation in the establishment of SSAB in 1978. Additional reconstruction and structural loans were awarded to SSAB by the government in later years.

The initial reconstruction loans received by SSAB in 1978 were intended to cover expected operating losses by SSAB during the 1978–1982 restructuring period and are discussed below in section I.C. Subsequent reconstruction loans were granted for employment promotion purposes and for investment in plant and equipment. These loans were interest-free for the first three years, after which they carried an interest rate of either 9.5 percent or 11.5 percent. Any accrued interest not paid in a given year is added to the loan principal at the end of the fiscal year. Up to half of the funds received may be written off at the end of the second fiscal year after initial disbursement, and the remainder of the unpaid principal may be forgiven entirely at the end of the ninth fiscal year after disbursement. Furthermore, principal and interest payments on these loans are required only if SSAB decides to distribute dividends to its shareholders. In each year dividend payments are made, SSAB is obligated to make a payment to the government on these loans in an amount equal to the dividends paid.

The structural loans received by SSAB were intended to finance a portion of designated investment projects. These loans were interest-free for the first three years, after which they carried an interest rate based on the prevailing state loan interest rate plus a 0.25 percent margin. The interest rate, which is adjusted every fifth year, initially was 5.25 percent and currently is 12.50 percent, including the 0.25 percent margin. The term of these loans is 25 years after disbursement. A portion of the initial set of structural loans was converted by the government in 1981 to new equity in SSAB (see section I.D. below).

Since all of the these loans were authorized under special government legislation and were given to SSAB on terms inconsistent with commercial considerations, we determine that the reconstruction and structural loans provide countervailable benefits to SSAB.

Petitioner alleged that SSAB has been uncreditworthy since its formation in 1978. To determine if SSAB was creditworthy during the 1978–1984 period, we focused on the ability of the company to meet its interest obligations. In addition, an important measure of creditworthiness is whether private lenders are lending the company significant amounts of funds free from any government involvement. Our examination of these factors leads us to conclude that SSAB has been and continues to be creditworthy.

We calculated the benefits conferred by these loans in accordance with our long-term loan methodology as contained in the Subsidies Appendix. For the benchmark interest rate on variable-rate loans, we used the prevailing short-term interest rate charged by commercial banks on checking accounts, as published in the *"Allman Manadsstatistik 1985:6."* To calculate the *ad valorem* benefit

conferred by these loans, we divided the sum of all 1984 loan benefits, less interest repaid in 1984, by the total value of SSAB's 1984 sales.

We treated those portions of the reconstruction loans which were written off prior to 1985 as grants. In accordance with the grant methodology in the Subsidies Appendix, we allocated the amount of the loan principal forgiven (the grant amount) over 15 years using the weighted-average cost of capital in the year when the terms of the original loan were agreed upon. To calculate the *ad valorem* benefit conferred by these grants, we divided the sum of all 1984 grant benefits by the total value of SSAB's 1984 sales.

The estimated net subsidy rate for the loan and grant benefits derived from SSAB's reconstruction and structural loans is 1.84 percent *ad valorem*.

C. Government Funds for Loss Coverage

In 1978 the Swedish government provided funds to SSAB to cover operating losses projected by SSAB to occur during the 1978–1982 startup period. Under Government Bill 1977/78:87, funds for loss coverage were authorized in the form of conditional reconstruction loans. Because they are recorded as contingent liabilities rather than ordinary debt and because they are considered to be an offset to the par value of the equity shares owned by SSAB's investors, the loss coverage reconstruction loans have characteristics common to both equity and debt.

Since these loss coverage reconstruction loans were authorized under special government legislation and were given to SSAB on terms inconsistent with commercial considerations, we determine that these loss coverage funds provide countervailable benefits to SSAB.

These loss coverage reconstruction loans contained essentially the same terms and repayment conditions as the reconstruction loans discussed in section I.B. above. A total of 1,800 million Swedish kronor (MSEK) was drawn down by SSAB during the 1978–1984 period. After a three year grace period, interest on each drawdown accrues at a rate of 9.5 percent, and any accrued interest not paid by the end of the fiscal year is added to the drawdown amount. According to the repayment terms, one-half of the amount of each drawdown may be forgiven by the government at the end of the second fiscal year after disbursement. At the end of the ninth fiscal year, the government has the option to demand total or partial repayment of the principal and accumulated interest or to forgive the entire amount.

We verified that one-half of the amount drawn down on these loss coverage loans was forgiven by the Swedish government two years after each drawdown. We also verified that during 1984 a payment was made on the first drawdown amounting to 25 MSEK, equal to the amount of dividends approved by the shareholders for fiscal year 1983. To calculate the benefits attributable to both the loan write-off and the remaining loan principal, we divided the sum of all 1984 loan and grant benefits, less dividends repaid in 1984, by the total value of SSAB's 1984 sales. The estimated net subsidy rate for the loss coverage funds is 2.21 percent *ad valorem*.

D. Government Equity Infusions

Petitioner alleged that, since its formation in 1978, SSAB has received mass government equity infusions on terms inconsistent with commercial considerations.

We have consistently held that government provision of equity does not *per se* confer a subsidy. Government equity infusions bestow countervailable benefits only when they occur on terms inconsistent with commercial considerations. When there is no market-determined price for equity, it is necessary to determine whether the company is a reasonable commercial investment. Since SSAB's shares are not publicly traded, and there is no market-determined price for its shares, we must determine whether SSAB is equityworthy.

Two equity infusions were made by the government of Sweden. The first was made in 1978, at the time of formation of SSAB, and the second in 1981. In making our determination we analyzed each infusion separately from the viewpoint of an informed investor using data which were available at the time.

In analyzing the initial investment, we considered the financial results of the three primary producers and investors in SSAB, Norrbottens Jarnverk AB (NJA), Granges AB, and Stora Kopparbergs Bergslag AB (Stora), for the years, 1975 through 1977; the report commissioned by the government entitled "The Commercial Grade Steel Industry on the Eve of the Eighties"; and the investment plans and financial forecasts prepared for SSAB for the period 1978 through 1982.

Based on the facts available to an investor at the time the equity investment was made concerning: (1) The anticipated rate of return on equity, (2) the extended length of time before the company was projected to become profitable, (3) the prospects of the world steel industry, (4) the expected demand in Sweden and export markets, (5) the amount of capital and loss coverage investment required by SSAB, and (6) the cost structure of the company, the Department concluded that the equity investment was not made in accordance with commercial considerations.

When the second equity investment was made, both the experience in the steel industry and knowledge of the prospects of SSAB indicated that a reasonable return could not be expected on any new equity investment in SSAB. Additionally, we considered the action of the two private investors in SSAB, Stora and Granges. Stora chose to forgo its entire investment in SSAB rather than invest an additional 375 MSEK in new capital. Granges only agreed to invest after the government guaranteed the new investment and a rate of return on the new investment (see section I.E. below). The actions of the two private investors confirmed that private investors did not consider the company equityworthy. Therefore, we conclude that SSAB has been unequityworthy since its inception.

We verified that SSAB received two government equity infusions in 1978 and 1981. The 1978 government equity infusion was part of SSAB's 1978 formation agreement. Under the terms of the formation agreement, Granges, Stora, and NJA, a government-owned entity each transferred its steel assets to SSAB in exchange for 25 percent shares of SSAB. As part of the formation agreement, the government also contributed 700 MSEK in cash in exchange for a 25 percent share of SSAB. At the time of the formation of SSAB, the government also agreed to pay NJA 530 MSEK to fund the difference between the book value and the sale value of the assets sold to SSAB (see section I.F. below) and to provide 343.3 MSEK in funds to SSAB to purchase from Granges a railroad used to transport iron ore and steel (see section I.F. below).

Because the assets transferred by the two privately-owned steel companies to SSAB were part of a negotiated agreement, we consider the transfer value of the assets to represent a fair, negotiated, arms-length value. Thus, we determine that SSAB did not receive any countervailable benefits from the transfer of steel assets from the two private steel companies in exchange for 25 percent of the shares of SSAB. However, because the 700 MSEK in government funds and the 700 MSEK in assets contributed by a government-

owned entity, namely NJA, were given to an unequityworthy company, we determine that the funds and transferred assets constitute equity infusions inconsistent with commercial considerations and are therefore countervailable.

In 1981, SSAB required additional capital from its shareholders. As a result of the need for additional capital, Stora decided to relinquish its ownership in SSAB which was then absorbed by the government. The government contributed 575 MSEK in cash and coverted 550 MSEK in structural loans from debt to equity. Granges contributed 375 MSEK to maintain its proportional share as a 25 percent shareholder in SSAB (see section I.E. below) and provided a 150 MSEK debenture loan (see section II.B. below). Because the government contributed a total of 1125 MSEK in equity in 1981 to an unequityworthy company, we determine that the funds constitute an equity infusion inconsistent with commercial considerations.

Using the equity methodology in the Subsidies Appendix, we calculated the total 1984 benefits by multiplying the amount of equity received within 15 years of the 1984 review period by the 1984 rate of return shortfall in 1984, which is the difference between the national average rate of return on equity (23.3 percent) and SSAB's actual rate of return on equity (6.8 percent). We subtracted the amount of dividends paid to the government in 1984 from the total benefit and divided the result by SSAB's total sales for 1984 to arrive at an estimated net subsidy from government equity infusions of 3.33 percent *ad valorem*.

E. Government Equity Guarantees

As discussed above, in 1981 Granges contributed 375 MSEK in equity to SSAB. In a government bill passed prior to the 375 MSEK equity contribution, the government agreed to pay Granges 875 MSEK for its shares in SSAB in 1991, if Granges decides to sell its shares at that time. This agreement by the government, in essence, guarantees Granges an annual rate of return of approximately 9.5% on its 375 MSEK contribution. Although the funds provided to SSAB by Granges are ostensibly equity, equity infusions do not generally carry a specified rate of return. Therefore, we believe it is more appropriate to treat these funds as a long-term loan. We determine that the government's guarantee of an implicit rate of return bestows a countervailable benefit upon SSAB.

To calculate the benefits from the equity guarantee, we used the long-term methodology to compare the cash flow differences between a zero interest rate loan having a baloon payment of 875 MSEK in 1991 to a loan having annual principal repayments during the 1982–1991 period with a commercial interest rate of 14.15 percent. We calculated an estimated net subsidy from the equity guarantee of 0.24 percent *ad valorem*.

F. Government Acquisition of Assets for SSAB

As part of the formation agreement, SSAB purchased a railroad from Granges for 343.3 MSEK, the funds for which were provided by the government. We verified that the funds were received by SSAB as a grant. The payment to Granges was made in the form of a 14-year note issued by the National Debt Office with an interest rate of 8.25 percent.

The railroad was an intergral part of the steel production facilities and was used to transport both raw materials and finished products. From 1978 through 1981 SSAB invested approximately 53.2 million in capital improvements in the railroad.

Under another part of the formation agreement, the Swedish Government trasferred assest from NJA, a government-owned entity, to SSAB. In return, NJA received stock from SSAB valued at 700 MSEK and cash of 530 MSEK for a total of 1,230 MSEK in value. We determine that that portion of NJA's assets which were exchanged for stock in SSAB is a countervailable equity infusion inconsistent with commercial considerations (see section I.D). We also determine that the remaining 530 MSEK, which was contributed by the government in order to effect this transfer, confers a countervailable benefit to SSAB. For purposes of valuing this benefit, we have treated the 530 MSEK as a grant.

Since SSAB used government funds to acquire assets used in its steel making operations, we determine that these government funds provided a countervailable benefit to SSAB. Using the grant methodology, we allocated the grant amounts over 15 years using the 1978 weighted-average cost of capital for SSAB as the discount rate. The estimated net subsidy is 0.84 percent *ad valorem*.

G. Employment Promotion Grants

We found at verification that both SSAB and Surahammars had received benefits under a special 1978–1979 government employment support program available only to the steel industry.

In response to the general economic recession in Sweden, the Swedish Parliament had passed Government Bill 1976/77:95 in March 1977 under which employment grants were paid to companies recognized as being the dominant employers in a particular community. In order to prevent layoffs, these grants were designed to cover 75 percent of the wages and salaries of surplus workers who performed work at the company unrelated to normal production activities. These benefits were available to all types of businesses throughout Sweden until June 1978.

In November 1977, the Swedish Parliament extended these benefits for an additional year to the steel industry under Government Bill 1977/78:59. Since these employment promotion grants were available only to the steel industry for the period July 1978 through June 1979, we determine that these benefits conferred a countervailable subsidy to SSAB and Surahammars.

To calculate the subsidy derived from these non-recurrent special employment grants, we applied the grant methodology to the amount of special employment grants received under the steel employment promotion program. The estimated net subsidy rate if 0.04 percent *ad valorem* for SSAB and 0.06 percent *ad valorem* for Surahammars.

H. Research and Development Grants to SSAB

At verification we discovered that the Swedish Board for Technical Development (STU) provides direct funding to Swedish industries for research and development purposes. Repayment of the monies given is conditional upon the success of the funded project. The results obtained from direct funding of individual corporate research and development projects are not publicly available.

We verified that SSAB, but not Surahammars, received direct government funding for research and development projects. We also verified that except for one government loan to buy equipment for a research and development project, SSAB was not repaying the government funds provided due to the present uncertainty of the successfulness of the projects funded.

While the type of research and development grants received by SSAB are not *de jure* limited to a specific enterprise or industry or group of enterprises or industries, we have no information that, *de facto*, these grants were not limited to a specific enterprise or industry or group of enterprises or industries. Moreover, the results of government funded corporate research and development projects are not publicly available. Therefore, we

determine the research and development funds provided to SSAB are countervailable.

We used the grant and long-term loan methodologies, as appropriate, to calculate the benefits conferred on SSAB by these research and development funds. The estimated net subsidy is 0.01 percent *ad valorem*.

II. Programs Determined Not To Be Countervailable

We determine that countervailable subsidies are not being provided to manufacturers, producers, or exporters in Sweden of certain carbon steel products under the following programs.

A. Iron Ore Inputs at Preferential Prices

Petitioner alleged that SSAB has an arrangement with LKAB, a state-owned mining company in Sweden, under which SSAB obtains iron ore at preferential prices.

In its response, SSAB reported that it obtains all of its external iron ore supplies from LKAB. At verification, we found that the three year contract between LKAB and SSAB provided for the annual negotiation of iron ore prices. Although SSAB and LKAB are both majority-owned by the government of Sweden, the iron ore price negotiations are carried on under arms-length conditions, with no government involvement. Based on information supplied at verification, we found that the 1983 and 1984 negotiated prices on LKAB iron ore sales to SSAB were at or above comparable prices charged by LKAB to its other iron ore customers.

During 1983 and 1984, SSAB received price rebates from LKAB to promote the increased utilization of iron ore pellets. At verification, LKAB officials explained that the iron ore pellet rebates were designed by LKAB to encourage its customers to convert to a new technology which allows greater use of iron ore pellets in raw steel production. We found that other iron ore pellet customers of LKAB received iron ore pellet rebates comparable to those received by SSAB. Furthermore, since SSAB has adopted the new iron ore pellet technology, LKAB is phasing-out the iron ore pellet rebates to SSAB during 1985–1988.

We determine, therefore, that SSAB is not receiving countervailable benefits resulting from the prices paid by SSAB to LKAB on iron ore pellets used as inputs in the production of carbon steel.

B. Government Loan Guarantees

Petitioner alleged that SSAB benefitted from loan guarantees provided by the Swedish government.

We verified that the only loan guarantee received by SSAB consisted of the government guarantee on the loan given by Granges to SSAB. In the government bill which provided for the equity guarantee to Granges (see section I.E. above), the Swedish government also agreed to guarantee a loan by Granges to SSAB. To determine whether the guarantee provides a countervailable benefit to SSAB, we first look to the cost of commercial guarantees. Where, as here, no comparable commercial guarantees exist, we look next to see if the government loan guarantee has effected the interest rate charged on that loan. We have compared the interest rate charged on the guaranteed loan with the company specific benchmark rate and have found that the rate on the guaranteed loan exceeds that on the benchmark. In addition, we verified that the Granges loan to SSAB is being fully repaid by SSAB. For these reasons, we find the government loan guarantee not to be countervailable.

C. Government Funds to Research and Development Organizations

Petitioner alleged that the Swedish government helps support steel-oriented research and development organizations in Sweden.

The Swedish Ironmasters' Association, or Jernkontoret, participates in joint research activities with practically all iron and steel companies in Sweden, Finland, Norway, and Denmark. Research activities are financed in three ways: special research levies from enterprises, government grants from STU, and contributions in kind from the industrial companies.

The Swedish Institute for Metals Research is sponsored by nearly all the Scandinavian steel industries. The financial and organizational basis for the activities at the Institute is a triennial agreement between private industry and STU. This agreement sets out the details of a general research program. Under the current agreement, the industry contributed 53 percent and the government 47 percent of the cost.

The Foundation for Metallurgical Research (MEFOS) owns and operates two experimental plants called the Metallurgical Research Plant and the Metal Working Research Plant. Approximately 60 percent of the Foundation's budget is provided by Foundation members and 40 percent is contributed by the government through STU.

We verified that STU provides research and development funds for a broad range of industries throughout the Swedish economy. Furthermore, the research and development results obtained through partial government funding of the organizations described above are publicly available. Therefore, we determine that the government funds provided to the metallurgical research and development organizations in Sweden are not countervailable.

III. Programs Determined Not To Be Used

We verified that the following programs were not used by the respondents.

A. Government Export Credits

Petitioner alleged that the Swedish government provides export credits to the Swedish steel industry.

Export credits in Sweden are provided by the Swedish Export Credit Corporation, which is owned 50 percent by the Swedish government and 50 percent by Swedish banks. We verified that neither SSAB nor Surahammars received subsidized export credits for U.S. exports of the products under investigation. Therefore, we determine that no countervailable benefits were provided to SSAB or Surahammars in the form of subsidized export credits.

B. Municipal and County Subsidies

Petitioner alleged that the Swedish steel industry receives subsidies from municipal and county governments.

The regional and municipal governments in Sweden are extensions of the national government. Industrial development programs are authorized and funded in Sweden by the Swedish national government. The programs authorized and funded by the national government have been analyzed above. Furthermore, at verification we found no evidence that either SSAB or Surahammars had used or received any benefits from municipal and county governments.

C. Government Restructuring Program for the Specialty Steel Industry

Petitioner alleged that Surahammars was involved in a 460 MSEK program to restructure the Swedish specialty steel company.

The restructuring program alleged by the petitioner involved the stainless steel industry. We verified that Surahammars does not produce stainless steel. Therefore, we determine that Surahammars did not benefit under the alleged restructuring program.

Petitioner's Comments

Comment 1: Petitioner argues that SSAB has been unequityworthy from its inception.

DOC Position: We agree. See our discussion in section I.D. above.

Comment 2: Petitioner argues that government subsidies should be excluded from SSAB's reported profits to determine the government's actual rate of return on its equity in SSAB for purposes of analyzing the company's equityworthiness and for determining the net subsidy received by the company.

DOC Position: The Department, in analyzing the company's operations for the equityworthy determination and in determining the net subsidy received by the company, uses the rate of return from its business activities based on accepted accounting principles. In this case, the net profit/loss recorded by SSAB included funds received as the principal amounts from borrowings and certain appropriations to and from reserve accounts. Since these amounts did not result from operations, the rate of return used by the Department to analyze the company and calculate the net subsidy did not include these amounts.

In determining the equityworthiness of the company, the Department analyzes the operations of the company as a private investor would at the time the investment was made without considering the sources of the funds received. Funds received through other government programs, debt or equity, may have been made in accordance with commercial considerations. If the Department concludes that such funds were not provided in accordance with commercial considerations, these are then countervailed separately.

Furthermore, we use the actual experience of the company as presented by generally accepted accounting principles in the country in which the company is located for determining the equityworthiness of the company. This provides a consistent standard for comparison to other companies which are conducting business in that country.

Finally, we already account for subsidies, other than equity, which the company received from the government by using methodologies specifically designed by the Department to calculate the benefit from these subsidies. If we countervailed these subsidies again when measuring the benefits to the company from an equity investment by the government, we would be double counting.

Comment 3: Petitioner contends that for purposes of quantifying the countervailable benefit, conditional reconstruction loans should be treated as grants, with future repayments being subtracted from the quantity of funds considered as the grant amount.

DOC Position: As noted in section I.C. above, we treated the forgiven amounts of the loans as grants, which we allocated over time. We then treated the funds which were not written-off as one year loans, rolled-over in subsequent years. This permits us to take into account the yearly changes in principal amounts due to capitalization of accrued interest payments and/or to any repayments of principal or interest actually made. The 1984 loan benefits were calculated by applying the 1984 short-term interest rate to the one year portion of the 1984 loan balance outstanding and then subtracting loan repayments made in 1984.

Comment 4: Petitioner argues that based on SSAB's financial ratios of times interest earned and debt coverage, and on SSAB's inability, without government support, to obtain commercial loans comparable to those received from the government, SSAB has been uncreditworthy from inception. Therefore, a risk premium should be added to the benchmark used in the Department's loan methodology.

DOC Position: We disagree. During 1979, 1980, 1982 and 1983, SSAB borrowed a total of 800 MSEK through commercial bonds at market interest rates. The bonds are held by private investors and are not guaranteed by the government of Sweden.

The Department uses as its primary criteria the private market place for determining the creditworthiness of a company. Given the significant amount of private borrowings by SSAB, the Department determined it to be creditworthy.

Comment 5: Petitioner argues that relief from standard borrowing costs (i.e., front and fees, stamp duties, and redemption commission) provides a countervailable benefit to SSAB.

DOC Position: In calculating the benefit to SSAB from preferential long-term loans, we have used as our benchmark the interest rate charged to SSAB on its comparable commercial long-term loans. To the extent that SSAB was required to pay associated loan charges or fees for the comparable commercial loans, these have been included in the benchmark interest rate. Therefore, the benefit accruing to SSAB as a result of its exemption from any additional charges on its preferential loans, would already be captured in the interest rate differential, and no additional calculations need be made.

For those subsidy programs in which we have applied our short-term loan methodology, we have used a national average short-term commercial borrowing rate of 16.08 percent as our benchmark. To this rate we added an additional fee of 0.72 percent which represents the national average fee paid on overdraft facilities. In this instance, we believe it is appropriate to include this fee in our benchmark, since the interest rate on comparable commercial loans would be fee-inclusive.

Comment 6: Petitioner contends that because SSAB is a state-owned company, it has benefitted from both explicit and implicit government loan guarantees. Petitioner argues that if SSAB, as a state-owned firm, incurs lower interest costs then private firms with similar creditworthiness, government loan guarantees—explicit or implicit—provide countervailable benefits. Petitioner further contends that failure to consider implicit government loan guarantees causes the subsidy from explicit government loan guarantees and preferential government loans to be understated.

DOC Position: With respect to explicit loan guarantees provided by the government, we have used the methodology outlined in the Subsidies Appendix to determine if such guarantees provide a countervailable benefit to SSAB.

We disagree, however, with petitioner's contention that implicit government loan guarantees provide a countervailable benefit, and that failure to consider such guarantees causes benefits from other loan programs to be understated. Government ownership of a firm *per se* does not guarantee payment of unguaranteed debt by a state-owned firm. Moreover, we do not consider any secondary effects that government ownership of, or debt and equity participation in, a firm might have, such as any signals perceived by private lenders when they make commercial investment decisions. In addition, taking into account the effect an implicit guarantee might have on interest rates would result in double-counting in cases where we find explicit government loan guarantees to be countervailable.

Comment 7: Petitioner argues that the 530 MSEK grant given by the government to NJA to cover the losses NJA sustained in selling its assets to SSAB is countervailable. Petitioner maintains that the 530 MSEK was part of the purchase price the government paid for the assets of SSAB and as such, is countervailable.

DOC Position: We agree. See our discussion in section I.E. above.

Comment 8: Petitioner contends that the purchase of the railroad from Granges for 343.3 MSEK, the funds for which were given to SSAB by the government, was part of the price

Granges charged SSAB for acquisition of Granges' steel assets. Petitioner argues that because the government funds covered a part of the cost of obtaining Granges' steel assets for SSAB, those funds are countervailable.

DOC Position: We agree that the acquisition of the railroad from Granges provided a countervailable benefit to SSAB. However, we do not agree with petitioner that the benefit occurs because the funds provided for the railroad paid part of the acquisition cost of obtaining Granges' steel assets. We believe that the benefit bestowed on SSAB is the government assumption of the cost SSAB would have had to pay were it to have purchased the railroad itself.

Comment 9: Petitioner argues that the employment promotion grants given to SSAB and Surahammars are, in effect, labor subsidies which should be countervailed.

DOC Position: Two types of employment promotion grants were provided to SSAB and Surahammars. One type of grant was not limited to an enterprise or industry or group of enterprises or industries, and is therefore not countervailable. We found that the other type of grant was limited to the steel industry, and we have countervailed it as explained in section I.G. above.

Comment 10: Petitioner argues that public availability of research and development results obtained through government financing should not be considered in determining whether government funds for research and development are countervailable.

DOC Position: Regardless of the merits of petitioner's position, the Department's determination with respect to the research and development grants described in sections I.H. and II.C would remain the same.

Comment 11: Petitioner argues that the discount rate use in the Department's methodology should include a risk premium.

DOC Position: We disagree. As we have stated in the Subsidies Appendix, we only include a risk premium in the marginal cost of debt variable of the weighted cost of capital formula when a company is found to be uncreditworthy.

Comment 12: Petitioner urged the Department to reconsider initiating an upstream subsidy investigation on iron ore inputs to the Swedish carbon steel industry.

DOC Position: After review of the evidence contained in petitioner's April 4, 1985 submission and the evidence obtained during verification, we decided not to initiate an upstream subsidy investigation.

The petition and the April 4 brief together contain sufficient allegations that LKAB receives subsidies from the Swedish government and that these subsidies potentially have a significant effect on the carbon steel production costs of SSAB. However, the Department determined that there is insufficient evidence on the record establishing a "reasonable basis to believe or suspect" that iron ore inputs from LKAB confer a "competitive benefit" on SSAB's production and exportation of carbon steel, within the meaning of 19 U.S.C. 1671b(g) to warrant an upstream subsidy investigation. The Department does, however, reserve the right to reconsider this determination in any section 751 review of this case.

Respondent's Comments

Comment 1: Counsel for Surahammars argues that the company should be excluded from the final determination since it received no benefits under any of the programs under investigation.

DOC Position: We agree. We excluded Surahammars because the benefits it received were *de minimis*.

Comment 2: Counsel for SSAB argues that it has been creditworthy throughout the period under investigation since SSAB was able to obtain long-term commercial loans without the aid of government action or guarantees.

DOC Position: We agree. See our discussion in section I.B. above.

Comment 3: SSAB argues that, except possibly for every small amounts received prior to 1980, any benefits which SSAB received under the grants for employment promotion schemes are not countervailable since they were generally available. SSAB further argues that those benefits which it did receive represented reimbursement for a portion of the wages of specific redundant employees who were kept on the payroll but assigned to non-productive work. Finally, SSAB argues that any benefits should be accrued only in the years of receipt of the reimbursement by SSAB.

DOC Position: See sections I.A. and I.G. above.

Comment 4: SSAB argues that grants for staff training projects and grants for health-care centers are not limited to an industry or group of industries, and therefore are not countervailable.

DOC Position: See section I.A. above.

Comment 5: SSAB argues that the following programs are not countervailable since they operate solely as cost-offsets: (1) Loans and grants for location of industry; (2) loans and grants for regional investment projects; and (3) grants for regional freight rate relief. SSAB also argues that the freight rate relief program confers no lasting benefit and should in all events, as a recurring program, be allocated only to the year of receipt.

DOC Position: Before the Department can offset these loans or grants by any amount, two conditions would have to be met. First, SSAB would have to demonstrate how the costs fall within one of the categories of "offsets" contained in section 771(6). Second, SSAB would have to establish some sort of linkage or relationship between the subsidy involved and the offset claimed (see, e.g., *Wool from Uruguay*, 46 FR 19288 (1981)). SSAB has met neither of these conditions.

Because grants for freight relief are available only to industries in certain regions of Sweden, we have determined that they are countervailable regional subsidies. Since the freight relief grants are recurring benefits, we used only the grants received during the review period to calculate the countervailable benefits.

Comment 6: SSAB argues that in computing the effect of the ITA's conditional reconstruction loans, the ITA should apply its traditional "Grant Cap" rule. Furthermore, SSAB argues that in determining the amount of the "grant equivalent" of each conditional reconstruction loan, appropriate adjustment must be made for those portions of the loan found not to be countervailable (i.e., for redundant employees) and also for the payments made by SSAB against these loans as a condition for the payment of dividends.

DOC Position: The Department has applied its "Grant Cap" rule to its calculations. The Department has not made any adjustment to the reconstruction loans for redundant employees since SSAB has not given the Department a sufficient basis to justify this offset (see DOC response to SSAB's Comment 5). The Department has, however, made appropriate adjustment for any principal or interest payments that SSAB made on its reconstruction loans.

Comment 7: SSAB argues that the preliminary decision miscalculated the countervailable benefit from the variable-rate structural loans, and failed to give full credit for interest paid thereon in 1984.

DOC Position: In this determination the Department has taken into account all interest paid on the variable-rate structural loans, including the interest paid in 1984.

Comment 8: SSAB argues that the preliminary determination erred in failing to deduct from the conditional reconstruction loans the cost to SSAB of compensating redundant employees beyond the legal requirement therefor.

DOC Position: We disagree. Despite repeated requests from the Department, SSAB has never identified which government funds were allegedly earmarked for redundancy costs, nor has it given the Department enough information to establish that these alleged redundancy costs could be considered offsets to the reconstruction loans under section 771(6) of the Act (also see respondent's Comment 5 above).

Comment 9: SSAB argues that SSAB has been equityworthy throughout its existence.

DOC Position: We disagree. See our discussion in section I.D. above.

Comment 10: SSAB claims that the following programs either do not exist, or that SSAB does not benefit from them: (1) Export financing; (2) credit guarantees; and (3) municipal subsidies.

DOC Position: We agree.

Comment 11: SSAB requested that the Department do additional verification on costs relating to early retirement and redundant employees.

DOC Position: The Department did not conduct a second verification because we did not feel that any purpose would be served by it. As the Department repeatedly informed SSAB, the information which SSAB submitted on the so-called redundant employee issue was deficient in a number of significant respects. In particular, none of SSAB's responses or submissions identified with any precision which funds SSAB is referring to, or what portion of the funds received were used to pay for redundant employees. The purpose of a verification is to determine the accuracy of submitted information. It is the responsibility of the respondents, not the Department, to correct deficiencies in submissions (see *Bicycle Tires and Tubes from Korea*, 44 FR 28727, 28729 (1982)).

Verification

In accordance with section 776(a) of the Act, we verified the data used in making our final determinations. Commerce officials spent from March 25 - April 4, 1985, verifying the information submitted by the government of Sweden, SSAB, Surahammars, and LKAB, gathering additional information to be used in these determinations. During this verification, we followed normal verification procedures, including the inspection of documents and ledgers, and the tracing of information in the response to source documents, accounting ledgers and financial statements.

Administrative Procedures

We afforded interested parties an opportunity to present oral views in accordance with our regulations (19 CFR 355.35) A public hearing was not requested. In accordance with the Department's regulations (19 CFR 355.34(a)), written views have been received and considered in these determinations.

Exclusion of Surahammars

On January 25, 1985, counsel for Surahammars Bruks AB requested that the company be excluded from any countervailing duty order pursuant to 19 CFR 355.38. We excluded Surahammars because we determined that the benefits it received were *de minimis*.

Suspension of Liquidation

In accordance with our preliminary countervailing duty determinations published on March 20, 1985, we directed the U.S. Customs Service to suspend liquidation on the products under investigation and to collect the estimated net subsidy. The countervailing duty final determinations were extended to coincide with the antidumping final determinations on the same products from Austria, pursuant to section 608 of the Trade and Tariff Act of 1984 (section 705(a)(1) of the Act). However, we cannot impose a suspension of liquidation on the subject merchandise for more than 120 days without the issuance of a final determination. Therefore, on July 17, 1985, we instructed the U.S. Customs Service to terminate the suspension of liquidation on the subject merchandise entered on or after July 19, 1985. On July 19, the United States Steel Corporation, petitioner in this case, obtained a temporary restraining order enjoining the U.S. Department of Commerce and the U.S. Customs Service from terminating the suspension of liquidation in this case. On July 25, 1985, the Court of International Trade lifted the July 19, 1985 temporary restraining order; therefore, we instructed the U.S. Customs Service to terminate the suspension of liquidation on the subject merchandise entered on or after July 26, 1985, under the preliminary countervailing duty determination. We will instruct the U.S. Customs Service to continue the suspension of liquidation of all entries, or withdrawals from warehouse, for consumption of the subject merchandise entered between March 20, 1985 and July 25, 1985. This suspension of liquidation does not apply to entries of the subject merchandise entered on or after July 26, 1985, and the final ITC determinations. We will reinstate suspension of liquidation if the ITC issues a final affirmative determination.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

If the ITC determines that material injury, or the threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted, as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exists, we will issue a countervailing duty order, directing the Customs officers to assess countervailing duties on all entries of certain carbon steel products from Sweden (except for Surahammars) entered, or withdrawn from warehouse, for consumption, as described in the "Suspension of Liquidation" section of this notice.

This notice is published in accordance with section 705(d) of the Act (19 U.S.C. 1671d(d)).

Theodore W. Wu,

Acting Assistant Secretary for Trade Administration.

August 12, 1985.

Appendix—Description of Products; Sweden

1. The term "*carbon steel plate*" covers hot-rolled carbon steel products, whether or not corrugated, or crimped; not pickled; not cold-rolled; not in coils, not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal and not clad; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in items 607.6620 and 607.6825 of the *TSUSA*. Semi-finished products of solid rectangular cross-section with a width at least four times the thickness and processed only through primary mill hot-rolling are not included.

2. The term "*hot-rolled carbon steel flat-rolled products*" covers hot-rolled carbon steel products, 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 and not clad; 0.1875 inch or more in thickness and over 8 inches in width; pickled, as currently provided for in item 607.8320 of the *TSUSA*; and not pickled and in coils; as currently provided for in item 607.6610, 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*.

3. The term "*cold-rolled carbon steel flat-rolled products*" covers cold-rolled carbon steel products, 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 and not clad; over 12 inches in width, and 0.1875 inch or more in thickness, as currently provided for in item 607.8320 of the *TSUSA*; or over 12 inches in width and under 0.1875 inch in thickness, whether or not in coils; as currently provided for in items 607.8350, 607.8355, or 607.8360 of the *TSUSA*.

[FR Doc. 85-19751 Filed 8-16-85; 8:45 am]
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APPENDIX B

NOTICES OF THE INVESTIGATIONS BY THE COMMISSON

respective countries:

Carbon steel plates, whether or not in coils, provided for in item 607.66 of the Tariff Schedules of the United States (TSUS), from—
- Sweden [investigation No. 701-TA-225 (Final)], and
- Venezuela [investigation No. 701-TA-226 (Final)];

Hot-rolled carbon steel sheets, provided for in TSUS items 607.67 and 607.83, from—
- Austria [investigation No. 701-TA-227 (Final)],
- Sweden [investigation No. 701-TA-228 (Final)], and
- Venezuela [investigation No. 701-TA-229 (Final)]; and

Cold rolled carbon steel plates and sheets, provided for in TSUS item 607.83, from—
- Austria [investigation No. 701-TAS-230 (Final)],
- Sweden [investigation No. 701-TA-231 (Final)], and
- Venezuela [investigation No. 701-TA-232 (Final)].

Unless these investigations are extended, Commerce will make its final subsidy determinations by May 28, 1985, and the Commission will make its final injury determinations by July 17, 1985 (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))).

For further information concerning the conduct of these investigations, 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 subparts A through E (19 CFR Part 201, as amended by 49 FR 32568, August 15, 1984).

EFFECTIVE DATE: March 20, 1985.

FOR FURTHER INFORMATION CONTACT: Robert Eninger (202-523-0312), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Austria, Sweden, and Venezuela of certain carbon steel products. The investigations were requested in petitions filed on December 19, 1984, by the United States Steel Corp, Pittsburgh, PA. In response to

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INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-225 through 232 (Final)]

Certain Carbon Steel Products From Austria, Sweden, and Venezuela

AGENCY: United States International Trade Commission.

ACTION: Institution of final countervailing duty investigations.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigations Nos. 701-TA-225 through 232 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671(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 the following carbon steel products, which have been found by the Department of Commerce, in preliminary determinations, to be subsidized by the Governments of the-

those petitions the Commission conducted preliminary countervailing duty investigations and, on the basis of information developed during the course of those investigations, determined 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 merchandise (50 FR 5070, Feburary 4, 1985).

Participation in the investigations.

Persons wishing to participate in these investigations 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 twenty-one (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 will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list.

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c), as amended by 49 FR 32569, August 15, 1984), each document filed by a party to the investigations must be served on all other parties to the investigations (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.

Hearing, Staff Report and Written Submissions.

The Commission will hold a public hearing in connection with these investigations; the time and place of the hearing will be announced at a later date. A public version of the prehearing staff report in the investigations will be placed in the public record prior to the hearings, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21). The dates for filing prehearing and posthearing briefs and the date for filing other written submissions will also be announced at a later date.

Authority

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20, as amended by 49 FR 32569, August 15, 1984).

By order of the Commission.

Issued: April 18, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-9933 Filed 4-23-85; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-225 through 232 (Final)]

Certain Carbon Steel Products From Austria, Sweden, and Venezuela

AGENCY: International Trade Commission.

ACTION: Scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby announces that a public hearing in connection with the subject investigations will be held beginning at 10:00 a.m. on August 20, 1985.

For further information concerning the conduct of the investigations, 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, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: June 3, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

On March 20, 1985, the Commission instituted the subject investigations and announced that the time and place of the hearing to be held in connection with the investigations would be announced at a later date (50 FR 16164, Apr. 24, 1985). Subsequently, the Department of Commerce extended the date for its final determinations in the investigations from May 28, 1985, to August 12, 1985 (50 FR 19767, May 10, 1985). The Commission, therefore, is setting its schedule for the conduct of these investigations to conform with Commerce's new schedule. As provided in section 705(b)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)(2)(B)), the Commission must make its final determination in countervailing duty investigations within 45 days of Commerce's final determination, or in these cases by September 25, 1985.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on July 31, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on August 20, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. 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 August 6, 1985. 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 9:30 a.m. on August 13, 1985, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is August 14, 1985.

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. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32569, Aug. 15, 1984)).

The hearing in connection with these investigations will be held concurrently with the hearing to be held in connection with the Commission's final antidumping investigations Nos. 731-TA-216, 218, 217, 219, 222 through 224, 226, 228, 229, 234, and 235 (Final) concerning certain carbon steel products from Austria, the German Democratic Republic, Norway, Poland, Romania, and Venezuela.

Written Submissions

All legal arguments, economic analysis, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on August 27, 1985. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before August 27, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). 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 must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority:

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20, as amended by 49 FR 32569, Aug. 15, 1984).

Issued: June 18, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-15437 Filed 6-26-85; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 731-TA-214, 216, 217, 219, 222 through 224, 226, 228, 229, 234, and 235 (Final)]

Certain Carbon Steel Products From Austria, the German Democratic Republic, Norway, Poland, Romania, and Venezuela

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-214, 216, 217, 219, 222 through 224, 226, 228, 229, 234, and 235 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the following carbon steel products, which the Department of Commerce has found, in preliminary determinations, are being or are likely to be sold in the United States at less than fair value (LTFV):

Carbon steel plates, whether or not in coils, provided for in item 607.66 of the Tariff Schedules of the United States (TSUS), from—
- The German Democratic Republic [investigation No. 731-TA-214 (Final)],
- Poland [investigation No. 731-TA-216 (Final)], and
- Venezuela [investigation No. 731-TA-217 (Final)]; and

Hot-rolled carbon steel sheets, provided for in TSUS item 607.67 and 606.83, from—
- Austria [investigation No. 731-TA-219 (Final)],
- Romania [investigation No. 731-TA-222 (Final)], and
- Venezuela [investigation No. 731-TA-223 (Final)]; and

Cold-rolled carbon steel plates and sheets, provided for in TSUS item 607.83, from—
- Austria [investigation No. 731-TA-224 (Final)],
- The German Democratic Republic [investigation No. 731-TA-226 (Final)],
- Romania [investigation No. 731-TA-228 (Final)], and
- Venezuela [investigation No. 731-TA-229 (Final)], and

Carbon steel angles, shapes, and sections having a maximum cross-sectional dimension of 3 inches or more, provided for in TSUS item 609.80, from—
- Norway [investigation No. 731-TA-234 (Final)] and
- Poland [investigation No. 731-TA-235 (Final)].

Unless the investigations are extended, Commerce will make its final LTFV determinations on or before August 12, 1985, and the Commission will make its final injury determinations by September 25, 1985 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, 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, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: June 3, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of certain carbon steel products from Austria, the German Democratic Republic, Norway, Poland, Romania, and Venezuela are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in petitions filed on December 19, 1984, by the United States Steel Corp., Pittsburgh, PA, and Chaparral Steel Co., Midlothian, TX. In response to those petitions the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 6070, Feb. 23, 1985).

Participation in the Investigations

Persons wishing to participate in these investigations 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 twenty-one (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 will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c) as amended by 49 FR 32569, Aug. 15, 1984), each document filed by a party to the investigations must be served on all other parties to the investigations (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.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on July 31, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on August 20, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing

with the Secretary to the Commission no later than the close of business (5:15 p.m.) on August 6, 1985. 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 9:30 a.m. on August 13, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is August 14, 1985.

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. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32569, Aug. 15, 1984)).

The hearing in connection with these investigations will be held concurrently with the hearing to be held in connection with the Commission's final countervailing duty investigations Nos. 701-TA-225 through 232 (Final) concerning certain carbon steel products from Austria, Sweden, and Venezuela.

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (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 of August 27, 1985. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before August 27, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). 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 must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20, as amended by 49 FR 32569, Aug. 15, 1984).

Issued: June 18, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-15038 Filed 6-26-85; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

LIST OF WITNESSES APPEARING AT THE HEARING

CALENDAR OF PUBLIC HEARING

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

Subjects : Certain Carbon Steel Products from Austria and Sweden

and

Certain Carbon Steel Products from Austria and Norway

Inv. Nos. : 701-TA-225, 227, 228, 230 and 231

and

731-TA-219, 224, and 234 (Final)

Date and time: August 20, 1985 - 10:00 a.m.

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

In support of the imposition of antidumping and/or countervailing duties:

United States Steel Corporation, Pittsburgh, Pennsylvania

John J. Mangan, Senior General Attorney-International Trade

Peter Koenig, Attorney

Paul L. Fidel, Manager-International Trade and Ligitation Services

Peter Mulloney, Vice President - Assistant to the Chairman

Steven Holtschlag (General Manager - Heavy Products)

John Ewing (General Manager - Sheet Products)

Law Offices of Stewart & Stewart--Counsel
Washington, D.C.
on behalf of

Bethlehem Steel Corporation ("Bethlehem")

Larry R. Mosser, Market Analyst, Industry Marketing - Steel Group

Terence P. Stewart--OF COUNSEL

Wiley & Rein--Counsel
Washington, D.C.
on behalf of

Chaparral Steel Co.
Midlothian, Texas

Jeff Werner, Executive Vice President

Charles Owen Verrill, Jr.--OF COUNSEL

In opposition to the imposition of antidumping and/or countervailing duties:

Arent, Fox, Kintner, Plotkin & Kahn--Counsel
Washington, D.C.
on behalf of

Voest-Alpine AG (Austria)

Stephen L. Gibson--OF COUNSEL

Hale, Russell & Gray--Counsel
Washington, D.C.
on behalf of

SSAB Venskt Staal AB & Surahammars Burks AB (Sweden)

Carl G. Vernersson, Executive Vice President, Marketing

Bo Legelius, Vice President, General Counsel

Louis H. Kurrelmeyer
Robert Reed Gray
--OF COUNSEL

APPENDIX D

NOTICES OF TERMINATION BY COMMERCE AND/OR THE COMMISSION

[A-351-407]

Termination of Antidumping Investigations; Hot-Rolled Carbon Steel Sheet and Cold-Rolled Carbon Steel Sheet From Finland

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On January 18, 1985, Bethlehem Steel Corporation withdrew its antidumping petition, filed on December 20, 1984, on Hot-rolled Carbon Steel Sheet and Cold-rolled Carbon Steel Sheet from Finland. Based on the withdrawal, we are terminating the investigations.

EFFECTIVE DATE: January 31, 1985.

FOR FURTHER INFORMATION CONTACT: Kenneth Stanhagen, 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) 377-1777.

SUPPLEMENTARY INFORMATION:

On December 20, 1984, we received a petition from Bethlehem Steel Corporation filed on behalf of the U.S. industry producing hot-rolled carbon steel sheet and cold-rolled carbon steel sheet.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate antidumping investigations. We notified the International Trade Commission (ITC) of our action and initiated the investigation on January 14, 1985 (50 FR 1918).

Scope of Investigation

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

The term *"cold-rolled carbon steel sheet"* covers cold-rolled carbon steel sheet products, whether or not corrugated or crimped; not painted or varnished; whether or not pickled; not cut, pressed, and not stamped to non-rectangular shapes; not coated, or plated with metal; over 12 inches in width and under 0.1875 inch in thickness; other than annealed and having a minimum yield point of 40,000 psi; whether or not in coils; as currently provided for in item 607.8360 of the *Tariff Schedules of the United States, Annotated* (TSUSA).

The term *"hot-rolled carbon steel sheet"* covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled and not cold rolled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal and not clad; 0.1875 inch in thickness and over 8 inches in width; in coils; 0.1875 inch in thickness and over 8 inches in width; in coils; as currently provided for in item 608.8710 of the *TSUSA*, or under 0.1875 in thickness and over 12 inches in width, whether or not in coils, as currently provided for in items 607.8710, 607.8720, 607.8730, and 607.8740 of the *TSUSA*.

Withdrawal of Petition

On January 18, 1985, petitioner notified us that it was withdrawing its petition, and requested that the investigation be terminated. Under section 734(a) of the Act, upon withdrawal of a petition, the administering authority may terminate an investigation after giving notice to all parties to the investigation. This withdrawal is based on arrangements with Government of Finland to limit the volume of imports of these products. We have assessed the public interest factors

set out in section 734(a)(2) of the Act and consulted with potentially affected producers, workers, and consuming interests. On the basis of our assessment of the public interest factors and our consultations with affected interests, we have determined that termination would be in the public interest.

We have notified all parties to the investigations and the ITC of petitioner's withdrawal and our intention to terminate.

For these reasons, we are terminating our investigations.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

January 23, 1985.

[FR Doc. 85-2315 Filed 1-30-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-435-401]

Termination of Antidumping Duty Investigations; Carbon Steel Products From Czechoslovakia

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On May 28, 1985, United States Steel Corporation withdrew its antidumping petition, filed on December 14, 1984, on Carbon Steel Products from Czechoslovakia. Based on the withdrawal, we are terminating the investigations.

EFFECTIVE DATE: June 4, 1985.

FOR FURTHER INFORMATION CONTACT: Mary Jenkins, 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) 377-1766.

SUPPLEMENTARY INFORMATION:

Case History

On December 14, 1984, we received a petition from United States Steel Corporation filed on behalf of the U.S. industry producing carbon steel products.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate antidumping investigations. We notified the International Trade Commission (ITC) of our action and initiated the investigations on January 8, 1985 (50 FR 1912). On February 4, 1985, the ITC found that there was a reasonable indication that imports of carbon steel products from Czechoslovakia materially injure, or threaten material injury to, a United States industry.

Scope of the Investigations

The products under investigation are carbon steel plate and cold-rolled carbon steel flat-rolled products. *The term "carbon steel plate"* covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal and not clad; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in item 607.8220, and 607.8625 of the *Tariff Schedules of the United States, Annotated* (TSUSA). Semifinished products of solid rectangular cross section with a width at least four times the thickness and processed only through primary mill hot-rolling are not included.

The term *"cold-rolled carbon steel flat-rolled products"* covers cold-rolled carbon steel flat-rolled products, whether or not corrugated or crimped; whether or not painted or varnished and whether or not pickled; not cut, or not pressed, and not stamped to non-rectangular shape; not coated or plated with metal and not clad; over 12 inches in width, and 0.1875 inch or more in thickness; as currently provided for in item 607.8320 of the *TSUSA;* or over 12 inches in width and under 0.1875 inch in thickness; whether or not in coils; as currently provided for in items 607.8350, 607.8355 or 607.8360 of the *TSUSA.*

According to the petitioner, merchandise produced by East Slovak Iron and Steel Works and NHKG-Nova Hut Kelmenta Gottwalda accounted for all the exports of this merchandise to the United States. We investigated all sales of carbon steel products during the period July 1 through December 31, 1984.

Withdrawal of Petition

On May 28, 1985, petitioner notified us that it was withdrawing its petition, and requested that the investigations be terminated. Under section 734(a) of the Tariff Act of 1930 (the Act), as amended by section 604 of the Trade and Tariff Act of 1984, upon withdrawal of a petition, the administering authority may terminate an investigation after giving notice to all parties to the investigation. This withdrawal is based on arrangements with the Government of Czechoslovakia to limit the volume of imports of this product. We have assessed the public interest factors set out in section 734(a) of the Act and consulted with potentially affected producers, workers, and consuming interests and with the ITC. On the basis of our assessment of the public interest factors and our consultations with affected interests, we have determined that terminations would be in the public interest.

We have notified all parties to the investigations and the ITC of petitioner's withdrawal and our intention to terminate.

For these reasons, we are terminating our investigations.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

May 29, 1985.

[FR Doc. 85-13404 Filed 6-3-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-437-401]

Termination of Antidumping Duty Investigations; Certain Carbon Steel Products From Hungary

AGENCY: International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On May 28, 1985, the United States Steel Corporation withdrew its antidumping petition, filed on December 19, 1984, on certain carbon steel products from Hungary. Based on the withdrawal, we are terminating the investigations.

EFFECTIVE DATE: June 4, 1985.

FOR FURTHER INFORMATION CONTACT: Ken Stanhagen, 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) 377-1777.

SUPPLEMENTARY INFORMATION:

Case History

On December 19, 1984, we receive a petition from the United States Steel Corporation filed on behalf of the U.S. industry producing certain carbon steel products.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate antidumping investigations. We notified the International Trade Commission (ITC) of our action and initiated the investigations on January 8, 1985 (50 FR 1914). On February 4, 1985, the ITC found that there was a reasonable indication that imports of certain carbon steel products from Hungary materially injure, or threaten material injury to, a United States industry.

Scope of Investigations

The merchandise covered by these investigations is carbon steel plate and hot-rolled carbon steel flat-rolled products (herein referred to collectively as certain carbon steel products).

The term "carbon steel plate" covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled and not cold-rolled; not in coils, not cut, not pressed and not stamped to non-rectangular shape; not coated or plated with metal and not clad; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in items 607.8620, and 607.8625 of the *Tariff Schedules of the United States, Annotated* (TSUSA). Semifinished products of solid rectangular cross section with a width at least four times the thickness and processed only through primary mill hot-rolling are not included.

The term "hot-rolled carbon steel flat-rolled products" covers hot-rolled carbon steel products, 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 and not clad; 0.1875 inch or more in thickness and over 8 inches in width and in coils, as currently provided for in item 607.8610 of the *TSUSA;* or under 0.1875 inch in thickness and over 12 inches in width; whether or not pickled, whether or not coils, as currently provided for in items 607.8710, 607.8720, 607.8730, 607.8740, or 607.8342 of the *TSUSA.*

Withdrawal of Petition

On May 28, 1985, petitioner notified us that it was withdrawing its petition, and requested that the investigations be terminated. Under section 734(a) of the Tariff Act of 1930 (the Act), as amended by section 604 of the Trade and Tariff Act of 1984, upon withdrawal of a petition, the administering authority may terminate an investigation after giving notice to all parties to the investigation. This withdrawal is based on arrangements with the Government of Hungary to limit the volume of imports of these products. We have assessed the public interest factors set out in section 734(a)(2) of the Act, and consulted with potentially affected producers, workers, and consuming interests and with the ITC. On the basis of our assessment of the public interest factors and our consultations with affected interests, we have determined that termination would be in the public interest.

We have notified all parties to the investigations and the ITC of petitioner's withdrawal and our intention to terminate.

For these reasons, we are terminating our investigations.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

May 29, 1985.

[FR Doc. 85-13405 Filed 6-3-85; 8:45 am]

BILLING CODE 3510-DS-M

[Investigations Nos. 701-TA-226, 229, and 232 (Final) and 731-TA-217, 222, 223, 226, and 229 (Final)]

Certain Carbon Steel Products From Romania and Venezuela

AGENCY: United States International Trade Commission.

ACTION: Termination of investigations.

SUMMARY: On July 16, 1985, the Commission received letters from the U.S. Department of Commerce stating that, having received letters from petitioner in the subject investigations (United States Steel Corp.) withdrawing its petitions, Commerce was terminating its countervailing duty investigations on certain carbon steel products from Venezuela and its antidumping investigations on certain carbon steel products from both Romania and Venezuela. Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the following investigations are terminated:

Countervailing duty investigations:

Carbon Steel Plates Whether or not in Coils From Venezuela (investigaton No. 701-TA-226 (Final));

Hot-Rolled Carbon Steel Sheets From Venezuela (investigaton No. 701-TA-229 (Final)); and

Cold-Rolled Carbon Steel Plates and Sheets From Venezuela (investigation No. 701-TA-232 (Final)); and

Antidumping investigations:

Carbon Steel Plates Whether or not in Coils From Venezuela (investigatoin No. 731-TA-217 (Final));

Hot-Rolled Carbon Steel Sheets From—

Romania (investigation No. 731-TA-222 (Final)); and

Venezuela (investigation No. 731-TA-223 (Final)); and

Cold-Rolled Carbon Steel Plates and Sheets From—

Romania (investigation No. 731-TA-228 (Final)); and

Venezuela (investigation No. 731-TA-229 (Final)).

EFFECTIVE DATE: July 19, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-imparied individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

Authority: These investigations are being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.40 of the Commission's rules (19 CFR 207.40).

By order of the Commission.

Issued: July 25, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-18149 Filed 7-30-85; 8:45 am]

BILLING CODE 7020-02-M

ACTION: Termination of investigation.

SUMMARY: On July 24, 1985, the Commission received a letter from counsel for the petitioner in the subject investigation, Chaparral Steel Co., which stated that Chaparral "hereby gives notice that it withdraws its petition . . . without prejudice and requests the Commission to terminate the investigation." Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the antidumping investigation concerning carbon steel structural shapes from Poland (investigation No. 731-TA-235 (Final)) is terminated.

EFFECTIVE DATE: July 30, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

Authority: This investigation is being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.40 of the Commission's rules (19 CFR 207.40).

Issued: July 30, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-18744 Filed 8-6-85; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 731-TA-235 (Final)]

Carbon Steel Structural Shapes From Poland

AGENCY: United States International Trade Commission.

207.40(a)], the following investigations are terminated:

Carbon Steel Plates Whether or not in Coils From—
The German Democratic Republic (investigation No. 731-TA-214 (Final)); and
Poland (investigation No. 731-TA-216 (Final)); and

Cold-Rolled Carbon Steel Plates and Sheets From the German Democratic Republic (investigation No. 731-TA-226 (Final)).

EFFECTIVE DATE: August 12, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

Authority: These investigations are being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.40 of the Commission's rules (19 CFR 207.40).

Issued: August 14, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-19903 Filed 8-20-85; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 731-TA-214, 216, and 226 (Final)]

Certain Carbon Steel Products From the German Democratic Republic and Poland

AGENCY: United States International Trade Commission.

ACTION: Termination of investigations.

SUMMARY: On August 6, 1985, the Commission received letters from petitioner in the subject investigations (United States Steel Corp.) which stated, with respect to each of the cited investigations, that" . . . U.S. Steel hereby withdraws its antidumping petition and requests termination of the proceeding. It is understood that withdrawal of the petition is without prejudice." Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-224 (Final)]

Cold-Rolled Carbon Steel Plates and Sheets From Austria

AGENCY: International Trade Commission.

ACTION: Termination of investigation.

SUMMARY: On August 19, 1985, the U.S. Department of Commerce published notice in the Federal Register of its final determination of sales of cold-rolled

carbon steel plates and sheets from Austria at not less than fair value and subsequent termination of the case. Accordingly, pursuant to § 207.20(b) of the Commission's Rules of Practice and Procedure (19 CFR 207.20(b)), the antidumping investigation concerning cold-rolled carbon steel plates and sheets from Austria (investigation No. 731-TA-224 (Final)) is terminated.

EFFECTIVE DATE: August 19, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

Authority

This investigation is being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 201.10 of the Commission's rules (19 CFR 201.10).

Issued: September 9, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-21785 Filed 9-11-85; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX E

EXCHANGE-RATE TABLES

Table E-1.--Nominal exchange-rate equivalents of the Austrian schilling in U.S. dollars, real exchange-rate equivalents, and producer price indicators in the United States and Austria, indexed by quarters, January 1982-June 1985 1/

(January-March 1982=100)

Period	U.S. Producer Price Index	Austrian Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 2/
1982:				
January-March	100.0	100.0	100.0	100.0
April-June	100.1	101.9	98.3	100.1
July-September	100.5	98.7	94.3	92.6
October-December	100.6	97.9	93.6	91.1
1983:				
January-March	100.7	100.4	97.3	96.9
April-June	101.0	100.1	94.1	93.3
July-September	102.0	99.6	88.6	86.5
October-December	102.5	101.0	87.3	86.0
1984:				
January-March	103.6	104.0	86.4	86.8
April-June	104.3	104.8	86.5	86.9
July-September	104.1	103.2	80.3	79.6
October-December	103.8	103.9	76.8	76.9
1985				
January-March	103.6	108.3	72.0	75.2
April-June	103.7	108.8	75.8	79.6

1/ Exchange rates expressed in U.S. dollars per schilling.

2/ The real value of a currency is the nominal value adjusted for the difference between inflation rates in the United States and the foreign country. Inflation in the United States averaged 1.1 percent annually during the period compared with 2.5 percent for Austria.

Source: International Financial Statistics of the International Monetary Fund's data bank.

Table E-2.--Nominal exchange-rate equivalents of the Swedish krona in U.S. dollars, real exchange-rate equivalents, and producer price indicators in the United States and Sweden, indexed by quarters, January 1982-June 1985 1/

(January-March 1982=100)

Period	U.S. Producer Price Index	Swedish Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 2/
1982:				
January-March	100.0	100.0	100.0	100.0
April-June	100.1	101.7	97.2	98.7
July-September	100.5	103.3	93.2	95.7
October-December	100.6	109.9	78.2	85.4
1983:				
January-March	100.7	112.4	77.4	86.4
April-June	101.0	113.2	76.1	85.3
July-September	102.0	116.5	73.5	84.0
October-December	102.5	118.2	72.5	83.5
1984:				
January-March	103.6	121.5	71.9	84.4
April-June	104.3	123.1	71.7	84.6
July-September	104.1	124.8	68.2	81.8
October-December	103.8	127.3	65.9	80.8
1985				
January-March	103.6	130.6	61.9	78.0
April-June	103.7	131.0	64.2	81.0

1/ Exchange rates expressed in U.S. dollars per krona.

2/ The real value of a currency is the nominal value adjusted for the difference between inflation rates in the United States and the foreign country. Inflation in the United States averaged 1.1 percent annually during the period compared with 8.9 percent for Sweden.

Source: International Financial Statistics of the International Monetary Fund's data bank.

APPENDIX F

PAST AND PENDING TITLE VII INVESTIGATIONS FROM 1982 TO THE PRESENT ON THE SUBJECT PRODUCTS AND CURRENT IMPORT RESTRAINTS

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Plates:			
Belgium	Termination after affirmative preliminary determination by USITC [TPM]. 3/		
	Hot-rolled carbon steel plates	Terminated: 47 FR 5754 (Feb. 8, 1982); 701-TA-83(P); USITC Publication 1207 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-53(P), 731-TA-61 (P), 701-TA-86 (P), and 701-TA-94(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
	Recission of Investigation notice by ITA after affirmative preliminary determination by USITC. 4/		
	Hot-rolled carbon steel plates	Dismissed: 49 FR 3503, (Jan. 27, 1984); 731-TA-146(P); USITC Publication 1451 (1983).	-
Brazil	Suspension after affirmative final determination by USITC. 5/		
	Hot-rolled carbon steel plates	Suspended: 48 FR 11190 (Mar. 16, 1983); 701-TA-87(F); USITC Publication 1356 (1983).	Brazillian agreement.
	Termination after affirmative preliminary determination by USITC [TPM].		
	Hot-rolled carbon steel plates	Terminated: 47 FR 5754 (Feb. 8, 1982); 701-TA-84(P); USITC Publication 1207 (1982).	-
	Affirmative final determination by USITC.		
	Flat-rolled carbon steel plates in coils or cut-to-length, whether or not coated with metal.	731-TA-123(F); USITC Publication 1499 (1984).	Outstanding antidumping duty order by ITA: 49 FR 10692 (Mar. 22, 1984) and 49 FR 18023 (Apr. 26, 1984)--allowance of security in place of estimated antidumping duties.
	Hot-rolled carbon steel plates in coils.	701-TA-205(F); USITC Publication 1538 (1984).	Outstanding countervailing duty order by ITA: 49 FR 25655 (June 22, 1984).
	Hot-rolled carbon steel plates and sheets.	731-TA-153(F); USITC Publication 1568 (1984).	Outstanding antidumping duty order by ITA: 49 FR 35536 (Sept. 10, 1984).
	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	701-TA-95(P); USITC Publication 1221(1982).	-
	Termination before preliminary determination by USITC (petition was amended).		
	Flat-rolled carbon steel plates	Terminated: 48 FR 54401 (Dec. 2, 1983); Initiated: 48 FR 52782 (Nov. 22, 1983); 701-TA-204.	-

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Plates--Continued:			
Czechoslovakia	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates, whether or not in coils.	Terminated: 50 FR 23484 (June 4, 1985); 731-TA-213(P); USITC Publication 1642 (1985).	-
Federal Republic of Germany.	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-60(P), 731-TA-67(P), 701-TA-93(P), and 701-TA-101(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
	Recission of investigation notice by ITA after affirmative preliminary determination by USITC. 7/		
	Hot-rolled carbon steel plates including coiled plates.	Dismissed: 49 FR 3503 (Jan. 27, 1984); 731-TA-147(P); USITC Publication 1451 (1983).	-
Finland	Termination after affirmative pre-limination determination by USITC (petition withdrawn 6/).		
	Carbon steel plates not in coils.	Terminated: 50 FR 4276 (Jan. 30, 1985); 731-TA-169(F); USITC Publication 1510 (1984).	-
	Terminated before preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates in coils	Terminated: 50 FR 4558 (Jan. 31, 1985); 731-TA-218(P); USITC Publication 1642 (1985).	-
France	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates not in coils.	731-TA-54(P) and 701-TA-88(P); USITC Publication 1221 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 49058, (Oct. 29, 1982); 731-TA-62(P) and 701-TA-96(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement
German Democratic Republic.	Termination after affirmative pre-limination determination by USITC (petition withdrawn 6/).		
	Carbon steel plates, whether or not in coils.	Terminated: 50 FR 33858 (Aug. 21, 1985); 731-TA-214(F); USITC Publication 1642 (1985).	
Hungary	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates, whether or not in coils.	Terminated: 50 FR 23485 (June 4, 1985); 731-TA-215(P); USITC Publication 1642 (1985).	-

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Plates--Continued:			
Italy	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates	731-TA-55(P) and 701-TA-89(P); USITC Publication 1221 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-63(P) and 701-TA-97(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Luxembourg	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	731-TA-56(P), 731-TA-64 (P), 701-TA-90 (P), and 701-TA-98(P); USITC Publication 1221 (1982).	-
Mexico	Termination after affirmative preliminary determination by ITA only. 8/		
	Carbon steel plates	Terminated: 49 FR 17790 (Apr. 25, 1984); Initiated: 48 FR 55013 (Dec. 8, 1983).	Mexican agreement.
Netherlands	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates	731-TA-57(P) and 701-TA-91(P); USITC Publication 1221 (1982).	-
	Termination after affirmative preliminary determination by USITC (negative final determination by ITA).		
	Hot-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 40725 (Sept. 15, 1982); 701-TA-99(P); USITC Publication 1221 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-65(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Poland	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates, whether or not in coils.	Terminated: 50 FR 33858 (Aug. 21, 1985); 731-TA-216(F); USITC Publication 1642 (1985).	
Republic of Korea.	Affirmative final determination by USITC.		
	Hot-rolled carbon steel plates	731-TA-151(F); USITC Publication 1561 (1984).	Outstanding antidumping duty order by ITA: 49 FR 33298 (Aug. 22, 1984).
	Hot-rolled carbon steel plates and sheets.	701-TA-170(F) and 701-TA-171(F); USITC Publication 1346 (1983).	Outstanding countervailing duty order by ITA: 48 FR 7241 (Feb. 18, 1983).

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Plates--Continued:			
Romania	Termination after affirmative preliminary determination by USITC [TPM].		
	Hot-rolled carbon steel plates	Terminated: 47 FR 5754 (Feb. 8, 1982); 731-TA-51(P); USITC Publication 1207 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates cut-to-length.	Terminated: 50 FR 29459 (July 19, 1985); 731-TA-58(F); Suspended: 9/ 48 FR 317, (Jan. 4, 1983); USITC Publication 1221 (1982).	-
South Africa	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates not in coils	Terminated: 49 FR 23670 (June 7, 1984); 731-TA-170(P); USITC Publication 1510 (1984).	-
	Carbon steel plates in coils	Terminated: 49 FR 23670 (June 7, 1984); 731-TA-172(P); USITC Publication 1510 (1984).	-
	Affirmative final countervailing duty determination by ITA only. 10/		
	Hot-rolled carbon steel plates	Final determination: 47 FR 39379 (Sept. 7, 1982); Initiated: 47 FR 5751 (Feb. 8, 1982).	Outstanding countervailing duty order by ITA: 47 FR 39379 (Sept. 7, 1982).
Spain	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates, whether or not in coils	Terminated: 50 FR 4276 (Jan. 30, 1985); 731-TA-171(F); USITC Publication 1510 (1984).	-
	Affirmative final determination by USITC.		
	Hot-rolled carbon steel plates	701-TA-155(F); USITC Publication 1331 (1982).	Outstanding countervailing duty order by ITA: 48 FR 51 (Jan. 3, 1983).
	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils and sheets.	701-TA-156(P); USITC Publication 1255 (1982).	-
Sweden	Final determination pending by USITC.		
	Carbon steel plates, whether or not in coils.	ITA affirmative final determination: 50 FR 33375 (Aug. 19, 1985); 701-TA-225(F); USITC Publication 1642 (1985).	USITC final pending.

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Plates--Continued:			
United Kingdom	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates not in coils.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-59(P) and 701-TA-92(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	701-TA-100(P); USITC Publication 1221 (1982).	-
	Termination before preliminary determination by USITC (petition withdrawn).		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 6117, (Feb. 10, 1982); Initiated: 47 FR 2955 (Jan. 20, 1982); 731-TA-66.	-
Venezuela	Terminated after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Carbon steel plates, whether or not in coils.	Terminated: 50 FR 29460 and 29465 (July 19, 1985); 701-TA-226(F) and 731-TA-217(F); USITC Publication 1642 (1985).	-
Hot-rolled sheets:			
Austria	Final determination pending by USITC.		
	Hot-rolled carbon steel sheets	ITA affirmative final determinations: 50 FR 33369 and 33365 (Aug. 19, 1985); 701-TA-227(F) and 731-TA-219(F); USITC Publication 1642 (1985).	USITC final pending.
Belgium	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-61(P) and 701-TA-94(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Brazil	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	701-TA-95(P); USITC Publication 1221 (1982).	-
	Affirmative final determination by USITC.		
	Hot-rolled carbon steel sheets	701-TA-206(F); USITC Publication 1538 (1984).	Outstanding countervailing duty order by ITA: 49 FR 25655 (June 22, 1984).
	Hot-rolled carbon steel plates in coils and sheets.	731-TA-153(F); USITC Publication 1568 (1984).	Outstanding antidumping duty order by ITA: 49 FR 35536 (Sept. 10, 1984).

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Hot-rolled sheets--Continued:			
Federal Republic of Germany	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 49058, (Oct. 29, 1982); 731-TA-67(P) and 701-TA-101(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Finland	Termination before preliminary determination by USITC (petition withdrawn 6/).		
	Hot-rolled carbon steel sheets	Terminated: 50 FR 4558 (Jan. 31, 1985); 731-TA-220(P); USITC Publication 1642 (1985).	-
France	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 49058, (Oct. 29, 1982); 731-TA-62(P) and 701-TA-96(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Hungary	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Hot-rolled carbon steel sheets	Terminated: 50 FR 23485 (June 4, 1985); 731-TA-221(P); USITC Publication 1642 (1985).	-
Italy	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-63(P) and 701-TA-97(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Luxembourg	Negative preliminary determination by USITC.		
	Hot-rolled carbon steel plates in coils, sheets, and strip.	731-TA-64(P) and 701-TA-98(P); USITC Publication 1221 (1982).	-
Mexico	Termination after affirmative preliminary determination by ITA only. 8/		
	Hot-rolled carbon steel sheets	Terminated: 49 FR 17790 (Apr. 25, 1984); Initiated: 48 FR 55013 (Dec. 8, 1983).	Mexican agreement.
Netherlands	Termination after affirmative preliminary determination by USITC (negative final determination by ITA).		
	Hot-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 40725 (Sept. 15, 1982); 701-TA-99(P); USITC Publication 1221 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Hot-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-65(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Hot-rolled sheets--Continued: Republic of Korea.	Affirmative final determination by USITC. Hot-rolled carbon steel plates in coils and sheets.	701-TA-171(F); USITC Publication 1346 (1983).	Outstanding countervailing duty order by ITA: 48 FI 7241 (Feb. 18, 1983).
Romania	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/). Hot-rolled carbon steel sheets	Terminated: 50 FR 29459 (July 19, 1985); 731-TA-222(F); USITC Publication 1642 (1985).	-
South Africa	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/). Hot-rolled carbon steel sheets	Terminated: 49 FR 23670 (June 7, 1984); 731-TA-174(F); USITC Publication 1510 (1984).	-
	Affirmative final countervailing duty determination, filed with ITA only 10/ Hot-rolled carbon steel sheets and strip.	Final determination: 47 FR 39379 (Sept. 7, 1982); Initiated: 47 FR 5751 (Feb. 8, 1982).	Outstanding countervailing duty order by ITA: 47 FI 39379 (Sept. 7, 1982).
Spain	Negative preliminary determination by USITC. Hot-rolled carbon steel plates in coils and sheets.	701-TA-156(P); USITC Publication 1255 (1982)	-
Sweden	Final determination pending by USITC. Hot-rolled carbon steel sheets	ITA affirmative final determination 50 FR 33375 (Aug. 19, 1985); 701-TA-228(F); USITC Publication 1642 (1985).	USITC final pending.
United Kingdom	Negative preliminary determination by USITC. Hot-rolled carbon steel plates in coils, sheets, and strip.	701-TA-100(P); USITC Publication 1221 (1982).	-
	Termination before preliminary determination by USITC (petitions withdrawn). Hot-rolled carbon steel plates in coils, sheets, and strip.	Terminated: 47 FR 6117 (Feb. 10, 1982); initiated 47 FR 2955 (Jan. 20, 1982); 731-TA-66.	-
Venezuela	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/). Hot-rolled carbon steel sheets	Terminated: 50 FR 29460 and 29465 (July 19, 1985); 731-TA-223(F) and 701-TA-229(F); USITC Publication 1642 (1985).	-

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Cold-rolled plates and sheets:			
Argentina	Negative final determination by USITC.		
	Cold-rolled carbon steel sheets	731-TA-175 (F); USITC Publication 1637 (1985).	-
	Affirmative final countervailing duty determination; case filed with ITA only. 11/		
	Cold-rolled carbon steel sheets	Final determination: 49 FR 18006 (Apr. 26, 1984); Initiated: 48 FR 55014 (Dec. 8, 1983).	Outstanding countervailing duty order by ITA: 49 FR 18006 (Apr. 26, 1984).
Austria	Final determination pending by USITC.		
	Cold-rolled carbon steel plates and sheets.	ITA affirmative final determination: 50 FR 33369 (Aug. 19, 1985); 701-TA-230(F): USITC Publication 1642 (1985).	USITC final pending.
	Negative final determination by ITA.		
	Cold-rolled carbon steel plates and sheets.	ITA negative final determination and termination: 50 FR 33365 (Aug. 19, 1985); 731-TA-224(F); USITC Publication 1642 (1985).	
Belgium	Negative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	731-TA-68(P) and 701-TA-102(P); USITC Publication 1221 (1982).	-
Brazil	Negative preliminary determination by USITC.		
	Cold-rolled carbon steel plates sheets, and strip.	701-TA-103(P); USITC Publication 1221 (1982).	-
	Negative final determination by USITC.		
	Cold-rolled carbon steel plates and sheets.	731-TA-154(F); USITC Publication 1579 (1984).	-
	Affirmative final determination by USITC.		
	Cold-rolled carbon steel plates and sheets.	701-TA-207(F); USITC Publication 1538 (1984).	Outstanding countervailing duty order by ITA: 49 FR 25655 (June 22, 1984).
Czechoslovakia	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel plates and sheets.	Terminated: 50 FR 23484 (June 4, 1985); 731-TA-225(P); USITC Publication 1642 (1985).	-
Federal Republic of Germany	Termination after affirmative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058, (Oct. 29, 1982); 731-TA-74(P) and 701-TA-109(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Finland	Terminated before preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel sheets	Terminated: 50 FR 4558 (Jan. 31, 1985); 731-TA-227(P); USITC Publication 1642 (1985).	-

See footnotes at end of table.

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Cold-rolled plates and sheets--Continued:			
France	Termination after affirmative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058, (Oct. 29, 1982); 731-TA-69(P) and 701-TA-104(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
German Democratic Republic.	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel plates and sheets.	Terminated: 50 FR 33858 (Aug. 21, 1985); 731-TA-226(F); USITC Publication 1642 (1985).	
Italy	Termination after affirmative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-70(P) and 701-TA-105(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Luxembourg	Negative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	731-TA-71(P) and 701-TA-106(P); USITC Publication 1221 (1982).	-
Mexico	Termination after affirmative preliminary determination by ITA only. 8/		
	Cold-rolled carbon steel sheets	Terminated: 49 FR 17790 (Apr. 25, 1984); Initiated: 48 FR 55013 (Dec. 8, 1983).	Mexican agreement.
Netherlands	Termination after affirmative preliminary determination by USITC (negative final determination by ITA).		
	Cold-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 40725 (Sept. 15, 1982); 701-TA-107(P); USITC Publication 1221 (1982).	-
	Termination after affirmative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-72(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Republic of Korea.	Affirmative final determination by USITC.		
	Cold-rolled plates and sheets	701-TA-218(F); USITC Publication 1634 (1985).	Outstanding countervailing duty ordeer by ITA: 50 FR 5653 (Feb. 11, 1985).
	Negative preliminary determination by USITC.		
	Cold-rolled carbon steel sheet	701-TA-172(P); USITC Publication 1261 (1982).	-
Romania	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel plates and sheets.	Terminated: 50 FR 29459 (July 19, 1985); 731-TA-228(F); USITC Publication 1642 (1985).	-

Certain carbon steel products: Past and pending Title VII investigations from 1982 to the present and current import restraints, 1/ by products and by countries

Product and source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Cold-rolled plates and sheets—Continued:			
South Africa	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel sheets	Terminated: 49 FR 23670 (June 7, 1984); 731-TA-176(P); USITC Publication 1510 (1984).	-
	Affirmative final countervailing duty determination, filed with ITA only 10/		
	Cold-rolled carbon steel sheets and strip.	Final determination: 47 FR 39379 (Sept. 7, 1982); Initiated: 47 FR 5751 (Feb. 8, 1982).	Outstanding countervailing duty order by ITA: 47 FR 39379 (Sept. 7, 1982).
Spain	Terminated after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel sheets	Terminated: FR 50 4276 (Jan. 30, 1985); 731-TA-177(F); USITC Publication 1510 (1984).	-
	Affirmative final determination by USITC.		
	Cold-rolled carbon steel sheets	701-TA-157(F); USITC Publication 1331 (1982).	Outstanding countervailing duty order by ITA: 48 FR 51 (Jan. 3, 1983).
Sweden	Final determination pending by USITC.		
	Cold-rolled carbon steel plates and sheets.	ITA affirmative final determination: 50 FR 33375 (Aug. 19, 1985); 701-TA-231(F); USITC Publication 1642 (1985).	
United Kingdom	Negative preliminary determination by USITC.		
	Cold-rolled carbon steel plates, sheets, and strip.	731-TA-73(F) and 701-TA-108(P); USITC Publication 1221 (1982).	-
Venezuela	Termination after affirmative preliminary determination by USITC (petition withdrawn 6/).		
	Cold-rolled carbon steel plates and sheets.	Terminated: 50 FR 29460 and 29465 (July 19, 1985); 701-TA-232(F) and 731-TA-229(F); USITC Publication 1642 (1985).	-

1/ As of June 30, 1985.

2/ Each product designation used in this chart is based on the product description used initially in the investigation.

3/ TPM is the abbreviation for Trigger Price Mechanism.

4/ ITA determined that petitioner did not represent the national hot-rolled carbon steel plate industry.

5/ A suspension agreement was negotiated in which the Government of Brazil agreed to offset with an export tax all benefits which were found to constitute subsidies on tool steel exported to the United States. 48 FR 11721 (Mar. 21, 1983). However, petitioners requested ITA to continue the investigation. An affirmative final determination was reached by ITA and USITC. The suspension agreement remains in effect unless terminated or violated. 48 FR 11190 (Mar. 16, 1983).

6/ Petition withdrawn subsequent to the signing of a voluntary export restraint agreement by the Government of the subject country with the U.S. Government.

7/ ITA determined that petitioner did not represent the national hot-rolled carbon steel plate industry. The U.S. Court of International Trade has reversed ITA's dismissal of the regional industry in its antidumping petition and has remanded the case back to ITA for further proceedings.

8/ This case was filed with ITA only since Mexico is not a "country under the Agreement" within the meaning of sec. 701(b) of the Tariff Act of 1930. The Government of Mexico adopted an export restraint policy whereby steel shipments to the United States are subject to quantitative limitations over the next 3 years. 49 FR 17790 (Apr. 25, 1984).

9/ An agreement was reached with Metalimportexport, an exporter, in which Metalimportexport agreed to revise its prices to eliminate sales of this merchandise to the United States at less than fair value (48 FR 317 (Jan. 4, 1983)). Commerce cancelled the suspension agreement, resuming the antidumping duty investigation (50 FR 9812 (Mar. 12, 1985). The investigation was later terminated (50 FR 29459 (July 19, 1985)).

10/ This case was filed with ITA only since South Africa is not a "country under the agreement" within the meaning of sec. 701(b) of the Tariff Act of 1930.

11/ This case was filed with ITA only since Argentina is not a "country under the Agreement" within the meaning of section 701(b) of the Tariff Act of 1930.

APPENDIX G

INDEXES OF PRODUCTS INCLUDED IN THE PRICE SECTIONS

Table G-1.--Indexes of apparent consumption of carbon steel plates, shipments of contractors' products and machinery and industrial equipment, and new construction put in place, by quarters, January 1981-June 1985

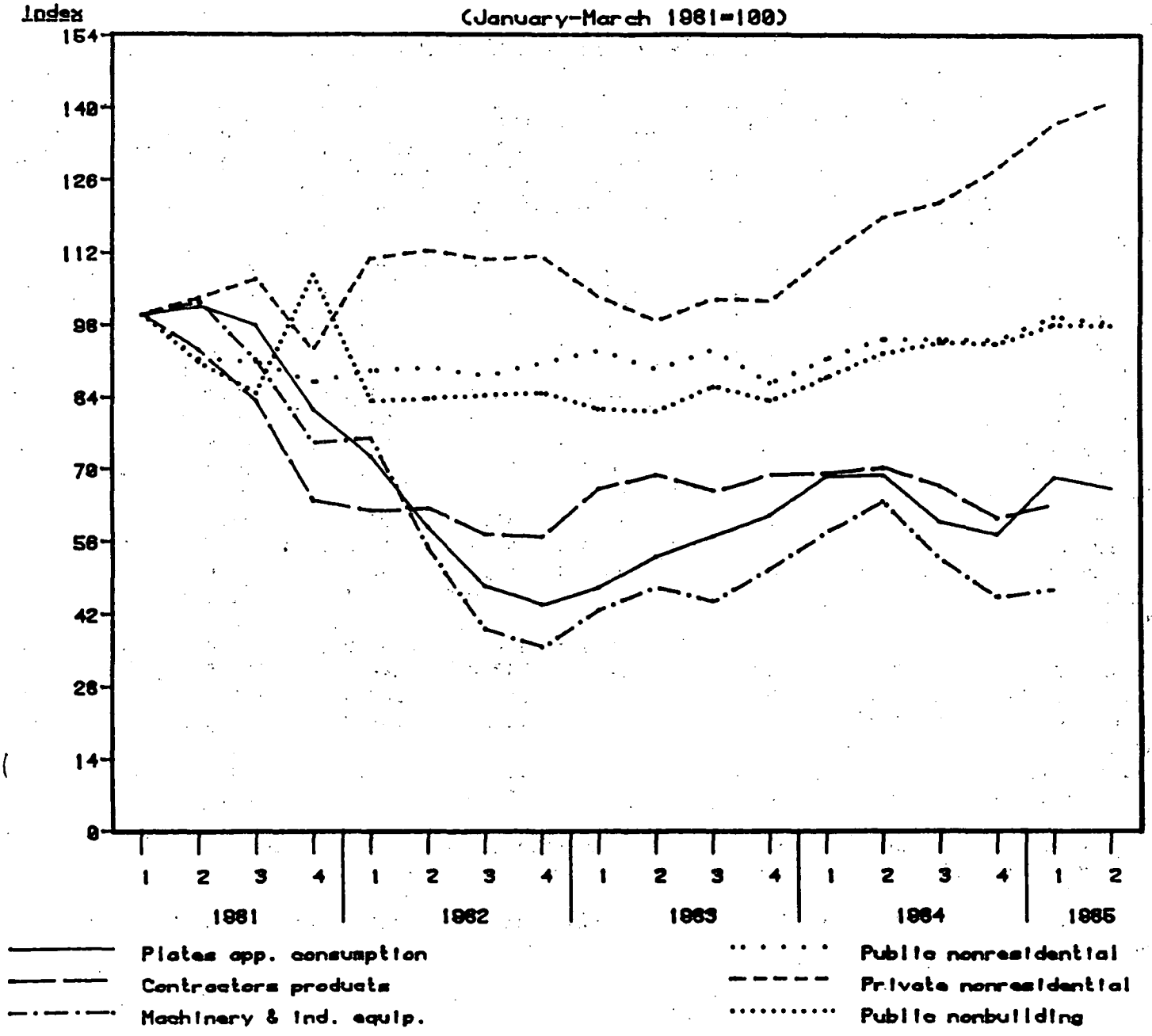
(January-March 1981=100)

Period	Apparent consumption of plates 1/	Shipments of--		Construction put in place		
		Contractors' products	Machinery and industrial equipment	Public nonresidential	Private nonresidential	Public nonbuilding
1981:						
Jan.-Mar---	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June--	101.6	93.0	102.5	91.2	103.3	90.6
July-Sept--	97.8	83.1	91.0	90.7	106.9	84.7
Oct.-Dec---	81.5	63.7	75.1	86.8	92.9	107.7
1982:						
Jan.-Mar---	72.4	61.8	76.1	89.1	110.9	83.2
Apr.-June--	58.5	62.4	54.6	89.7	112.4	83.7
July-Sept--	47.2	57.2	38.9	88.0	110.6	84.4
Oct.-Dec---	43.7	56.7	35.4	90.6	111.3	84.8
1983:						
Jan.-Mar---	47.1	66.2	42.7	92.9	103.3	81.5
Apr.-June--	53.1	68.9	47.1	89.3	98.7	81.1
July-Sept--	57.0	65.6	44.3	93.1	103.0	86.0
Oct.-Dec---	61.0	68.9	50.6	86.6	102.4	83.1
1984:						
Jan.-Mar---	68.6	69.2	57.7	91.4	111.2	87.8
Apr.-June--	68.9	70.4	63.7	95.3	118.9	92.5
July-Sept--	59.7	66.6	52.5	95.1	121.8	94.6
Oct.-Dec---	57.2	60.5	45.2	95.0	128.2	94.2
1985:						
Jan.-Mar---	68.4	63.1	46.6	99.6	137.0	98.0
Apr.-June--	66.0	2/	2/	98.2	141.3	97.7

1/ Estimated by the staff of the U. S. International Trade Commission.
2/ Not available.

Source: Compiled from statistics of the Data Resources, Inc., Central Data Base, except as noted.

Figure G-1.--Indexes of apparent consumption of carbon steel plates, shipments of contractors' products and machinery and industrial equipment, and new construction put in place, by quarters, January 1981-June 1985



Source: Based of data in table G-1 of this report.

Table G-2.--Indexes of apparent consumption of hot-rolled sheets, shipments of machinery and industrial equipment and contractors' products, and production of household appliances, automobiles, air-conditioning equipment, heating equipment, and consumer durables, by quarters, January 1981-June 1985

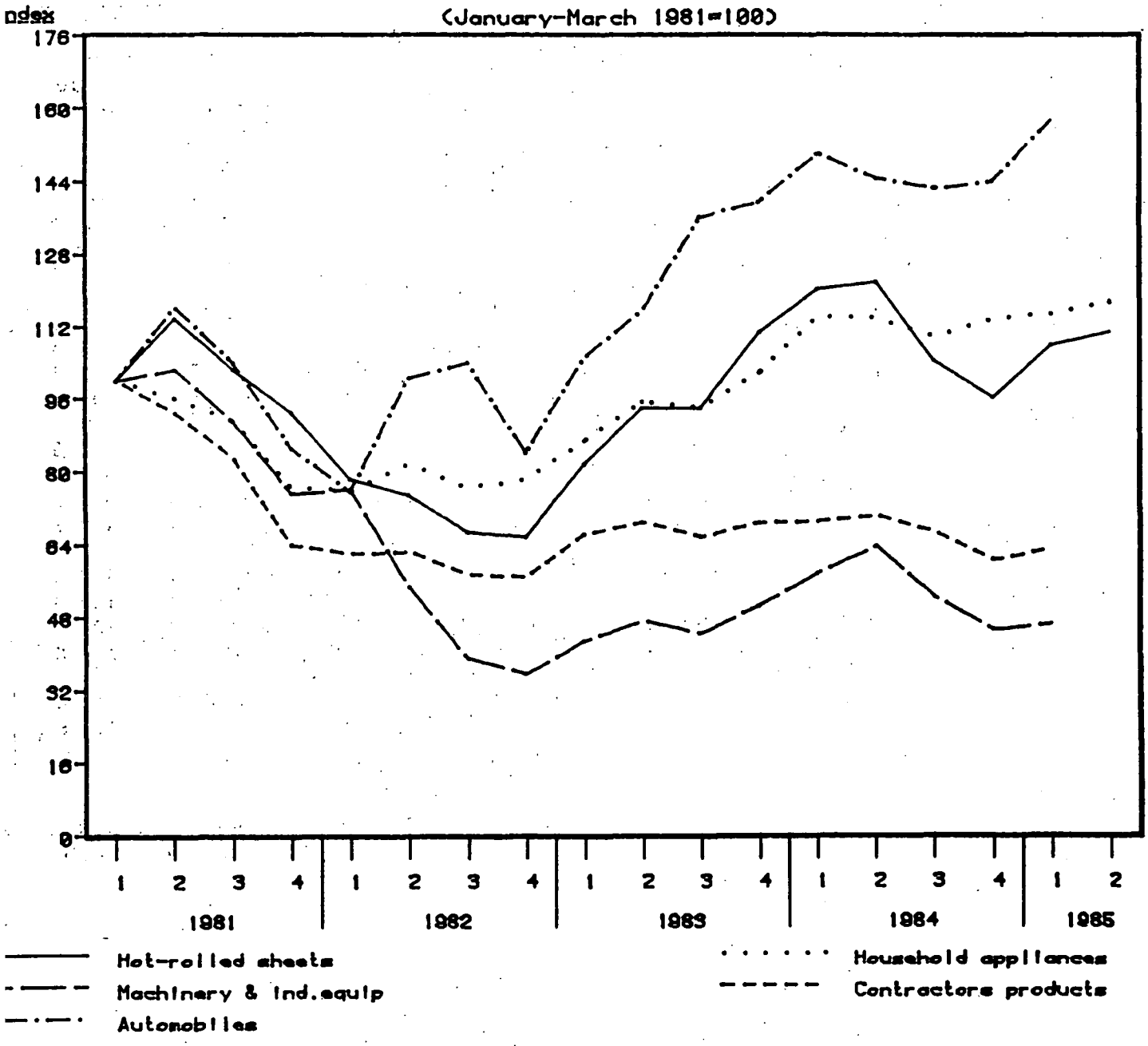
(January-March 1981=100)

Period	Apparent consumption 1/ of hot-rolled sheets	Shipments of--		Production of--				
		Machinery and industrial equipment	Contractors' products	Household appliances	Automobiles	Air-conditioning equipment	Heating equipment	Consumer durables
1981:								
Jan.-Mar---	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June--	113.8	102.5	93.0	96.1	116.3	96.6	102.9	101.3
July-Sept--	102.3	91.0	83.1	91.1	103.9	93.0	90.7	99.0
Oct.-Dec---	92.9	75.1	63.7	76.4	85.0	78.4	59.7	91.9
1982:								
Jan.-Mar---	78.3	76.1	61.8	75.8	75.5	71.2	59.1	88.2
Apr.-June--	74.7	54.6	62.4	81.7	100.6	78.6	64.9	92.5
July-Sept--	66.5	38.9	57.2	76.3	104.0	82.5	72.9	93.1
Oct.-Dec---	65.4	35.4	56.7	78.3	84.1	89.2	69.9	88.8
1983:								
Jan.-Mar---	81.7	42.7	66.2	86.8	105.1	97.6	96.7	97.5
Apr.-June--	94.1	47.1	68.9	95.4	115.5	111.1	150.9	104.4
July-Sept--	93.9	44.3	65.6	94.1	136.1	122.6	150.9	111.8
Oct.-Dec---	110.7	50.6	68.9	101.9	139.4	131.2	114.9	117.7
1984:								
Jan.-Mar---	120.3	57.7	69.2	114.4	150.0	125.0	137.4	123.5
Apr.-June--	121.8	63.7	70.4	113.8	144.6	127.8	156.5	122.8
July-Sept--	104.4	52.5	66.6	109.7	142.3	132.2	140.1	123.5
Oct.-Dec---	96.2	45.2	60.5	113.7	144.0	125.8	100.3	123.2
1985:								
Jan.-Mar---	107.9	46.6	63.1	114.9	157.3	124.2	129.2	123.0
Apr.-June--	111.0	2/	2/	117.4	2/	124.2	147.0	122.8

1/ Estimated by the staff of the U. S. International Trade Commission.
2/ Not available.

Source: Compiled from statistics of the Data Resources, Inc., Central Data Bank, except as noted.

Figure G-2.--Indexes of apparent consumption of hot-rolled sheets, shipments of machinery and industrial equipment and contractors' products, and production of household appliances and automobiles, by quarters, January 1981-June 1985



Source: Based of data in table G-2 of this report.

Table G-3.--Indexes of apparent consupmtion of cold-rolled sheets and production of household appliances, automobiles, air-conditioning equipment, heating equipment, and consumer durables, by quarters, January 1981-June 1985

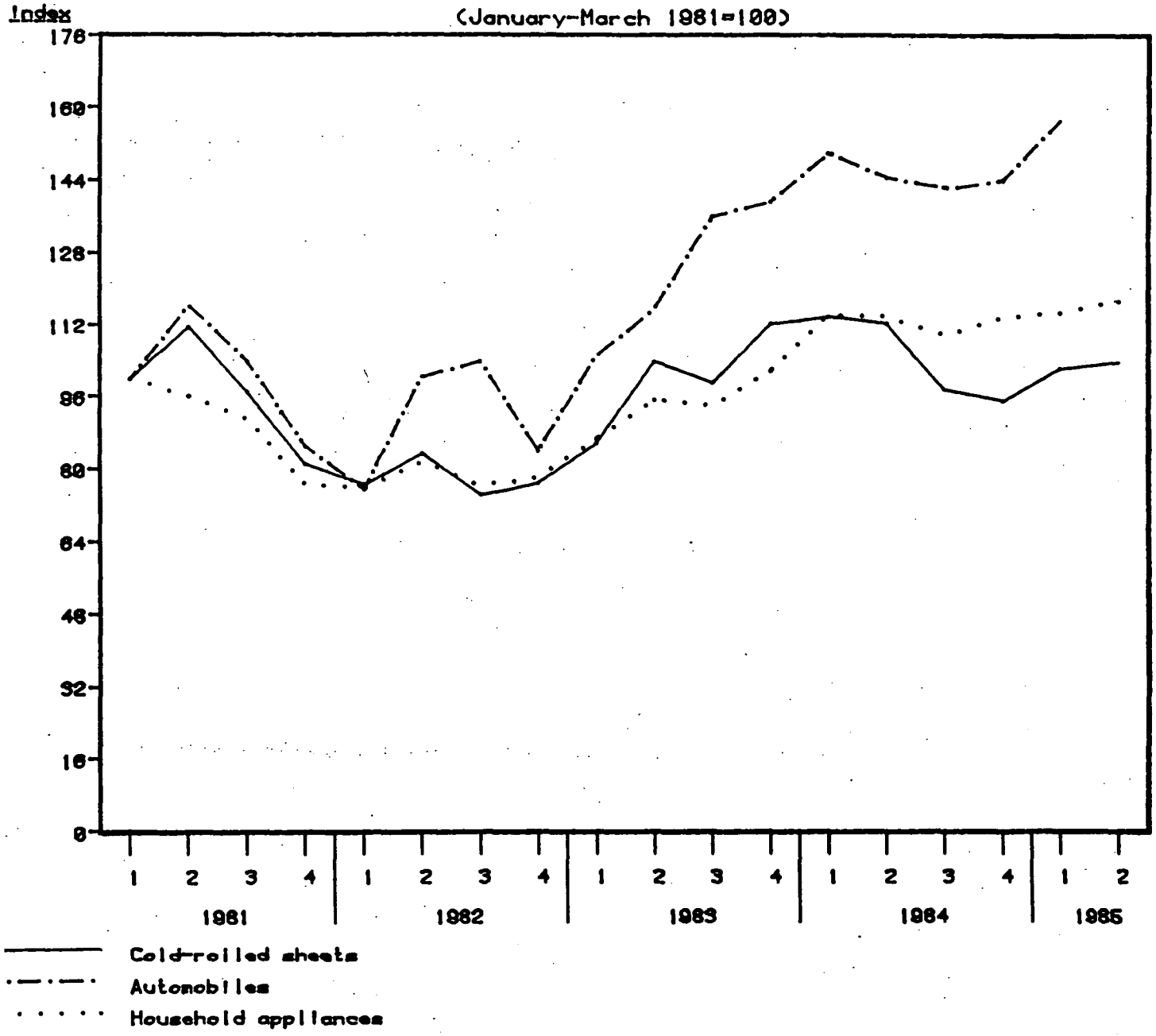
(January-March 1981=100)

Period	Apparent consumption of cold-rolled sheets	Production of--				
		Household appliances	Auto-mobiles	Air-conditioning equipment	Heating equipment	Consumer durables
1981:						
Jan.-Mar---	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June--	111.6	96.1	116.3	96.6	102.9	101.1
July-Sept--	97.0	91.1	103.9	93.0	90.7	99.0
Oct.-Dec---	81.1	76.4	85.0	78.4	59.7	91.9
1982:						
Jan.-Mar---	76.5	75.8	75.5	71.2	59.1	88.2
Apr.-June--	83.6	81.7	100.6	78.6	64.9	92.5
July-Sept--	74.4	76.3	104.0	82.5	72.9	93.1
Oct.-Dec---	77.0	78.3	84.1	89.2	69.9	88.8
1983:						
Jan.-Mar---	85.8	86.8	105.1	97.6	96.7	97.5
Apr.-June--	103.9	95.4	115.5	111.1	150.9	104.4
July-Sept--	99.0	94.1	136.1	122.6	150.9	111.8
Oct.-Dec---	112.4	101.9	139.4	131.2	114.9	117.7
1984:						
Jan.-Mar---	113.9	114.4	150.0	125.0	137.4	123.5
Apr.-June--	112.1	113.8	144.6	127.8	156.5	122.8
July-Sept--	97.6	109.7	142.3	132.2	140.1	123.5
Oct.-Dec---	95.2	113.7	144.0	125.8	100.3	123.2
1985:						
Jan.-Mar---	102.5	114.9	157.3	124.2	129.2	123.6
Apr.-June--	103.9	117.4	1/	124.2	147.0	122.8

1/ Not available.

Source: Apparent consumption, compiled from statistics of the American Iron & Steel Institute and official export and import statistics of the U.S. Department of Commerce; production compiled from statistics of the Data Resources, Inc., Central Data Bank.

Figure G-3.--Indexes of apparent consumption of cold-rolled sheets and production of automobiles and household appliances, by quarters, January 1981-June 1985



Source: Based of data in table G-3 of this report.

APPENDIX H

DESCRIPTIONS OF PRODUCTS COVERED IN THE PRICE SECTIONS

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

Plates in cut lengths:

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

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

Plates in coils (hot-rolled carbon steel bands):

Product 3: Hot-rolled carbon steel plates (hot-rolled carbon steel bands), in coils, structural quality, mill edge, 0.20 percent carbon maximum, 58,000 pounds tensile strength minimum, 36,000 pounds yield strength minimum, not pickled, nonkilled, 3/16 inch through 1/4 inch in thickness, over 36 inches through 72 inches in width.

Product 4: Hot-rolled carbon steel plates (hot-rolled carbon steel bands), in coils, structural quality, mill edge, 0.20 percent carbon maximum, 58,000 pounds tensile strength minimum, 36,000 pounds yield strength minimum, not pickled, nonkilled, over 1/4 inch through 1/2 inch in thickness, over 36 inches through 72 inches in width.

Hot-rolled sheets:

Product 5: Hot-rolled carbon steel sheets, in coils, commercial quality, 0.25 percent carbon maximum, not pickled, 0.1210 inch through 0.1874 inch in thickness, over 36 inches through 72 inches in width.

Product 6: Hot-rolled carbon steel sheets, in coils, commercial quality, 0.25 percent carbon maximum, not pickled, 0.0810 inch through 0.1209 inch in thickness, over 48 inches through 72 inches in width

Product 7: Hot-rolled carbon steel sheets, in coils, mill edge, commercial quality, 0.25 percent carbon maximum, not pickled, 0.1210 inch through 0.1874 inch in thickness, over 36 inches through 72 inches in width

Product 8: Hot-rolled carbon steel bands, in coils, commercial quality 0.25 percent carbon maximum, not pickled, 0.0810 inch through 0.1209 inch in thickness, over 48 inches through 72 inches in width

Product 9: Hot-rolled carbon steel bands, in coils, commercial quality 0.25 percent carbon maximum, not pickled, 0.0540 inch through 0.0610 inch in thickness, over 36 inches through 72 inches in width

Cold-rolled sheets:

Product 10: 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.

Product 11: 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.

Product 12: 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.